

(Translation)

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Securities Code 5233

June 2, 2022

To Those Stockholders with Voting Rights

Masafumi Fushihara
President and Representative Director
Taiheiyo Cement Corporation
1-1-1, Koishikawa, Bunkyo-ku, Tokyo

NOTICE OF THE 24th ORDINARY GENERAL MEETING OF STOCKHOLDERS

You are cordially notified of the 24th Ordinary General Meeting of Stockholders of Taiheiyo Cement Corporation (the “Company”). The meeting will be held as stated below.

From the perspective of preventing further spread of the novel coronavirus disease, we urge our stockholders to exercise their voting rights in advance by paper ballot or via the Internet wherever possible and refrain from attending the meeting regardless of their health conditions.

Please review the attached Reference Documents for the General Meeting of Stockholders, and either return the Voting Rights Exercise Form with your selections towards proposals, or vote via the Internet.

- 1. Date and Time:** Wednesday, June 29, 2022 at 10:00 a.m.
- 2. Place:** Head office of the Company
1-1-1, Koishikawa, Bunkyo-ku, Tokyo
- 3. Agenda of the Meeting:**
 - Matters to be reported:**
 1. Business Report, Consolidated Financial Statements for the 24th Fiscal Term (from April 1, 2021 to March 31, 2022) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 24th Fiscal Term (from April 1, 2021 to March 31, 2022)
 - Proposals to be resolved:**
 - Proposal No. 1:** Appropriation of Surplus
 - Proposal No. 2:** Partial Amendments to the Articles of Incorporation
 - Proposal No. 3:** Election of Nine Directors
 - Proposal No. 4:** Election of One Corporate Auditor
 - Proposal No. 5:** Election of One Substitute Corporate Auditor

(Translation)

Notes:

- Of the documents required to be included in this notice of convocation, “Consolidated Statements of Changes in Net Assets” and “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements, and “Non-consolidated Statements of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements” of the Non-consolidated Financial Statements are, pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company, posted on the Company’s website (<https://www.taiheiyo-cement.co.jp>), and are therefore not contained in the Appendix attached to this notice of convocation.

The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by Corporate Auditors and the Accounting Auditor include “Consolidated Statements of Changes in Net Assets,” “Notes to the Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements” which are posted on the Company’s website, in addition to each document included in the Appendix of this notice of convocation.

- Subsequent amendments to the Reference Documents for the General Meeting of Stockholders, the Business Report, the Consolidated and Non-Consolidated Financial Statements (if any) will be listed on the Company’s website (<https://www.taiheiyo-cement.co.jp>).
- Please understand that in order to provide a video streaming service, video shooting will take place at the meeting.

(Translation)

Measures against Further Spread of the Novel Coronavirus Disease

We have taken the following measures to prevent further spread of the novel coronavirus disease. We ask for your understanding and cooperation.

■ Requests to our stockholders

- From the perspective of preventing further spread of the novel coronavirus disease, we urge our stockholders to exercise their voting rights in advance by paper ballot or via the Internet wherever possible and refrain from attending the meeting regardless of their health conditions.
- Other than the notice of convocation, documents such as summaries of financial results and integrated reports are also posted on the Company's website (<https://www.taiheiyo-cement.co.jp>). Access to a wide variety of information is guaranteed without attending the meeting.
- A portion of the meeting will be streamed via video on the Company's website (<https://www.taiheiyo-cement.co.jp>) at a later date.

■ Information for our stockholders who will attend the meeting

This General Meeting of Stockholders will have in place appropriate countermeasures to prevent further spread of the novel coronavirus disease and will be operated as described below. We ask for your understanding.

If, due to change of conditions up to the date of this General Meeting of Stockholders, there are significant changes to these measures, details of the changes made will be posted on the Company's website (<https://www.taiheiyo-cement.co.jp>).

- Please wear a face mask when attending the meeting. You may be denied admission if you are not wearing a face mask. In addition, please cooperate in using the alcohol disinfectant solution, which will be available at the venue.
- We will measure your body temperature at the entrance. If you have a fever or show signs of ill health, you may not be admitted to the venue.
- The Company has cut down a significant number of seats as we must ensure adequate space between stockholders. There may be a case where you may not be admitted even if you come to the venue.
- All staff operating this General Meeting of Stockholders will be wearing a face mask.
- In the perspective of shortening the time duration of this General Meeting of Stockholders, detailed explanation for the matters to be reported and the proposals will be omitted at the meeting.

(Translation)

Voting Guide

If you are exercising your voting right prior to the Meeting:

Please review the attached Reference Documents for the General Meeting of Stockholders, and exercise your voting right by either of the following two methods.

(i) Exercise of voting rights by postal mail (paper ballot)

- Please indicate your vote for or against the Proposals on the Voting Rights Exercise Form and send it back, making sure that it will arrive by 5:00 p.m. on Tuesday, June 28, 2022 (Japan Standard Time).
- If you make no indication on the Voting Rights Exercise Form whether you are voting for or against the Proposals, you shall be deemed to have voted FOR the Proposals.

(ii) Exercise of voting rights via the Internet, etc.

- Please exercise your voting right via the voting rights exercise site (<https://www.web54.net>) specified by the Company before 5:00 p.m. on Tuesday, June 28, 2022 (Japan Standard Time).
- If you exercise your voting right via the Internet, etc. more than once, your final vote shall prevail.

If you are attending the Meeting:

Please hand in the enclosed Voting Rights Exercise Form at the front desk when you arrive at the venue.

If another stockholder is attending the Meeting on your behalf, he/she must submit a letter of proxy and your Voting Rights Exercise Form as well as his/her Voting Rights Exercise Form at the front desk upon arrival at the venue. (Please be advised that a proxy is limited to one person and must be another stockholder with the Company's voting rights pursuant to the provisions of the Articles of Incorporation.)

| |
|--|
| If you vote both by postal mail and via the Internet, etc., the one received later shall prevail. If we receive both on the same day, your vote cast via the Internet, etc. shall prevail. |
|--|

(Translation)

Reference Documents for the General Meeting of Stockholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

With respect to the year-end dividend for the term under review, the Company would like to pay out as follows, in consideration of the business environment and our performance for the term under review, while maintaining our basic policy of stable dividend payouts.

Matters concerning the year-end dividend

(1) Type of Dividend

Cash

(2) Matters concerning the distribution of dividends to stockholders and its total amount

35 yen per share of common stock of the Company, for a total amount of 4,107,806,150 yen.

The annual dividend per share for the term under review will amount to 70 yen, which includes an interim dividend already paid.

(3) Effective Date of Dividends from surplus

June 30, 2022

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Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

(1) The amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022, and the system for providing general stockholder meeting materials in electronic format will be implemented. As such, the Company proposes to make the following amendments to the Company’s Articles of Incorporation.

(i) Article 16, Paragraph 1 of the proposed amendments stipulates that the Company shall take measures for electronic provision of information that is the content of Reference Documents for the General Meeting of Stockholders, etc.

(ii) Article 16, Paragraph 2 of the proposed amendments establishes stipulations to limits on the scope of matters to be included in physical documents that are provided to stockholders who request the provision of physical documents.

(iii) As the current provision on disclosure via the Internet and deemed provision of Reference Documents for the General Meeting of Stockholders (Article 16 of the current Articles of Incorporation) will no longer be necessary, this will be deleted.

(iv) Supplementary provisions will be established concerning the effective date, etc., in line with the new establishment and deletion described above.

(2) As the Company expands its business, for the purpose of further strengthening the management structure, the Company proposes to amend Article 23 of the current Articles of Incorporation to enable the election of multiple Vice President and Directors by resolution of the Board of Directors.

2. Details of the proposed amendments

Details of the proposed amendments are stated below.

(Underlined parts are amended.)

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| <p><u>(Disclosure via the Internet and Deemed Provision of Reference Documents for the General Meeting of Stockholders, etc.)</u></p> <p><u>Article 16. The Company shall be deemed to have provided the stockholders with the necessary information with respect to the matters to be stated or indicated in the reference documents for the general meeting of stockholders, the business reports, the non-consolidated financial statements and the consolidated financial statements, by disclosing such information via the Internet in accordance with the Ordinance of the Ministry of Justice.</u></p> <p>(New)</p> | <p>(Deleted)</p> <p><u>(Measures for Electronic Provision, etc.)</u></p> <p><u>Article 16. In convening the general meetings of stockholders, the Company shall electronically provide information contained in the reference documents for the general meeting of stockholders, etc.</u></p> <p><u>2. Of the matters to be provided electronically, the Company may choose not to include all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to stockholders who made requests for provision of physical documents by the record date for voting rights.</u></p> |
| <p>(Representative Directors and Directors with Title)</p> | <p>(Representative Directors and Directors with Title)</p> |

(Translation)

| Current Articles of Incorporation | Proposed Amendments |
|--|--|
| <p>Article 23. (omitted)</p> <p>2. (omitted)</p> <p>3. The Board of Directors may, by its resolution, appoint one (1) Chairman, one (1) vice Chairman, and <u>one</u> (1) Vice President.</p> <p>(New)</p> <p>(New)</p> <p>(New)</p> | <p>Article 23. (unchanged)</p> <p>2. (unchanged)</p> <p>3. The Board of Directors may, by its resolution, appoint one (1) Chairman, one (1) vice Chairman, and <u>several</u> Vice Presidents.</p> <p><u>Supplementary Provisions</u></p> <p><u>Article 1. The deletion of Article 16 (Disclosure via the Internet and Deemed Provision of Reference Documents for the General Meeting of Stockholders, etc.) before amendment and the establishment of new Article 16 (Measures for Electronic Provision, etc.) of the proposed amendments shall take effect on September 1, 2022, which is the date of enforcement of the amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019; the “Enforcement Date”).</u></p> <p><u>Article 2. Notwithstanding the provisions of the preceding article, for the general meeting of stockholders to be held on a day within six months from the Enforcement Date, Article 16 (Measures for Electronic Provision, etc.) of the Articles of Incorporation of the proposed amendments does not apply, and Article 16 (Disclosure via the Internet and Deemed Provision of Reference Documents for the General Meeting of Stockholders, etc.) of the Articles of Incorporation before amendment shall remain in force.</u></p> <p><u>Article 3. These supplementary provisions shall be deleted after the lapse of six months from the Enforcement Date or the lapse of three months from the date of the general meeting of stockholders set forth in the preceding article, whichever is later.</u></p> |

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Proposal No. 3: Election of Nine Directors

The term of office of all Nine Directors will expire at the close of this General Meeting of Stockholders.

Accordingly, the election of nine Directors, including three Outside Directors, is proposed.

The candidates for Director are as follows.

| No. | Name | Current position at the Company |
|-----|--|--|
| 1 | Reappointment Masafumi Fushihara | President and Representative Director |
| 2 | Reappointment Yuuichi Kitabayashi | Vice President and Representative Director |
| 3 | Reappointment Kunihiro Ando | Director and Senior Executive Officer |
| 4 | Reappointment Tetsuya Ohashi | Director and Senior Executive Officer |
| 5 | New Candidate Hideaki Asakura | Senior Executive Officer |
| 6 | New Candidate Yukimasa Nakano | Senior Executive Officer |
| 7 | Reappointment Yoshiko Koizumi Outside Director Independent Director | Director |
| 8 | Reappointment Shinhachiro Emori Outside Director Independent Director | Director |
| 9 | Reappointment Hideyuki Furikado Outside Director Independent Director | Director |

(Translation)

| No. | Name (Date of birth) | Career summary, position, assignment and significant concurrent positions | Number of shares of the Company held |
|-----|--|---|--------------------------------------|
| 1 | <p>Masafumi Fushihara <u>Reappointment</u> (May 18, 1954) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 7 years at close of this General Meeting of Stockholders</p> | <p>April 1978 Joined Onoda Cement Co., Ltd. April 2007 General Manager, Business Promotion Department of Environmental Business Company of Taiheiyo Cement Corporation May 2009 General Manager, Sales Department of Environmental Business Company October 2010 General Manager, Environmental Business Development Department April 2012 Executive Officer and General Manager, Environmental Business Development Department April 2015 Managing Executive Officer June 2015 Director and Managing Executive Officer April 2016 Director, Managing Executive Officer and Senior General Manager, Cement Business Division April 2017 Director, Senior Executive Officer and Senior General Manager, Cement Business Division April 2018 President and Representative Director (to present)</p> <p>Reason for nominating Masafumi Fushihara as Director Since 2015, Mr. Masafumi Fushihara has engaged in management of the Company as Director, and currently serves as President and Representative Director, after serving as Senior General Manager of the Cement Business Division. He therefore has a wealth of experience, achievements, and knowledge as a manager. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he leads the Group's management, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p> | 10,979 |

Note: No special relationship exists between the Company and Mr. Masafumi Fushihara.

(Translation)

| No. | Name (Date of birth) | Career summary, position, assignment and significant concurrent positions | Number of shares of the Company held |
|-----|---|---|--------------------------------------|
| 2 | <p>Yuuichi Kitabayashi <u>Reappointment</u> (June 2, 1955) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 9 years at close of this General Meeting of Stockholders</p> | <p>April 1978 Joined Nihon Cement Co., Ltd. May 2009 General Manager, Kamiiso Plant of Taiheiyo Cement Corporation April 2011 Executive Officer and General Manager, Production Department April 2013 Managing Executive Officer June 2013 Director and Managing Executive Officer April 2016 Representative Director and Senior Executive Officer April 2017 Vice President and Representative Director Overseeing Corporate Planning Department April 2021 Vice President and Representative Director Overseeing Carbon Neutral Technology Development Project Team and TCPI Renewal Project Team (to present)</p> <p>Reason for nominating Yuuichi Kitabayashi as Director Since 2013, Mr. Yuuichi Kitabayashi has engaged in management of the Company as Director, and since 2016, he has served as Representative Director. He therefore has a wealth of experience, achievements, and knowledge as a manager. Moreover, since 2021, he has been making significant contribution to the development of the Group as an officer overseeing the Carbon Neutral Technology Development Project Team and TCPI Renewal Project Team. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he leads the Group's management, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p> | 10,070 |

Note: No special relationship exists between the Company and Mr. Yuuichi Kitabayashi.

(Translation)

| No. | Name (Date of birth) | Career summary, position, assignment and significant concurrent positions | Number of shares of the Company held |
|-----|---|---|--|
| 3 | <p>Kunihiro Ando <u>Reappointment</u> (May 4, 1957) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 6 years at close of this General Meeting of Stockholders</p> | <p>April 1980 Joined Onoda Cement Co., Ltd. April 2011 General Manager, Ofunato Plant of Taiheiyo Cement Corporation April 2013 Executive Officer and General Manager, Oita Plant April 2015 Executive Officer and General Manager, Mineral Resources Business Department April 2016 Managing Executive Officer June 2016 Director and Managing Executive Officer April 2020 Director and Senior Executive Officer (to present)</p> <p>Reason for nominating Kunihiro Ando as Director Since 2016, Mr. Kunihiro Ando has engaged in management of the Company as Director, and has been making significant contribution to the development of the Group as an officer overseeing the mineral resources business and environmental business. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p> | 9,698 |

Note: No special relationship exists between the Company and Mr. Kunihiro Ando.

(Translation)

| No. | Name (Date of birth) | Career summary, position, assignment and significant concurrent positions | Number of shares of the Company held |
|-----|---|---|--|
| 4 | <p>Tetsuya Ohashi <u>Reappointment</u> (March 7, 1960) Attended 11 out of 11 meetings of the Board of Directors (100%) and will have served as Director for 1 year at close of this General Meeting of Stockholders</p> | <p>April 1982 Joined Onoda Cement Co., Ltd. October 2010 President of Taiheiyo Cement U.S.A., Inc. April 2015 General Manager, Business Development Department, International Business Division of Taiheiyo Cement Corporation April 2016 Executive Officer and General Manager, Business Development Department, International Business Division April 2019 Managing Executive Officer June 2019 Director and Managing Executive Officer June 2020 Managing Executive Officer April 2021 Senior Executive Officer June 2021 Director and Senior Executive Officer (to present)</p> <p>Reason for nominating Tetsuya Ohashi as Director Since 2021, Mr. Tetsuya Ohashi has engaged in management of the Company as Director, and has been making significant contribution to the development of the Group as an officer overseeing corporate planning and human resources divisions. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p> | 9,698 |

Notes:

1. Mr. Tetsuya Ohashi was newly appointed at the 23rd Ordinary General Meeting of Stockholders held on June 29, 2021, and took office as Director on the same day. Accordingly, his attendance at meetings of the Board of Directors refers to those convened since he took office.
2. No special relationship exists between the Company and Mr. Tetsuya Ohashi.

(Translation)

| No. | Name (Date of birth) | Career summary, position, assignment and significant concurrent positions | Number of shares of the Company held |
|-----|--|--|--|
| 5 | Hideaki Asakura <u>New Candidate</u> (November 20, 1959) | <p>April 1982 Joined Nihon Cement Co., Ltd.</p> <p>April 2011 General Director of Nghi Son Cement Corporation</p> <p>April 2016 Executive Officer of Taiheiyo Cement Corporation General Director of Nghi Son Cement Corporation</p> <p>April 2018 Executive Officer and General Manager, Sales Department, Cement Business Division of Taiheiyo Cement Corporation</p> <p>April 2019 Managing Executive Officer</p> <p>June 2019 Director and Managing Executive Officer</p> <p>June 2020 Managing Executive Officer</p> <p>April 2022 Senior Executive Officer (to present)</p> <p>Reason for nominating Hideaki Asakura as Director Since 2022, Mr. Hideaki Asakura has served as Senior Executive Officer and has been making significant contribution to the development of the Group as an officer overseeing accounting & finance, legal, and auditing divisions, and real estate business. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group and requests that he be a new candidate for Director.</p> | 6,109 |

Note: No special relationship exists between the Company and Mr. Hideaki Asakura.

(Translation)

| No. | Name (Date of birth) | Career summary, position, assignment and significant concurrent positions | Number of shares of the Company held |
|-----|--|--|--|
| 6 | Yukimasa Nakano <u>New Candidate</u> (May 7, 1957) | <p>April 1982 Joined Onoda Cement Co., Ltd.</p> <p>April 2012 General Manager, Chubu Hokuriku Branch of Taiheiyo Cement Corporation</p> <p>April 2015 General Manager, Sales Department, Cement Business Division</p> <p>April 2016 General Manager, Kyushu Branch</p> <p>April 2017 Executive Officer and General Manager, Kyushu Branch</p> <p>April 2018 Executive Officer and General Manager, Tokyo Branch</p> <p>April 2020 Managing Executive Officer and Senior General Manager, Cement Business Division</p> <p>April 2022 Senior Executive Officer and Senior General Manager, Cement Business Division (to present)</p> <p>(Significant concurrent positions) Outside Director, P.S. Mitsubishi Construction Co., Ltd.</p> <p>Reason for nominating Yukimasa Nakano as Director Since 2022, Mr. Yukimasa Nakano has served as Senior Executive Officer and has been making significant contribution to the development of the Group as an officer overseeing cement business. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group and requests that he be a new candidate for Director.</p> | 5,289 |

Note: No special relationship exists between the Company and Mr. Yukimasa Nakano.

(Translation)

| No. | Name (Date of birth) | Career summary, position, assignment and significant concurrent positions | Number of shares of the Company held |
|-----|--|---|--------------------------------------|
| 7 | <p>Yoshiko Koizumi Candidate for Outside Director Reappointment (September 25, 1943) Attended 14 out of 15 meetings of the Board of Directors (93.3%) and will have served as Director for 7 years at close of this General Meeting of Stockholders</p> | <p>April 1972 Registered as a lawyer (Daini Tokyo Bar Association) January 1980 Partner, Masuda and Ejiri Law Office (predecessor of Nishimura & Asahi) January 2008 Counsel, Nishimura & Asahi April 2009 Partner, City-Yuwa Partners June 2015 Outside Director of Taiheiyo Cement Corporation Outside Director, Dowa Holdings Co., Ltd. Partner, City-Yuwa Partners June 2016 Outside Director of Taiheiyo Cement Corporation Outside Director, Dowa Holdings Co., Ltd. Outside Corporate Auditor, Sumitomo Bakelite Co., Ltd. Partner, City-Yuwa Partners September 2017 Outside Director of Taiheiyo Cement Corporation Outside Director, Dowa Holdings Co., Ltd. Outside Corporate Auditor, Sumitomo Bakelite Co., Ltd. Outside Corporate Auditor, Nippon Koei Co., Ltd. Partner, City-Yuwa Partners June 2019 Outside Director of Taiheiyo Cement Corporation Outside Director, Dowa Holdings Co., Ltd. Outside Corporate Auditor, Nippon Koei Co., Ltd. Partner, City-Yuwa Partners (to present)</p> <p>(Significant concurrent positions) Outside Director, Dowa Holdings Co., Ltd. Outside Corporate Auditor, Nippon Koei Co., Ltd. Lawyer, Partner of City-Yuwa Partners</p> <p>Reason for nominating Yoshiko Koizumi as Outside Director and outline of expected roles Although Ms. Yoshiko Koizumi has not engaged in corporate management in the past other than serving as an outside officer of listed companies, as a lawyer, she has a wealth of experience, achievements, and knowledge regarding corporate law. The Company expects that she will provide precise recommendations and advice from this perspective in the Board of Directors of the Company, and promote the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors as Chairman of the Nomination and Compensation Advisory Committee. The Company has judged that she makes significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that she continue to be a candidate for Director.</p> | 1,500 |

Notes:

- Ms. Yoshiko Koizumi is nominated as an Outside Director.
- The Company currently has an agreement with Ms. Yoshiko Koizumi, which limits her liability for damages in respect of her responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that she

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executes her duties in good faith and without gross negligence. If the election of Ms. Yoshiko Koizumi is approved, the Company plans to continue said agreement with her.

3. Ms. Yoshiko Koizumi satisfies the Independence Criteria for Outside Officers defined by the Company, and the Company has registered Ms. Yoshiko Koizumi as an independent director at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
4. The Company receives legal advice as required from lawyers of City-Yuwa Partners other than Ms. Yoshiko Koizumi, where she serves as a partner, but the Company has not concluded an advisory agreement with the law firm. The advisory fees paid to the law firm are less than 1% of annual sales for each of the Company and the law firm, and there is no special interest relationship. Additionally, there are no special interest relationships between the Company and any of the significant concurrent positions.
5. No special relationship exists between the Company and Ms. Yoshiko Koizumi.

(Translation)

| No. | Name (Date of birth) | Career summary, position, assignment and significant concurrent positions | Number of shares of the Company held |
|-----|---|--|--------------------------------------|
| 8 | <p>Shinhachiro Emori</p> <p>Candidate for Outside Director</p> <p>Reappointment (February 2, 1953)</p> <p>Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 2 years at close of this General Meeting of Stockholders</p> | <p>April 1975 Joined Toyo Soda Manufacturing Co., Ltd. (currently TOSOH CORPORATION)</p> <p>June 2010 Director of TOSOH CORPORATION</p> <p>June 2011 Managing Director of TOSOH CORPORATION</p> <p>June 2012 Representative Managing Director of TOSOH CORPORATION</p> <p>June 2015 President and Representative Director of TAIYO VINYL CORPORATION</p> <p>June 2020 Outside Director of Taiheiyō Cement Corporation (to present)</p> <p>Reason for nominating Shinhachiro Emori as Outside Director and outline of expected roles</p> <p>Mr. Shinhachiro Emori has a wealth of experience, achievements, and insight as a corporate manager. The Company expects that he will provide precise recommendations and advice from this perspective in the Board of Directors of the Company, and strive for the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors as member of the Nomination and Compensation Advisory Committee. The Company has judged that he makes significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that he continue to be a candidate for Director.</p> | 300 |

Notes:

1. Mr. Shinhachiro Emori is nominated as an Outside Director.
2. The Company currently has an agreement with Mr. Shinhachiro Emori, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence. If the election of Mr. Shinhachiro Emori is approved, the Company plans to continue said agreement with him.
3. Mr. Shinhachiro Emori satisfies the Independence Criteria for Outside Officers defined by the Company, and the Company has registered Mr. Shinhachiro Emori as an independent director at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
4. No special relationship exists between the Company and Mr. Shinhachiro Emori.

(Translation)

| No. | Name (Date of birth) | Career summary, position, assignment and significant concurrent positions | Number of shares of the Company held |
|-----|--|---|--------------------------------------|
| 9 | <p>Hideyuki Furikado Candidate for Outside Director Reappointment (August 3, 1954)</p> <p>Attended 11 out of 11 meetings of the Board of Directors (100%) and will have served as Director for 1 year at close of this General Meeting of Stockholders</p> | <p>April 1977 Joined Ministry of Finance July 2004 Deputy Director-General of Financial Services Agency July 2010 Director of Policy Research Institute, Ministry of Finance December 2013 Retired from Ministry of Finance June 2014 Senior Managing Director of Trust Companies Association of Japan June 2021 Outside Director of Taiheiyo Cement Corporation (to present)</p> <p>Reason for nominating Hideyuki Furikado as Outside Director and outline of expected roles</p> <p>Although Mr. Hideyuki Furikado has not engaged in corporate management in the past, as a government official, he has a wealth of experience and extensive knowledge regarding public administration. The Company expects that he will provide precise recommendations and advice from this perspective in the Board of Directors of the Company, and strive for the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors as member of the Nomination and Compensation Advisory Committee. The Company has judged that he will make significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that he continue to be a candidate for Director.</p> | 300 |

Notes:

1. Mr. Hideyuki Furikado is nominated as an Outside Director.
2. Mr. Hideyuki Furikado was newly appointed at the 23rd Ordinary General Meeting of Stockholders held on June 29, 2021, and took office as Director on the same day. Accordingly, his attendance at meetings of the Board of Directors refers to those convened since he took office.
3. The Company currently has an agreement with Mr. Hideyuki Furikado, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence. If the election of Mr. Hideyuki Furikado is approved, the Company plans to continue said agreement with him.
4. Mr. Hideyuki Furikado satisfies the Independence Criteria for Outside Officers defined by the Company, and the Company has registered Mr. Hideyuki Furikado as an independent director at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
5. No special relationship exists between the Company and Mr. Hideyuki Furikado.

Directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer. If the election of candidates is approved, each of them will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2022.

(Translation)

(Reference) Expertise and experience held by candidates for Director

| Name | Attributes | Nomination and Compensation Advisory Committee | Expertise and experience | | | | | |
|---------------------|---------------------------------------|--|--------------------------|----------------------------------|-----------------|--------------------|-----------------------|-----------------|
| | | | Corporate Management | Production Technologies Research | Sales Marketing | Finance Accounting | Legal Risk Management | Global Business |
| Masafumi Fushihara | | | ● | | ● | ● | ● | ● |
| Yuuichi Kitabayashi | | | ● | ● | | | ● | ● |
| Kunihiro Ando | | ● | ● | ● | ● | | | ● |
| Tetsuya Ohashi | | | ● | ● | | ● | | ● |
| Hideaki Asakura | | | ● | | ● | ● | ● | ● |
| Yukimasa Nakano | | | ● | | ● | ● | | ● |
| Yoshiko Koizumi | Outside Director Independent Director | ● (Chairman) | ● | | | | ● | ● |
| Shinhachiro Emori | Outside Director Independent Director | ● | ● | | ● | ● | | |
| Hideyuki Furikado | Outside Director Independent Director | ● | | | | ● | ● | ● |

(Translation)

Proposal No. 4: Election of One Corporate Auditor

Mr. Shigeru Matsushima will resign from office at the close of this General Meeting of Stockholders. Accordingly, the Company would like to propose the election of one Corporate Auditor.

The candidate for Corporate Auditor is as follows.

The Board of Auditors has previously given its approval to this proposal.

| Name (Date of birth) | Career summary, position and significant concurrent positions | Number of shares of the Company held |
|---|---|--------------------------------------|
| Masahiro Karino <u>New Candidate</u> (March 23, 1957) | <p>April 1980 Joined Nihon Cement Co., Ltd. April 2004 General Manager, Legal Department of Taiheiyo Cement Corporation April 2013 Executive Officer and General Manager, Legal Department April 2016 Managing Executive Officer June 2016 Director and Managing Executive Officer April 2019 Director and Senior Executive Officer April 2022 Director (to present)</p> <p>Reason for nominating Masahiro Karino as Corporate Auditor As an officer of the Company, Mr. Masahiro Karino has been in charge of a wide range of operations in human resources, legal and auditing divisions, and has a wealth of experience and knowledge accumulated through his duties. Aiming to sustainably improve the corporate value of the Group, the Company has judged that he will appropriately audit the execution of Directors' duties, and requests that he be a new candidate for Corporate Auditor.</p> | 10,198 |

Notes:

1. If the election of Mr. Masahiro Karino is approved, the Company plans to enter into an agreement with him, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence.
2. The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer. If the election of Mr. Masahiro Karino is approved, he will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2022.
3. No special relationship exists between the Company and Mr. Masahiro Karino.

(Translation)

Proposal No. 5: Election of One Substitute Corporate Auditor

In order to prepare for cases where a vacancy results in a shortfall in the number of Corporate Auditors prescribed by laws, the Company proposes the election of one Substitute Corporate Auditor, to substitute for an Outside Corporate Auditor.

The candidate for Substitute Corporate Auditor is as follows.

The Board of Auditors has previously given its approval to this proposal.

| Name (Date of birth) | Career summary, position and significant concurrent positions | Number of shares of the Company held |
|---|---|--------------------------------------|
| <p>Toshihito Aoki Candidate for Outside Corporate Auditor (April 7, 1954)</p> | <p>October 1983 Joined Tetsuzo Ota & Co. (currently Ernst & Young ShinNihon LLC) August 1987 Registered as a Certified Public Accountant July 1999 Partner of Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) August 2014 Retired from Ernst & Young ShinNihon LLC</p> <p>(Significant concurrent positions) Certified Public Accountant</p> <p>Reason for nominating Toshihito Aoki as substitute Outside Corporate Auditor Although Mr. Toshihito Aoki has not engaged in corporate management in the past, he has been practicing corporate accounting for many years, and has a wealth of experience, achievements, and insight as a Certified Public Accountant. The Company has judged that he can audit the business execution of Directors from an objective, independent, and fair standpoint, and requests that he continue to be a candidate for substitute Outside Corporate Auditor.</p> | <p>0</p> |

Notes:

1. Mr. Toshihito Aoki is nominated as a substitute Outside Corporate Auditor.
2. In the event that Mr. Toshihito Aoki takes office as an Outside Corporate Auditor, the Company plans to enter into an agreement with him, which would limit his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence.
3. The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer. If Mr. Toshihito Aoki assumes the office of Outside Corporate Auditor, he will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2022.
4. Mr. Toshihito Aoki satisfies the Independence Criteria for Outside Officers defined by the Company, and in the event that he takes office as an Outside Corporate Auditor, the Company plans to register him as an independent corporate auditor at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
5. No special relationship exists between the Company and Mr. Toshihito Aoki.

(Translation)

(Reference)

Independence Criteria for Outside Officers

Outside officers are considered to be sufficiently independent from the Company if they do not fall under any of the following items:

1. A person who is or was an executive (Note 1) of the Company or any of its subsidiaries;
2. A person who is or has recently been a person falling under any of the (1) through (7) below:
 - (1) A major stockholder (Note 2) of the Company or an executive of a major stockholder of the Company;
 - (2) A party whose major business partner is the Company (Note 3) or an executive thereof;
 - (3) A major business partner of the Company (Note 4) or an executive thereof;
 - (4) A person belonging to an audit corporation that is the accounting auditor of the Company;
 - (5) A party who receives a significant amount of donation or aid (Note 5) from the Company or an executive thereof;
 - (6) An individual who receives a significant amount of money (Note 6) or other property from the Company as a lawyer, certified public accountant, tax accountant, consultant, etc., in addition to the compensation that he/she receives from the Company as an outside officer; or
 - (7) An executive of a legal entity, etc. that is a law firm, auditing firm, tax accounting firm, consulting firm, etc., whose major business partner is the Company (Note 7).
3. A person who is a close relative (Note 8) of any of the persons listed in 1. and 2. above.

Notes:

1. An executive is an executive director, corporate officer, executive officer, or an employee who holds a senior management position.
2. A major stockholder is a stockholder who holds 10% or more of the voting rights of the Company.
3. A party whose major business partner is the Company is a party who has carried out transactions with the Company for an amount exceeding 2% of the annual consolidated total net sales for the latest fiscal year of that party.
4. A major business partner of the Company is a party who has carried out transactions with the Company for an amount exceeding 2% of the annual consolidated total net sales for the latest fiscal year of the Company or a financial institution that has an outstanding balance of loans to the Company that exceeds 2% of the consolidated total assets of the Company as of the end of the latest fiscal year of the Company.
5. If the recipient is an individual, a significant amount of donation or aid means a donation or aid exceeding an average of 10 million yen per year over the last three fiscal years. If the recipient is a legal entity, a significant amount of donation or aid means a donation or aid of an average of 10 million yen per year over the last three fiscal years or 30% of the total annual expenses of said legal entity, whichever the greater.
6. A significant amount of money means an amount of money exceeding an average of 10 million yen per year over the last three fiscal years.
7. A legal entity, etc. whose major business partner is the Company is a legal entity, etc. that has carried out transactions with the Company for an average amount per year over the last three years exceeding 2% of the annual consolidated total net sales of said legal entity, etc.
8. A close relative means a spouse or a relative within the second degree of kinship.

(Translation)

(Appendix)

Business Report

(April 1, 2021 - March 31, 2022)

1. Overview of the Company Group

1) Business Progress and Results

During FY2021, although Japan's economy has been recovering, the impact of the spread of the novel coronavirus disease has prolonged due to its variants, and with on-and-off restrictions on social-economic activities, consumer spending and housing investments, etc. were weak. Currently, the increasing price of coal and crude oil due to the situation between Russia and Ukraine has been a key factor in pressure on the corporate earnings of manufacturers and others.

Regarding the world economy, while the balance between measures against the novel coronavirus disease and social-economic activities has contributed to a recovery trend in the economies mainly in European and North American countries, commodity prices continue to rise due to the lack of supply of resources and materials. Moreover, as the situation between Russia and Ukraine has had a major impact on not only the price of resources but also the price of food, it is anticipated that uncertainties surrounding the world economy will escalate.

Under these circumstances, in FY2021, the Group's consolidated sales decreased ¥155,702 million from the previous year to ¥708,201 million. Consolidated operating profit was ¥46,701 million, down ¥16,908 million, while consolidated ordinary profit was ¥50,193 million, down ¥15,550 million and profit attributable to owners of parent decreased ¥17,828 million to ¥28,971 million.

As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the fiscal year under review, the Group's consolidated sales decreased ¥191,479 million, consolidated operating profit increased ¥23 million, and consolidated ordinary profit and profit before income taxes each increased ¥26 million.

Reviews of operation by each business segment are as follows. The presented amounts are figures before eliminating transactions between business segments.

Cement Business

Sales ¥463,214 million (down 25.4% year-on-year)

Operating Profit ¥24,188 million (down 41.4% year-on-year)

Domestic cement demand in both the private and public sectors has been sluggish, and in the private sector, recovery has been weak since the spread of the novel coronavirus disease despite signs of a solid start for redevelopment projects in urban areas, while in the public sector there has been difficulty in making and winning bids. As a whole, domestic cement demand decreased 2.0% from the previous year to 37.88 million tons, of which, imported cement decreased 47.9% from the previous year to 0.01 million tons. Total exports increased 3.3% from the previous year to 11.48 million tons.

Under these circumstances, the Taiheiyo Cement Group's domestic cement sales by volume, including consignment sales, decreased 3.0% from the previous year to 13.36 million tons, whilst exports increased 9.7% to 4.14 million tons.

In addition, due to a deterioration in cost affairs such as a significant rise in the price of coal, which is used in cement production, sales prices for cement were modified in January 2022.

At our US West Coast cement businesses, against a background of strong demand in housing, both sales volumes and prices have increased from the previous year. The cement business in China saw a decrease in sales volumes from the previous year. The cement business in the Philippines and Vietnam was affected by the further spread of the novel coronavirus disease from July onward and quarantine measures in the communities, and domestic sales volumes in both countries decreased from the previous year.

Due to the application of the Accounting Standard for Revenue Recognition, etc., consolidated sales decreased by ¥175,269 million.

As a result of the above, consolidated sales decreased ¥157,830 million from the previous year to ¥463,214 million, and consolidated operating profit decreased ¥17,138 million to ¥24,188 million.

(Translation)

Mineral Resources Business

Sales ¥77,182 million (up 1.8% year-on-year)

Operating Profit ¥6,034 million (down 0.5% year-on-year)

In the aggregates business, sales by volume in the Kanto region and the Tohoku region decreased. In addition to increased sales by volume of limestone for domestic steel corporations in the mineral products business, intake of surplus construction soil in the geo-solutions business increased from the previous year.

Due to the application of the Accounting Standard for Revenue Recognition, etc., consolidated sales decreased by ¥2,080 million.

As a result, consolidated sales increased ¥1,405 million from the previous year to ¥77,182 million, and consolidated operating profit decreased ¥36 million to ¥6,034 million.

Environmental Business

Sales ¥72,315 million (down 7.3% year-on-year)

Operating Profit ¥6,647 million (up 3.1% year-on-year)

Sales in coal processing, fuels, gypsum and calcium carbonate used for flue gas desulfurization remain solid despite the spread of the novel coronavirus disease.

Due to the application of the Accounting Standard for Revenue Recognition, etc., consolidated sales decreased by ¥16,955 million.

As a result, consolidated sales decreased ¥5,726 million from the previous year to ¥72,315 million, and consolidated operating profit increased ¥200 million to ¥6,647 million.

Construction Materials Business

Sales ¥65,096 million (down 10.8% year-on-year)

Operating Profit ¥3,493 million (down 1.9% year-on-year)

Although ground improvement projects remain strong, sales for materials for shield tunnel construction and ALC (Autoclaved Lightweight aerated Concrete) were sluggish.

Due to the application of the Accounting Standard for Revenue Recognition, etc., consolidated sales decreased by ¥10,169 million.

As a result, consolidated sales decreased ¥7,906 million from the previous year to ¥65,096 million, and consolidated operating profit decreased ¥71 million to ¥3,493 million.

Other Business

Sales ¥89,025 million (down 2.6% year-on-year)

Operating Profit ¥6,920 million (up 12.7% year-on-year)

Despite sales of the transportation and warehousing business being sluggish, the engineering business, chemical products business and data processing business remain solid.

Due to the application of the Accounting Standard for Revenue Recognition, etc., consolidated sales decreased by ¥5,289 million.

As a result, consolidated sales decreased ¥2,379 million from the previous year to ¥89,025 million, and consolidated operating profit increased ¥784 million to ¥6,920 million.

Sales and Operating Profit by Business Segment

(Unit: Millions of yen)

| Business Segment | Sales | Year-on-year increase (decrease) | Operating profit | Year-on-year increase (decrease) |
|------------------------------------|----------|----------------------------------|------------------|----------------------------------|
| Cement | 463,214 | (157,830) | 24,188 | (17,138) |
| Mineral Resources | 77,182 | 1,405 | 6,034 | (36) |
| Environmental | 72,315 | (5,726) | 6,647 | 200 |
| Construction Materials | 65,096 | (7,906) | 3,493 | (71) |
| Other | 89,025 | (2,379) | 6,920 | 784 |
| Subtotal | 766,835 | (172,438) | 47,285 | (16,260) |
| Elimination or unallocated amounts | (58,633) | 16,736 | (583) | (647) |
| Total | 708,201 | (155,702) | 46,701 | (16,908) |

(Translation)

2) Capital Investments

The total amount of capital investments by the Group in the fiscal year under review increased ¥7,370 million from the previous year to ¥73,373 million, consisting of ¥46,361 million in the Cement Business, ¥13,078 million in the Mineral Resources Business, ¥492 million in the Environmental Business, ¥2,326 million in the Construction Materials Business, ¥7,289 million in the Other Business and ¥3,825 million in Group wide assets.

3) Financing

The Company issued the 30th unsecured straight corporate bonds of ¥10,000 million in September 2021.

4) Trends in Assets and Income

| Item | 21 st fiscal year ended March 31, 2019 | 22 nd fiscal year ended March 31, 2020 | 23 rd fiscal year ended March 31, 2021 | 24 th fiscal year ended March 31, 2022 (Current) |
|---|--|--|--|---|
| Net sales (millions of yen) | 916,071 | 884,350 | 863,903 | 708,201 |
| Ordinary profit (millions of yen) | 64,306 | 60,541 | 65,744 | 50,193 |
| Profit attributable to owners of parent (millions of yen) | 43,452 | 39,151 | 46,800 | 28,971 |
| Profit per share (yen) | 351.72 | 319.89 | 387.79 | 245.80 |
| Total assets (millions of yen) | 1,034,428 | 1,032,923 | 1,044,227 | 1,103,007 |
| Net assets (millions of yen) | 450,645 | 473,241 | 506,821 | 544,799 |

5) Issues to be Addressed

Looking ahead, the Japanese economy is expected to continue to recover. However, fear over further spread of the novel coronavirus disease due to its new variants, as well as concerns over increasing rises in the price of resources and food due to the situation between Russia and Ukraine have resulted in growing uncertainties for a full economic recovery.

Under these circumstances, turning our attention to the Group's business environment, in our core domestic cement business, it is expected that a certain amount of demand will continue owing to the redevelopment investment in urban areas, disaster prevention and mitigation measures, countermeasure construction for national resilience, and construction related to Linear Chuo Shinkansen, etc. However, the Japanese government has announced, as additional sanction on Russia, that it will phase out import of Russia-produced coal. While the Company has been working on the procurement of coal from other countries, it is possible the price of coal will further rise due to lack of supply on a global scale, etc. If current circumstances prolong, it will have a major impact on the Company's performance, and it will be necessary that we continue to adjust our prices for cement in accordance with rising coal prices.

Moreover, it should be noted that due to impact of the novel coronavirus disease and rising commodity prices, there are concerns over demand for cement being pushed down due to the possibility of shrinking capital investments and housing investments, as well as the impact of worsening labor shortage in the construction industry and the logistics industry, and the aging of the population.

Additionally, although it is expected that the economy in the US will continue to recover on the back of strong consumer spending, housing investment and the employment environment, concerns over prolongation of high inflation and trends ahead of midterm elections this Autumn must be monitored closely.

Under these circumstances, the Group aims "to become an enterprise group that utilizes all of its capabilities to provide a sense of safety and security to society in the Pacific Rim region," within the framework of our vision and direction targeting the mid-2020s. The Group is working to achieve this goal in three steps. The Group has positioned 23 Medium-Term Management Plan which covers the three-year period from FY2021 until FY2023 as its third step. In FY 2022, the second year of the Medium-Term Management Plan, the Group will actively work toward with the following management tasks.

(Translation)

Basic Policies of 23 Medium-Term Management Plan

In the 23 Medium-Term Management Plan, the Group aims to establish a new business model that only the Company can achieve, in which all the businesses of the Group function comprehensively and in an integrated manner, that is, to become an “overwhelming leading company” in accordance with the following basic policies.

- (i) Establish an enterprise group that keeps moving forward to development.
- (ii) Contribute to establishment of a safe and secure society as a member of the social infrastructure industry.
- (iii) Strengthen the earnings base and steadily implement investment in growth areas.

Efforts to Achieve Carbon Neutrality

The Group has formulated the roadmap for technology development for “Carbon Neutral Strategy 2050” and concrete measures for the 2030 mid-term targets, established technologies ready for public implementation at an early stage as a global front runner, and aims to achieve net carbon neutrality by 2050 throughout our supply chain.

Business Strategies

< Cement (Domestic) >

In a market environment where large growth in domestic cement demand cannot be expected, the Group will maximize its overall capacity and provide a stable supply to national projects, etc., and actively work toward the achievement of carbon neutrality by applying a variety of measures.

< Cement (Overseas) >

The Group will work to strengthen its business in North America, establish a new business portfolio in Asia, expand its business in Southeast Asia, restructure its logistics network and expand its trading business throughout the Pacific Rim including Indonesia, which will be the new trading hub.

< Mineral Resources >

The Group will promote the establishment of a foundation for stable long-term supply of resources such as limestone, which it has in abundance, demonstrate the overall capacity of the Group, increase the earnings of existing core businesses, and focus on development of new businesses to enable sustainable development.

< Environmental Business >

The Group will accurately grasp changes in the external environment and expand into new businesses that meet the trends of the times under the keywords “climate change response,” “digital,” “materials” and “energy,” as well as establish a new resource recycling model and work to contribute to realizing a carbon-neutral society.

< Construction Materials >

By strengthening market competitiveness, the Group will improve the profitability of its existing businesses, and actively develop new business areas that can generate synergies within the Group.

< Other (Individual companies) >

While strengthening the profitability of individual companies, the Group will work to establish a new business model that can be expected to generate synergies within the Group.

Research & Development Strategies

In order to contribute to society and the sustainable growth of the Group, the Group will position and eagerly pursue technological development for the achievement of carbon neutrality as its biggest theme, and will focus particularly on the deepening of its fundamental technologies, development of recycling technologies, innovative materials, and development of technologies for the future.

Strengthening Management Foundations

The Group will seek to improve corporate value through continuous efforts to enhance and strengthen corporate governance. In addition, the Group will steadily work toward the realization of the three quantitative targets (Prevention of Accidents, Reduction of Greenhouse Gas Emissions and Workplace Diversity) as prescribed in the “CSR Objectives for 2025.”

The Group looks forward to your continued support and cooperation as our stockholder.

(Translation)

6) Material Subsidiaries

| Company name | The Company's percentage of equity participation | Principal business |
|-----------------------------------|--|---|
| DC Co., Ltd. | 100 | Manufacturing and sale of cement |
| Clion Co., Ltd. | 99.2 | Manufacturing and sale of autoclaved lightweight aerated concrete (ALC) |
| Myojyo Cement Co., Ltd. | 100 | Manufacturing and sale of cement |
| Taiheiyo Materials Corporation | 100 | Manufacturing and sale of various construction materials such as admixture and non-shrink grout |
| CalPortland Company | 100 | Manufacturing and sale of cement, ready-mixed concrete, etc. in the United States |
| Jiangnan-Onoda Cement Co., Ltd. | 88.5 | Manufacturing and sale of cement in China |
| Dalian Onoda Cement Co., Ltd. | 84.8 | Manufacturing and sale of cement in China |
| Nghi Son Cement Corporation | 65.0 | Manufacturing and sale of cement in Vietnam |
| Taiheiyo Cement Philippines, Inc. | 100 | Manufacturing and sale of cement in the Philippines |

(Note) The Company's percentage of equity participation includes indirect ownership through subsidiaries.

7) Principal Businesses

Businesses of the Taiheiyo Cement Group are divided into Cement Business Segment, Mineral Resources Business Segment, Environmental Business Segment, Construction Materials Business Segment and Other Business Segment, and mainly consist of the following.

(i) Cement Business

Ordinary Portland cement and other various types of cement, white cement, construction – material – purpose cement, ecocement, cement-based solidifying agent, ready-mixed concrete, admixture, etc.

(ii) Mineral Resources Business

Aggregates, limestone, white marble, quicklime, silica, heavy metal immobilizer, surplus construction soil recycling business, etc.

(iii) Environmental Business

Waste recycling business (recycling into cement raw materials and fuels), flue gas desulfurization materials, recycled products, chemicals, water-related business, etc.

(iv) Construction Materials Business

Concrete products, construction materials, civil engineering and construction work, etc.

(v) Other Business

Real estate business, engineering business, data processing business, finance business, transportation and warehousing business, chemical products business, sports business, power supply business, etc.

(Translation)

8) Principal Business Locations

(i) The Company's principal business locations and plants

Head Office: 1-1-1, Koishikawa, Bunkyo-ku, Tokyo, Japan

Central Research Laboratory: Sakura City, Chiba Prefecture, Japan

Branches and Plants

| Branches | | Plants | |
|------------------------|--------------------------------------|----------------|-----------------------------------|
| Name | Location | Name | Location |
| Hokkaido Branch | Sapporo City, Hokkaido Prefecture | Kamiiso Plant | Hokuto City, Hokkaido Prefecture |
| Tohoku Branch | Sendai City, Miyagi Prefecture | Ofunato Plant | Ofunato City, Iwate Prefecture |
| Tokyo Branch | Minato-ku, Tokyo | Kumagaya Plant | Kumagaya City, Saitama Prefecture |
| Kanto Branch | Takasaki City, Gunma Prefecture | Saitama Plant | Hidaka City, Saitama Prefecture |
| Chubu Hoku-riku Branch | Nagoya City, Aichi Prefecture | Fujiwara Plant | Inabe City, Mie Prefecture |
| Kansai Shikoku Branch | Osaka City, Osaka Prefecture | Oita Plant | Tsukumi City, Oita Prefecture |
| Chugoku Branch | Hiroshima City, Hiroshima Prefecture | | |
| Kyushu Branch | Fukuoka City, Fukuoka Prefecture | | |

(ii) Principal business locations of material subsidiaries

| Name | Location |
|-----------------------------------|------------------------------------|
| DC Co., Ltd. | Kawasaki City, Kanagawa Prefecture |
| Clion Co., Ltd. | Koto-ku, Tokyo |
| Myojyo Cement Co., Ltd. | Itoigawa City, Niigata Prefecture |
| Taiheiyo Materials Corporation | Kita-ku, Tokyo |
| CalPortland Company | California, USA |
| Jiangnan-Onoda Cement Co., Ltd. | Jiangsu, China |
| Dalian Onoda Cement Co., Ltd. | Liaoning, China |
| Nghi Son Cement Corporation | Tinh Thanh Hoa, Vietnam |
| Taiheiyo Cement Philippines, Inc. | Cebu, Philippines |

(Translation)

9) Employees

| Business Segment | Number of Employees (persons) |
|------------------------|-------------------------------|
| Cement | 7,688 |
| Mineral Resources | 975 |
| Environmental | 161 |
| Construction Materials | 1,245 |
| Other | 2,175 |
| Group-wide (common) | 298 |
| Total | 12,542 |

- (Notes)
1. The number of employees refers to the number of persons on the payroll.
 2. The above includes the following number of employees of the Company. The number of employees stated below does not include employees on temporary retirement, seconded employees, etc. (491 persons).

| Number of employees | Increase or decrease from previous year | Average age | Average length of service |
|---------------------|---|----------------|---------------------------|
| 1,874 persons | Increase of 36 persons | 40.4 years old | 18.1 years |

10) Major Lenders and Amount of Borrowings

| Lender | Outstanding borrowings (millions of yen) |
|-------------------------------------|--|
| Mizuho Bank, Ltd. | 28,146 |
| Sumitomo Mitsui Banking Corporation | 21,674 |

(Translation)

2. Shares of the Company

- 1) Total number of shares authorized to be issued 197,730,800 shares
- 2) Total number of shares outstanding 121,985,078 shares
Note: 1. On May 31, 2021, 5,155,200 shares of treasury stock were cancelled.
2. Total number of shares outstanding includes 4,619,188 shares of treasury stock
- 3) Number of stockholders 52,322 persons

4) Major stockholders

| Stockholder name | Holding (thousand shares) | Stockholding ratio (%) |
|--|------------------------------|---------------------------|
| THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT) | 18,982 | 16.1 |
| CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT) | 6,304 | 5.3 |
| JP MORGAN CHASE BANK 385632 | 4,460 | 3.8 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 4,174 | 3.5 |
| GOLDMAN SACHS INTERNATIONAL | 2,852 | 2.4 |
| JP MORGAN CHASE BANK 380072 | 2,394 | 2.0 |
| MIZUHO BANK, LTD. | 2,000 | 1.7 |
| NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS | 1,902 | 1.6 |
| STATE STREET BANK AND TRUST COMPANY 505103 | 1,659 | 1.4 |
| MEIJI YASUDA LIFE INSURANCE COMPANY | 1,527 | 1.3 |

- (Notes) 1. The Company holds 4,619,188 shares of treasury stock.
2. The stockholding ratio is calculated by excluding treasury stock.

5) Shares granted to Company Officers during the fiscal year under review as consideration for their execution of business

| Officer classification | Number of shares | Number of persons granted to |
|---|------------------|------------------------------|
| Directors (excluding Outside Directors) | 18,422 shares | 6 persons |

(Translation)

3. Company Officers

1) Name, etc. of Directors and Corporate Auditors

| Position | Name | Significant concurrent positions |
|--|--|---|
| Chairman and Director | Shuji Fukuda | Outside Director (Member of Audit & Supervisory Committee) of Sapporo Holdings Limited Outside Audit & Supervisory Board Member of TOBU RAILWAY CO., LTD. |
| President and Representative Director | Masafumi Fushihara | |
| Vice President and Representative Director | Yuuichi Kitabayashi | Overseeing Carbon Neutral Technology Development Project Team and TCPI Renewal Project Team |
| Director | Masahiro Karino | |
| Director | Kunihiro Ando | |
| Director | Tetsuya Ohashi | |
| Director | Yoshiko Koizumi | Lawyer, Partner of City-Yuwa Partners Outside Director of Dowa Holdings Co., Ltd. Outside Corporate Auditor of Nippon Koei Co., Ltd. |
| Director | Shinhachiro Emori | |
| Director | Hideyuki Furikado | |
| Corporate Auditor (Standing) | Shigeru Matsushima | |
| Corporate Auditor (Standing) | Katsuhide Fukuhara | |
| Corporate Auditor | Wakako Mitani (Name on family registration: Wakako Akamatsu) | Lawyer, Partner of TANABE & PARTNERS |
| Corporate Auditor | Yoshio Fujima | Certified Public Accountant |

- (Notes)
1. Directors Yoshiko Koizumi, Shinhachiro Emori and Hideyuki Furikado are Outside Directors.
 2. Corporate Auditors Wakako Mitani and Yoshio Fujima are Outside Corporate Auditors.
 3. Directors Tetsuya Ohashi and Hideyuki Furikado, and Corporate Auditor Katsuhide Fukuhara was newly elected at the 23rd Ordinary General Meeting of Stockholders held on June 29, 2021, and took office on the same day.
 4. Corporate Auditor Toshihide Nishimura retired from office at the close of the 23rd Ordinary General Meeting of Stockholders held on June 29, 2021.
 5. Corporate Auditors Shigeru Matsushima and Katsuhide Fukuhara have hands-on experience in the business management division of the Company and have considerable financial and accounting expertise.
 6. Corporate Auditor Yoshio Fujima has the qualification of Certified Public Accountant and has considerable financial and accounting expertise.
 7. The Company receives legal advice as required from lawyers of City-Yuwa Partners other than Director Yoshiko Koizumi, where she holds a significant concurrent position, but the Company has not concluded an advisory agreement with the law firm. The advisory fees paid to the law firm is less than 1% of net sales for each of the Company and the law firm, and there is no special interest relationship. Additionally, there are no special interest relationships between the Company and any of the significant concurrent positions of the other Outside Executives.
 8. The Company has registered Directors Yoshiko Koizumi, Shinhachiro Emori and Hideyuki Furikado as independent directors and Corporate Auditors Wakako Mitani and Yoshio Fujima as independent corporate

(Translation)

auditors at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange.

9. The following executive changes were made on April 1, 2022:

| Name | Position, assignment and significant concurrent positions | |
|--------------|---|--------------------------------|
| | Before | After |
| Shuji Fukuda | Chairman and Director | Director and Executive Adviser |

10. The Company has introduced an executive officer system; executive officers as of April 1, 2022 are as follows.

| Position | Name | Assignment |
|----------------------------|-------------------|---|
| Senior Executive Officer | Kunihiro Ando* | Overseeing Mining Department and Mineral Resources Business Department |
| Senior Executive Officer | Tetsuya Ohashi* | Overseeing Corporate Planning Department and Human Resources Department |
| Senior Executive Officer | Hideaki Asakura | Overseeing Accounting & Finance Department, Legal Department, Internal Auditing Department and Real Estate Business Department |
| Senior Executive Officer | Yukimasa Nakano | Senior General Manager of Cement Business Division |
| Managing Executive Officer | Yoshifumi Taura | Senior General Manager of International Business Division |
| Managing Executive Officer | Takayoshi Okamura | Overseeing Intellectual Property Department and Central Research Laboratory |
| Managing Executive Officer | Koshiro Hidaka | Overseeing Production Department and Maintenance & Engineering Department |
| Managing Executive Officer | Masaki Takahashi | Overseeing General Affairs Department, Construction Materials Business Department and Business Planning & Administration Department |
| Managing Executive Officer | Shinji Fukami | Overseeing Secretarial Department, Purchasing Department and Environmental Business Development Department |
| Managing Executive Officer | Isao Matsui | Deputy Senior General Manager of International Business Division General Director of Nghi Son Cement Corporation |
| Executive Officer | Naoyuki Kira | General Manager of Sales Department, Cement Business Division |
| Executive Officer | Hideki Mori | General Manager of Tokyo Branch |
| Executive Officer | Yoshihito Izawa | General Director of Taiheiyo Cement Philippines, Inc. |
| Executive Officer | Terumasa Kitamura | General Manager of Production Department |
| Executive Officer | Hiroyuki Takano | General Manager of Central Research Laboratory |
| Executive Officer | Masahiro Ban | General Manager of Accounting & Finance Department |
| Executive Officer | Kenichi Hirata | General Manager of Mining Department |
| Executive Officer | Michitomo Beppu | General Manager of Environmental Business Development Department |
| Executive Officer | Kazuhiko Ichizawa | General Manager of Kamiiso Plant |
| Executive Officer | Yusuke Nemoto | General Manager of Human Resources Department |
| Executive Officer | Tsuyoshi Hara | General Manager of Business Development Department, International Business Division |
| Executive Officer | Hideto Sasaki | Senior Adviser of Chichibu Mining Co., Ltd. |

Persons who concurrently serve as Directors are marked with an asterisk (*).

(Translation)

2) Overview of Limited Liability Agreement

The Company has concluded an agreement with each of Directors Shuji Fukuda, Yoshiko Koizumi, Shinhachiro Emori, Hideyuki Furikado and each Corporate Auditor, which limits his/her liability for damages in respect of his/her responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he/she executes his/her duties in good faith and without gross negligence.

3) Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer.

4) Compensation, etc. to Directors and Corporate Auditors for the Current Fiscal Year

(i) Matters concerning the policy for determining compensation, etc. for individual Directors

The Company has determined policy for determining compensation, etc. for individual Directors at the meeting of Board of Directors. When determining compensation for Directors, the Company will clarify management responsibilities, raise awareness of improving business performance, and strengthen the link between the compensation and stockholders' benefit, while offering the Directors incentives to achieve improvement of the long-term business performance and corporate value of the Group and sharing more of that value with the stockholders. The outline of Directors' compensation determination process is as follows: The Company establishes the Nomination and Compensation Advisory Committee, the majority of whose members are Outside Directors and is chaired by an Outside Director, as an advisory body to the Board of Directors. From the view of enhancing the fairness, transparency, and objectivity, the compensation shall be discussed by said Committee, which reports to the Board of Directors, and shall be determined at the discretion of Representative Directors at the Board of Directors meeting, within the range of suitable amount based on a resolution of the General Meeting of Stockholders and the regulations of the Company, while also respecting the contents of report of the Nomination and Compensation Advisory Committee to the maximum extent possible.

The compensation plan for Directors (excluding Outside Directors) consists of fixed compensation, stock compensation and performance-linked compensation whereas the compensation plan for Outside Directors consists only of fixed compensation.

- The amounts of fixed compensation and stock compensation are determined according to the rank of position.
- The amount of the performance-linked compensation of Directors (excluding Outside Directors) is calculated by multiplying the amount calculated as profit attributable to owners of parent for the current fiscal year times 1% (an upper limit of ¥400 million) by the multiplier assigned to each position. It is paid starting from July in the fiscal year following the end of the current fiscal year. However, this amount can be reduced in consideration of the financial performance of the Company or other circumstances. In principle, performance-linked compensation is not paid if the amount of annual dividend for the current fiscal year is less than ¥30 per share.
- Stock compensation is paid every year by granting restricted stock according to the rank of position. The transfer restrictions will be canceled when a Director retires.
- The composition ratio of fixed compensation, stock compensation and performance-linked compensation in the amount of compensation is approximately 90% to 45% for fixed compensation, approximately 10% to 15% for stock compensation, and 0% to approximately 40% for performance-linked compensation, depending on profit attributable to owners of parent.
- Profit attributable to owners of parent was chosen as an indicator with an aim to strengthen the link between the compensation and stockholders' benefit. Performance-linked compensation makes up 32% of the total compensation for the current fiscal year. The actual result of profit attributable to owners of parent for FY2020, which serves as a basis for calculating the performance-linked compensation for the current fiscal year, was ¥46.8 billion.

Based on the above, the Board of Directors of the Company has judged that the content of compensation, etc. for individual Director for FY2021 is in line with the determination policy.

(ii) Matters concerning the policy for determining compensation, etc. for individual Corporate Auditor

The compensation plans for Corporate Auditors of the Company consist only of fixed compensation. The amounts of compensation of individual Corporate Auditors are determined by consultation among Corporate Auditors.

(iii) Matters concerning resolutions of the General Meetings of Stockholders regarding compensation, etc.

(Translation)

for Directors and Corporate Auditors

The upper limits of compensation for Directors and Corporate Auditors are separately set by a resolution of the General Meeting of Stockholders. The date of resolution of the General Meeting of Stockholders on the compensation for Directors was June 29, 2021, and the number of Directors after said General Meeting of Stockholders was nine (including three Outside Directors). The date of resolution on the compensation for Corporate Auditors was June 29, 2000, and the number of Corporate Auditors after said General Meeting of Stockholders was four. The content of the resolution of the General Meeting of Stockholders on the compensation for Directors is such that the amount shall be not more than ¥1,200 million per year (including an amount of ¥100 million for Outside Directors), and not more than ¥200 million yen per year (200,000 shares per year) shall be provided to Directors other than Outside Directors as restricted stock compensation within the scope of the said compensation amount. The content of the resolution on the compensation for Corporate Auditors is such that the amount shall be not more than ¥13 million per month.

(iv) Matters concerning delegation related to determination of compensation, etc. for individual Director

Since it is appropriate that the amount of compensation for each Director is determined by Representative Director who supervises the overall business, the Company has made a resolution to leave the determination of the amount of compensation, etc. for individual Director to the discretion of President and Representative Director Masafumi Fushihara and Vice President and Representative Director (Overseeing Carbon Neutral Technology Development Project Team and TCPI Renewal Project Team) Yuuichi Kitabayashi at the Board of Directors meeting including Outside Directors held in June 2021, within the range of suitable amount based on a resolution of the General Meeting of Stockholders and the regulations of the Company.

(v) Total Amount of Compensation, etc. to Directors and Corporate Auditors

| Officer classification | Total amount of compensation, etc. (millions of yen) | Total amount by type of compensation, etc. (millions of yen) | | | Number of target Officers (persons) |
|------------------------------|--|--|---------------------------------|---------------------------------|-------------------------------------|
| | | Fixed compensation | Performance-linked compensation | Non-monetary compensation, etc. | |
| Directors | 512 | 327 | 150 | 35 | 9 |
| Corporate Auditors | 72 | 72 | - | - | 5 |
| (of which, Outside Officers) | (63) | (63) | (-) | (-) | (5) |

(Note) The number of persons paid above includes one Corporate Auditor who retired or resigned at the close of the 23rd Ordinary General Meeting of Stockholders held on June 29, 2021.

(Translation)

5) Outside Officers

(i) Main Activities in Fiscal Year under Review

| Position | Name | Attendance at meetings of Board of Directors | Attendance at meetings of Board of Auditors | Comment status |
|-------------------|-------------------|--|---|---|
| Director | Yoshiko Koizumi | 14 out of 15 meetings | - | Made comments as appropriate at the meetings of the Board of Directors based on her wealth of experience and insight in corporate management mainly as a lawyer. |
| Director | Shinhachiro Emori | 15 out of 15 meetings | - | Made comments as appropriate at the meetings of the Board of Directors based on his wealth of experience mainly as a management executive of a business corporation. |
| Director | Hideyuki Furikado | 11 out of 11 meetings | - | Made comments as appropriate at the meetings of the Board of Directors based on his wealth of experience mainly as a government official. |
| Corporate Auditor | Wakako Mitani | 15 out of 15 meetings | 16 out of 16 meetings | Made comments as appropriate at the meetings of the Board of Directors and meetings of the Board of Auditors based on her wealth of experience and insight in corporate management mainly as a lawyer. |
| Corporate Auditor | Yoshio Fujima | 14 out of 15 meetings | 16 out of 16 meetings | Made comments as appropriate at the meetings of the Board of Directors and meetings of the Board of Auditors based on his wealth of experience and insight in corporate accounting mainly as a Certified Public Accountant. |

(Note) During the fiscal year under review, 15 Board of Directors meetings were held. Eleven Board of Directors meetings were held after Director Hideyuki Furikado took office.

(Translation)

(ii) Outline of duties performed by Outside Directors regarding their expected roles

| | | |
|----------|-------------------|---|
| Director | Yoshiko Koizumi | As a lawyer, she has a wealth of experience, achievements, and knowledge in corporate legal affairs. The Company expects that she will fulfill monitoring and supervision functions from this perspective. She has provided active statements such as asking questions and making suggestions regarding risk management system, new business projects of the Group, etc. based on this perspective, and has played appropriate roles including supervision and advice on business execution as Outside Director of the Company. She also attends the Nomination and Compensation Advisory Committee as the Chairman of such committee, and has played a leading role especially in the consideration process of determining compensations as the Chairman of such committee. |
| Director | Shinhachiro Emori | As a manager of a business corporation, he has a wealth of experience, achievements, and knowledge. The Company expects that he will fulfill monitoring and supervision functions from this perspective. He has provided active statements such as asking questions and making suggestions regarding overseas investment, capital investment plans of the Group, etc. based on this perspective, and has played appropriate roles including supervision and advice on business execution as Outside Director of the Company. He also attends the Nomination and Compensation Advisory Committee as a member of such committee, and has provided active statements especially in the consideration process of determining compensations as a member of such committee. |
| Director | Hideyuki Furikado | As a government official, he has a wealth of experience, achievements, and knowledge regarding public administration. The Company expects that he will fulfill monitoring and supervision functions from this perspective. He has provided active statements such as asking questions and making suggestions regarding financial strategies, overseas investment of the Group, etc. based on this perspective, and has played appropriate roles including supervision and advice on business execution as Outside Director of the Company. He also attends the Nomination and Compensation Advisory Committee as a member of such committee, and has provided active statements especially in the consideration process of determining compensations as a member of such committee. |

(Translation)

4. Accounting Auditor

1) Name of the Company's Accounting Auditor
KPMG AZSA LLC

2) Accounting Auditor's Compensation, etc. in Fiscal Year under Review
¥ 113 million

(Notes) 1. Under the audit agreement between the Company and its Accounting Auditor, the amount of compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not distinguished from each other and are indistinguishable in practice. Therefore, the above amount includes compensation, etc. for audits pursuant to the Financial Instruments and Exchange Act.

2. The Board of Auditors of the Company, in observance of the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, has confirmed the time taken to audit each audit item, trends in audit fees, and the status of execution of duties of the Accounting Auditor, and upon considering the appropriateness of the audit plan and appropriateness of audit fees for the fiscal year under review, agrees to the fees, etc., of the Accounting Auditor under Article 399, Paragraph 1 of the Companies Act.

3) Description of Non-audit Services to the Company involving Payment of Consideration to Accounting Auditor

The Company entrusts to the Accounting Auditor the service of preparing comfort letters for issuance of corporate bonds, which are services other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), and pays consideration for said service.

4) Policy for Determination of Dismissal or Non-reappointment of Accounting Auditor

1) If the Accounting Auditor is deemed to correspond to any of the matters set forth in the items of Article 340, Paragraph 1 of the Companies Act, the Board of Auditors will dismiss the Accounting Auditor subject to the consent of all Corporate Auditors, in which case the Corporate Auditor selected by the Board of Auditors will report the dismissal and the reason for the dismissal at the first Ordinary General Meeting of Stockholders held after the dismissal.

2) The Board of Directors will specify the dismissal or non-reappointment of the Accounting Auditor as an agenda of the General Meeting of Stockholders based on the Board of Auditors' resolution in cases where severe problems have arisen in the Company's audit operations and in other such cases.

5) Total Amount of Money and Other Property Benefits Payable to Accounting Auditor by the Company and its Subsidiaries

¥ 252 million

(Note) Among significant subsidiaries of the Company, CalPortland Company, Jiangnan-Onoda Cement Co., Ltd., Dalian Onoda Cement Co., Ltd., Nghi Son Cement Corporation and Taiheiyo Cement Philippines, Inc. have been audited (limited to audits under the provisions of the Companies Act or the Financial Instruments and Exchange Act (including laws and ordinances of foreign countries corresponding to said Acts)) by a Certified Public Accountant or an audit corporation other than the Company's Accounting Auditor (including those with foreign qualifications equivalent to CPA/auditor qualifications).

(Translation)

5. System to Ensure that Directors Comply with Laws and Ordinances and the Articles of Incorporation in Executing Their Duties and Other Systems to Ensure Proper Execution of Operations

(1) Summary of the System to Ensure the Proper Execution of Operations

The Company has systems to ensure the proper execution of operations (so-called internal control systems) and defines them as shown below.

1) System to ensure that Directors, Executive Officers and employees comply with laws and ordinances and the Articles of Incorporation in executing their duties

- (i) The Company shall strengthen its system for ensuring that the actions of Directors, Executive Officers and employees comply with laws and ordinances, the Articles of Incorporation and other internal company rules, and conventional wisdom in accordance with the Mission of the Taiheiyo Cement Group, Business Principles, Basic Compliance Policy and Compliance Rules.
- (ii) The CSR Management Committee, an interdepartmental committee under the direct authority of the Board of Directors, pursues policies to promote compliance awareness among Directors, Executive Officers and employees in accordance with the CSR Prospectus.
- (iii) The Internal Auditing Department conducts audits of the business activities of each place of business within the Company to determine whether Executive Officers and employees comply with laws and ordinances, the Articles of Incorporation, etc. in executing their duties, provides advice and recommendations after identifying items in need of improvement, and reports to the President about audit results and then notifies Directors and Corporate Auditors.
- (iv) The Company employs an internal reporting system that uses a compliance hotline to reach representatives both inside and outside the Company (law firm) to enable an accurate response while protecting the informer and ensuring transparency.

2) System to store and manage information related to the execution of duties by Directors

The Company documents, stores and manages information related to the execution of duties by Directors in accordance with the Board of Directors Rules, Decision Making Rules and Document Management Rules. Directors and Corporate Auditors can review these documents at any time.

3) Rules and other systems related to managing the risk of loss

- (i) The Company has prepared the Basic Risk Management Policy and Risk Management Rules covering basic matters and specific responses to prevent and minimize the impact of risk items that could significantly affect the business of the Taiheiyo Cement Group. The CSR Management Committee is in charge of pursuing specific measures, and reports to the Board of Directors about the status of these activities.
- (ii) In the event of an emergency, the Company establishes an Emergency Headquarters led by the President to pool information and exercise top-down leadership in tackling the emergency in accordance with the provisions of the Risk Management Rules.

4) System to ensure that Directors execute their duties efficiently

- (i) The Company delegates to Executive Officers the authority for certain business matters as stipulated in the Decision Making Rules and elsewhere. Executive Officers, based on a Management by Objectives, set clear targets for each responsible organization under their control and execute their duties efficiently.
- (ii) The Board of Directors efficiently allocates business resources from the perspective of optimizing companywide resources and in accordance with the medium-term management plan and annual management policy (President's policy), and reviews the targets of Executive Officers and the progress of policies reported from time to time.

5) System for ensuring proper execution of operations within the company group, comprising the Company and its subsidiaries

The Company, in accordance with its Group Companies Management Rules, takes the following steps to provide appropriate management and support to its subsidiaries to enable the adequate functioning of their management organizations (general meeting of stockholders, board of directors, corporate auditors, and board of auditors) and the establishment of independent management based on self-responsibility.

- (i) The Company assigns, in principle, Directors, Executive Officers and employees to serve as directors

(Translation)

or corporate auditors at its subsidiaries. These corporate auditors conduct audits of internal control systems.

- (ii) The Internal Auditing Department conducts audits of the business activities according to the size, nature of business, etc. of subsidiaries to determine whether the directors and employees of the subsidiaries comply with laws and ordinances, the Articles of Incorporation, etc. in executing their duties, provides advice and recommendations after identifying items in need of improvement, and reports to the President about audit results and then notifies Directors and Corporate Auditors.
- (iii) The Company seeks to understand the business conditions of each subsidiary through performance reports and other means and endeavors to share information through exchanges of opinions between the Company and directors at subsidiaries (including directors serving concurrently as Directors, Executive Officers or employees at the Company) by periodically holding Group Executive Committee meetings.
- (iv) The Company makes its subsidiaries appoint officers responsible for risk management and compliance as well as risk management and compliance promoters according to their size, nature of business, etc. and strives to prevent and reduce risks in the Taiheiyo Cement Group by collaborating with each company, and adopts a system for reporting to Directors and Corporate Auditors of the Company if a crisis occurs or if an event with the risk of developing into a crisis arises at a company.

6) System to ensure reliability of financial reporting

The Company develops a system required to properly conduct financial reporting such as consolidated financial statements.

7) Matters related to personnel to assist Corporate Auditors and independence of such personnel from Directors

The Company has established a Corporate Auditor's Office which assists Corporate Auditors in performing their duties, and assigns full-time personnel. The Company shall request and respect the opinion of the Board of Auditors in matters related to the transfer and evaluation of such full-time personnel.

8) System for reporting to Corporate Auditors by Directors, Executive Officers and employees of the Company as well as directors, corporate auditors and employees of subsidiaries or persons who received a report from them and other systems for reporting to Corporate Auditors

- (i) The Company employs a system in which Corporate Auditors can attend important meetings related to business matters to receive reports from Directors and other employees about the status of the execution of their duties.
- (ii) The Company adopts a system in which any facts that may inflict serious damage to the Company are reported to Corporate Auditors by Directors, Executive Officers and employees of the Company as well as directors, corporate auditors and employees of subsidiaries or persons who received a report from them.
- (iii) The Company prohibits the unfavorable treatment of anyone who has made a report under the preceding item.

9) Other systems to ensure effective auditing by Corporate Auditors

- (i) The Company employs a system in which Corporate Auditors are shown documents related to important decisions and can gain access to a variety of information, including management information, at any time.
- (ii) The Company provides a venue for Corporate Auditors to exchange opinions and information with the Accounting Auditor.
- (iii) When a Corporate Auditor requests the prepayment or payment of expenses required for performing his/her duties, the Company promptly pays such expenses.

(2) Summary of the Operational Status of the System to Ensure the Proper Execution of Operations

The Company's Internal Control System is maintained through systems in line with the basic policy above, and is appropriately managed. Key measures are as follows.

1) Compliance system

- (i) Based on the CSR Prospectus, a CSR Management Committee has been established composed of all Directors with the President as the Chairman, and it is held once per quarter. The CSR Management

(Translation)

Committee formulates a CSR Action Plan for every fiscal year, understands and confirms its status of progress, and makes evaluations. Additionally, the results are reported to the Board of Directors.

- (ii) Directly under the CSR Management Committee, the Risk Management and Compliance Committee was established as a subordinate body, and upon formulation of the action plan, it understands and confirms the status of implementation. Additionally, the status of these measures is reported to the CSR Management Committee.
- (iii) Officers responsible for risk management and compliance as well as risk management and compliance promoters are selected, these persons engage in promotion of compliance, and the Company also implements training for these responsible persons and leaders.
- (iv) Education regarding compliance is conducted via forms such as training for new employees and training depending on job level, distributing action guideline casebooks, and self-checks utilizing e-learning, all in an effort to thoroughly implement compliance.

2) Risk management system

- (i) Based on the Basic Risk Management Policy, Risk Management Rules are defined, and while promoting measures toward risk management, responses to emergency situations are defined in the Crisis Management Rules.
- (ii) The annual risk countermeasure plan is formulated, and based on a PDCA cycle, measures for risk management are promoted.
- (iii) In preparation for unexpected events such as disasters and accidents, etc., periodic disaster prevention drills and other training programs are implemented. Additionally, exercises such as initial response simulation training in the event of a large-scale natural disaster are also conducted to aim to increase awareness of response processes.
- (iv) Under the Basic Information Security Policy, an information security management system has been established, and while aiming for thorough protection of information assets and appropriate management and handling, information risk countermeasures are promoted via information security education such as e-learning.

3) Ensuring proper execution of operations at the Group

- (i) Based on the Group Companies Management Rules, a system is maintained where group companies and the Company deliberate on important matters, direction and management is conducted as required, and support is provided to management.
- (ii) While understanding the management conditions of each group company through periodic achievement reporting, etc., a Group Executive Committee meeting is held twice per year to exchange opinions on various themes and share information related to management of the Group. During the fiscal year under review, the Group Executive Committee meeting scheduled for May 2021 was cancelled owing to the effects of the spread of COVID-19, so the meeting was only held once during the year.
- (iii) Directors and Corporate Auditors of subsidiaries are seconded from the Company to supervise business execution and implement audits regarding the internal control systems.
- (iv) The Internal Auditing Department, upon formulating an audit implementation plan based on the annual audit policy, implements internal audits toward subsidiaries, and provides advice and recommendations.

(Translation)

4) Execution of business by Directors

- (i) The Board of Directors is composed of nine persons, including three Outside Directors, and meetings were held 15 times during the fiscal year under review, where deliberation and determination was made regarding important matters defined by laws and regulations and the Articles of Incorporation, in addition to supervision of the execution of business by Directors.
- (ii) For important matters other than those to be deliberated by the Board of Directors, Executive Committee meetings were held 14 times for deliberation.
- (iii) To secure the efficiency of execution of business by Directors, reports on the status of business execution are made at the Board of Directors by dividing up duties among the Directors and Executive Officers.
- (iv) Regarding management execution, a certain level of authority is delegated to Executive Officers. Executive Officers execute business via a Management by Objectives that is in line with the Medium-term Management Plan and the annual management policy (President's policy), and the Board of Directors reviews the status of progress.

5) Execution of business by Corporate Auditors

- (i) Aside from Board of Directors meetings, Corporate Auditors attend important meetings such as the Executive Committee to confirm the status of the development and operation of the internal control system.
- (ii) Corporate Auditors receive reports on the internal audits carried out by the Internal Audit Department, while cooperating with the Internal Audit Department to efficiently carry out audits of each business office, subsidiary, etc.
- (iii) Periodic meetings are held with the Accounting Auditor to exchange information.
- (iv) A Corporate Auditor's Office has been established to assist Corporate Auditors in performing their duties, and full-time personnel has been assigned.

Figures stated in this Business Report are rounded down to the nearest unit of presentation (first decimal place in the case of percentages), except for *profit per share*, which is rounded off to the second decimal place, and *average age* and *average length of service* of employees of the Company, which are rounded off to the first decimal place.

(Translation)

Consolidated Financial Statements

(April 1, 2021 - March 31, 2022)

Consolidated Balance Sheets

(Unit: Millions of yen)

| Account | FY2021 (as of March 31, 2022) | (Reference) FY2020 (as of March 31, 2021) |
|--|----------------------------------|---|
| Assets | | |
| Current assets | 340,550 | 327,333 |
| Cash and deposits | 60,271 | 73,074 |
| Notes and accounts receivable-trade | — | 142,515 |
| Notes and accounts receivable - trade, and contract assets | 143,178 | — |
| Electronically recorded monetary claims-operating | 23,354 | 19,234 |
| Merchandise and finished goods | 34,409 | 29,421 |
| Work in process | 1,277 | 2,079 |
| Raw materials and supplies | 58,502 | 43,873 |
| Short-term loans receivable | 1,921 | 2,557 |
| Other | 17,942 | 15,373 |
| Allowance for doubtful accounts | (307) | (795) |
| Non-current assets | 762,457 | 716,893 |
| Property, plant and equipment | 557,829 | 540,342 |
| Buildings and structures | 153,705 | 138,410 |
| Machinery, equipment and vehicles | 170,433 | 154,207 |
| Land | 156,031 | 164,193 |
| Leased assets | 19,064 | 20,400 |
| Construction in progress | 32,676 | 37,186 |
| Other | 25,917 | 25,944 |
| Intangible assets | 27,566 | 28,192 |
| Goodwill | 80 | 159 |
| Other | 27,485 | 28,033 |
| Investments and other assets | 177,061 | 148,358 |
| Investment securities | 118,359 | 91,926 |
| Long-term loans receivable | 1,391 | 1,538 |
| Retirement benefit asset | 22,680 | 23,099 |
| Deferred tax assets | 11,081 | 9,635 |
| Other | 25,431 | 28,296 |
| Allowance for doubtful accounts | (1,883) | (6,137) |
| Total assets | 1,103,007 | 1,044,227 |

(Translation)

| Account | FY2021 (as of March 31, 2022) | (Reference) FY2020 (as of March 31, 2021) |
|--|----------------------------------|--|
| Liabilities | | |
| Current liabilities | 309,768 | 304,831 |
| Notes and accounts payable-trade | 79,685 | 73,596 |
| Electronically recorded obligations-operating | 8,751 | 7,744 |
| Short-term borrowings | 102,986 | 103,538 |
| Commercial papers | 21,000 | — |
| Current portion of bonds payable | — | 10,000 |
| Income taxes payable | 4,198 | 4,590 |
| Provision for bonuses | 6,246 | 6,265 |
| Other provisions | 213 | 404 |
| Other | 86,685 | 98,691 |
| Non-current liabilities | 248,440 | 232,574 |
| Bonds payable | 60,000 | 50,000 |
| Long-term borrowings | 86,600 | 84,563 |
| Deferred tax liabilities | 10,020 | 8,130 |
| Retirement benefit liability | 22,701 | 24,703 |
| Provision for retirement benefits for directors (and other officers) | 512 | 503 |
| Provision for special repairs | 258 | 180 |
| Provision for product compensation | 3,330 | — |
| Other provisions | 478 | 511 |
| Lease liabilities | 13,481 | 14,352 |
| Asset retirement obligations | 8,703 | 7,821 |
| Other | 42,352 | 41,807 |
| Total liabilities | 558,208 | 537,405 |
| Net assets | | |
| Shareholders' equity | 506,291 | 485,946 |
| Share capital | 86,174 | 86,174 |
| Capital surplus | 49,729 | 60,292 |
| Retained earnings | 384,154 | 365,593 |
| Treasury shares | (13,766) | (26,113) |
| Accumulated other comprehensive income | 4,325 | (15,025) |
| Valuation difference on available-for-sale securities | 11,737 | 12,429 |
| Deferred gains or losses on hedges | 6 | 1 |
| Revaluation reserve for land | 4,897 | 4,898 |
| Foreign currency translation adjustment | (11,322) | (29,917) |
| Remeasurements of defined benefit plans | (992) | (2,438) |
| Non-controlling interests | 34,181 | 35,899 |
| Total net assets | 544,799 | 506,821 |
| Total liabilities and net assets | 1,103,007 | 1,044,227 |

(Translation)

Consolidated Statements of Income

(Unit: Millions of yen)

| Account | FY2021 (April 1, 2021 - March 31, 2022) | (Reference) FY2020 (April 1, 2020 - March 31, 2021) |
|---|--|---|
| Net sales | 708,201 | 863,903 |
| Cost of sales | 532,818 | 672,631 |
| Gross profit | 175,382 | 191,272 |
| Selling, general and administrative expenses | 128,681 | 127,661 |
| Operating profit | 46,701 | 63,610 |
| Non-operating income | 8,311 | 8,428 |
| Interest and dividend income | 2,193 | 1,874 |
| Share of profit of entities accounted for using equity method | 1,913 | 1,879 |
| Foreign exchange gains | 453 | 1,042 |
| Other | 3,750 | 3,632 |
| Non-operating expenses | 4,819 | 6,295 |
| Interest expenses | 2,195 | 3,498 |
| Other | 2,623 | 2,797 |
| Ordinary profit | 50,193 | 65,744 |
| Extraordinary income | 8,054 | 7,226 |
| Gain on disposal of non-current assets | 6,386 | 3,247 |
| Gain on sale of investment securities | 615 | 3,567 |
| Other | 1,051 | 411 |
| Extraordinary losses | 15,426 | 7,865 |
| Loss on disposal of non-current assets | 7,301 | 5,494 |
| Loss on sale of investment securities | 428 | 61 |
| Loss on valuation of investment securities | 20 | 47 |
| Impairment losses | 2,407 | 969 |
| Loss on temporary suspension of operations | 277 | 547 |
| Product compensation expenses | 3,506 | — |
| Other | 1,485 | 744 |
| Profit before income taxes | 42,820 | 65,105 |
| Income taxes-current | 11,542 | 9,170 |
| Income taxes-deferred | 227 | 6,285 |
| Profit | 31,051 | 49,649 |
| Profit attributable to non-controlling interests | 2,079 | 2,848 |
| Profit attributable to owners of parent | 28,971 | 46,800 |

(Translation)

Non-consolidated Financial Statements

(April 1, 2021 - March 31, 2022)

Non-consolidated Balance Sheets

(Unit: Millions of yen)

| Account | FY2021 (as of March 31, 2022) | (Reference) FY2020 (as of March 31, 2021) |
|---|----------------------------------|---|
| Assets | | |
| Current assets | 113,027 | 103,358 |
| Cash and deposits | 2,387 | 10,273 |
| Notes receivable-trade | 7,926 | 10,308 |
| Electronically recorded monetary claims-operating | 7,763 | 5,458 |
| Accounts receivable-trade | 48,737 | 45,958 |
| Merchandise and finished goods | 11,198 | 7,648 |
| Raw materials and supplies | 27,480 | 16,936 |
| Prepaid expenses | 571 | 520 |
| Other | 6,963 | 6,269 |
| Allowance for doubtful accounts | (0) | (14) |
| Non-current assets | 512,020 | 475,628 |
| Property, plant and equipment | 227,344 | 220,582 |
| Buildings | 28,179 | 26,074 |
| Structures | 58,929 | 50,543 |
| Machinery and equipment | 48,453 | 42,349 |
| Vehicles | 1,687 | 1,153 |
| Tools, furniture and fixtures | 1,265 | 1,298 |
| Land providing raw materials | 12,661 | 12,743 |
| Land | 63,880 | 64,052 |
| Leased assets | 4,066 | 4,314 |
| Construction in progress | 8,219 | 18,052 |
| Intangible assets | 16,295 | 15,960 |
| Mining right | 9,521 | 9,790 |
| Software | 2,617 | 1,467 |
| Other | 4,156 | 4,702 |
| Investments and other assets | 268,379 | 239,085 |
| Investment securities | 23,567 | 25,801 |
| Shares of subsidiaries and associates | 200,284 | 168,981 |
| Investments in capital | 35 | 35 |
| Investments in capital of subsidiaries and associates | 7,240 | 9,372 |
| Long-term loans receivable | 17 | 24 |
| Long-term prepaid expenses | 11,647 | 10,795 |
| Prepaid pension costs | 19,071 | 18,030 |
| Other | 27,332 | 30,612 |
| Allowance for doubtful accounts | (20,817) | (24,568) |
| Total assets | 625,047 | 578,986 |

(Translation)

| Account | FY2021 (as of March 31, 2022) | (Reference) FY2020 (as of March 31, 2021) |
|---|----------------------------------|--|
| Liabilities | | |
| Current liabilities | 153,372 | 131,402 |
| Electronically recorded obligations-operating | 7,498 | 8,105 |
| Accounts payable-trade | 27,073 | 21,612 |
| Short-term borrowings | 53,874 | 47,609 |
| Commercial papers | 21,000 | — |
| Current portion of bonds payable | — | 10,000 |
| Lease liabilities | 1,053 | 1,030 |
| Accounts payable - other | 11,731 | 12,967 |
| Accrued expenses | 13,248 | 13,159 |
| Income taxes payable | 354 | 124 |
| Advances received | 1,477 | 386 |
| Deposits received | 301 | 273 |
| Unearned revenue | 1,571 | 1,548 |
| Provision for bonuses | 2,178 | 2,180 |
| Electronically recorded obligations-non-operating | 12,009 | 12,168 |
| Other | — | 235 |
| Non-current liabilities | 175,058 | 160,378 |
| Bonds payable | 60,000 | 50,000 |
| Long-term borrowings | 68,181 | 66,564 |
| Lease liabilities | 3,361 | 3,648 |
| Deferred tax liabilities | 4,710 | 5,646 |
| Provision for loss on guarantees | 1,933 | 1,058 |
| Provision for loss on business of subsidiaries and associates | 2,425 | — |
| Long-term guarantee deposits | 30,631 | 30,200 |
| Asset retirement obligations | 3,479 | 2,773 |
| Other | 334 | 487 |
| Total liabilities | 328,431 | 291,781 |
| Net assets | | |
| Shareholders' equity | 289,546 | 278,829 |
| Share capital | 86,174 | 86,174 |
| Capital surplus | 42,215 | 56,275 |
| Legal capital surplus | 42,215 | 42,215 |
| Other capital surplus | — | 14,060 |
| Retained earnings | 174,458 | 162,029 |
| Other retained earnings | 174,458 | 162,029 |
| Reserve for mine prospecting | 523 | 405 |
| Reserve for tax basis adjustments of non-current assets | 15,189 | 15,489 |
| Retained earnings brought forward | 158,745 | 146,133 |
| Treasury shares | (13,302) | (25,650) |
| Valuation and translation adjustments | 7,070 | 8,375 |
| Valuation difference on available-for-sale securities | 7,070 | 8,375 |
| Total net assets | 296,616 | 287,205 |
| Total liabilities and net assets | 625,047 | 578,986 |

(Translation)

Non-consolidated Statements of Income

(Unit: Millions of yen)

| Account | FY2021 (April 1, 2021 - March 31, 2022) | (Reference) FY2020 (April 1, 2020 - March 31, 2021) |
|---|--|---|
| Net sales | 287,525 | 295,277 |
| Cost of sales | 221,803 | 214,580 |
| Gross profit | 65,721 | 80,697 |
| Selling, general and administrative expenses | 64,137 | 63,716 |
| Operating profit | 1,584 | 16,981 |
| Non-operating income | 31,101 | 9,491 |
| Dividend income | 29,239 | 6,534 |
| Reversal of allowance for doubtful accounts | 757 | — |
| Foreign exchange gains | 95 | 574 |
| Other | 1,008 | 2,383 |
| Non-operating expenses | 2,135 | 3,277 |
| Interest expenses | 822 | 955 |
| Provision of allowance for doubtful accounts | — | 1 |
| Other | 1,313 | 2,320 |
| Ordinary profit | 30,551 | 23,195 |
| Extraordinary income | 1,001 | 5,518 |
| Gain on disposal of non-current assets | 211 | 1,273 |
| Gain on sale of investment securities | 498 | 249 |
| Gain on sale of shares of subsidiaries and associates | 204 | — |
| Gain on sale of investments in capital of subsidiaries and associates | — | 3,995 |
| Gain on exchange from dividends in kind | 87 | — |
| Extraordinary losses | 9,134 | 6,215 |
| Loss on disposal of non-current assets | 3,649 | 3,833 |
| Loss on liquidation of subsidiaries and associates | 359 | 0 |
| Loss on valuation of investment securities | 9 | 4 |
| Loss on valuation of shares of subsidiaries and associates | — | 1,576 |
| Loss on sale of investment securities | 92 | 48 |
| Provision for loss on guarantees | 1,022 | — |
| Provision for loss on business of subsidiaries and associates | 2,425 | — |
| Impairment losses | 958 | 753 |
| Accident related loss | 616 | — |
| Profit before income taxes | 22,418 | 22,498 |
| Income taxes-current | 193 | 392 |
| Income taxes-deferred | (298) | 3,571 |
| Profit | 22,524 | 18,534 |

(Translation)

Independent Auditor's Report

The Board of Directors of Taiheiyo Cement Corporation:

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Taiheiyo Cement Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other Information consists of the Business Report and the supplementary schedules.

Management is responsible for the preparation and presentation of Other Information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's reporting process on Other Information.

Our audit opinion on the consolidated financial statements does not cover Other Information and we do not express an opinion on Other Information.

Our responsibilities for the audit of the consolidated financial statements are to read through Other Information and examine whether Other Information is materially inconsistent with the consolidated financial statements or with the knowledge we obtained throughout our audit process, or if it otherwise appears to be materially misstated.

If, based on the work performed, we conclude that there is a material misstatement in Other Information, we are required to report such fact.

We have nothing to report concerning Other Information.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

(Translation)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(Translation)

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Reiji Kobayashi
Designated Engagement Partner
Certified Public Accountant

Yoshihiro Uehara
Designated Engagement Partner
Certified Public Accountant

Hiroko Sakurada
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 16, 2022

(Translation)

Independent Auditor's Report

The Board of Directors of Taiheiyo Cement Corporation:

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Taiheiyo Cement Corporation (“the Company”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other Information consists of the Business Report and the supplementary schedules.

Management is responsible for the preparation and presentation of Other Information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's reporting process on Other Information.

Our audit opinion on the financial statements and the supplementary schedules does not cover Other Information and we do not express an opinion on Other Information.

Our responsibilities for the audit of the financial statements and the supplementary schedules are to read through Other Information and examine whether Other Information is materially inconsistent with the financial statements and the supplementary schedules or with the knowledge we obtained throughout our audit process, or if it otherwise appears to be materially misstated.

If, based on the work performed, we conclude that there is a material misstatement in Other Information, we are required to report such fact.

We have nothing to report concerning Other Information.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

(Translation)

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(Translation)

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Reiji Kobayashi
Designated Engagement Partner
Certified Public Accountant

Yoshihiro Uehara
Designated Engagement Partner
Certified Public Accountant

Hiroko Sakurada
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 16, 2022

(Translation)

Audit Report

The Board of Auditors has prepared this Audit Report following deliberations based on the respective audit reports prepared by Corporate Auditors in relation to the execution of duties by Directors for the 24th fiscal term from April 1, 2021 to March 31, 2022. The report is as follows.

1. Method and Description of Audit by Corporate Auditors and the Board of Auditors

- (1) The Board of Auditors determined the audit policy, audit plan, etc., received reports from each Corporate Auditor on the progress and results of his/her audit, in addition to receiving reports from Directors, etc. and the Accounting Auditor on the execution status of their duties, and sought explanations as necessary.
- (2) Each Corporate Auditor, based on the audit standards for Corporate Auditors established by the Board of Auditors, followed the audit policy, audit plan, etc., communicated with Directors, the Internal Auditing Department and other employees, etc., endeavored to collect information and develop an environment for the audit, and implemented audits via the following methods.
 - 1) We attended the meetings of the Board of Directors and other important meetings, received reports from Directors, employees, etc. on the execution status of their duties, sought explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at the head office and principal places of business. With respect to subsidiaries, we verified the status of their management at the Company's major meetings, and requested explanation as necessary. We also communicated and exchanged information with the directors, corporate auditors, etc. of subsidiaries besides conducting site audits, etc. in accordance with audit plans.
 - 2) We also monitored and verified the content of the resolution passed by the Board of Directors regarding the development of a system to ensure that Directors comply with laws, ordinances and the Articles of Incorporation in executing their duties and other systems stipulated in paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act that are required to ensure proper operations of a company group comprised of a stock company and its subsidiaries, as well as the status of the system developed pursuant to such resolution (i.e., internal control system). In regards to internal controls over financial reporting, we received reports from Directors, etc. and KPMG AZSA LLC on the evaluation and audit status of such internal controls, and sought explanations as necessary.
 - 3) We monitored and verified whether or not the Accounting Auditor had maintained its independence and whether or not it had conducted its audit properly, received reports from the Accounting Auditor on the execution status of its duties, and sought explanations as necessary. In addition, we were notified by the Accounting Auditor that it is equipped with a *system for ensuring that duties are performed properly* (matters listed in the items of Article 131 of the Company Accounting Ordinance) in accordance with the Quality Control Standards for Audits (issued by the Business Accounting Council on October 28, 2005), etc., and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supplementary schedules, Non-consolidated Financial Statements (i.e., Non-consolidated Balance Sheets, Non-consolidated Statements of Income, Non-consolidated Statements of Changes in Net Assets and Notes to the Non-Consolidated Financial Statements) and their supplementary schedules as well as the Consolidated Financial Statements (i.e., Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Net Assets and Notes to the Consolidated Financial Statements) for the fiscal year under review.

(Translation)

2. Audit Results

(1) Results of audit of Business Report, etc.

1. In our opinion, the Business Report and the supplementary schedules are in compliance with laws, ordinances and the Articles of Incorporation, and fairly represent the Company's position.
2. No material facts were identified regarding misconduct or violation of any laws, ordinances or the Articles of Incorporation in relation to the execution of duties by Directors.
3. In our opinion, the Board of Directors' resolution on the internal control system (including internal controls over financial reporting) is adequate in content. We found no matters that need to be pointed out in regards to the content of the records in the Business Report and the execution of duties by Directors in relation to said internal control system. Of note, we received reports from Directors, etc. and KPMG AZSA LLC that there are no material inadequacies to be disclosed in relation to internal controls over financial reporting as at the time of preparation of this Audit Report.

(2) Results of audit of Non-consolidated Financial Statements and their supplementary schedules

In our opinion, the methods and results of the audit conducted by Accounting Auditor KPMG AZSA LLC are reasonable.

(3) Results of audit of Consolidated Financial Statements

In our opinion, the methods and results of the audit conducted by Accounting Auditor KPMG AZSA LLC are reasonable.

May 18, 2022

Board of Auditors, Taiheiyo Cement Corporation

Corporate Auditor (Standing) Shigeru Matsushima [Seal]

Corporate Auditor (Standing) Katsuhide Fukuhara [Seal]

Outside Corporate Auditor Wakako Mitani [Seal]

Outside Corporate Auditor Yoshio Fujima [Seal]