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Securities Code 5233

June 6, 2025

(Start Date of Measures for Electronic Provision: May 29, 2025)

To Those Stockholders with Voting Rights

Yoshifumi Taura
President and Representative Director
Taiheiyo Cement Corporation
1-1-1, Koishikawa, Bunkyo-ku, Tokyo

NOTICE OF THE 27th ORDINARY GENERAL MEETING OF STOCKHOLDERS

You are cordially notified of the 27th Ordinary General Meeting of Stockholders of Taiheiyo Cement Corporation (the “Company”). The meeting will be held as stated below.

In convening this General Meeting of Stockholders, the Company has taken measures for electronic provision and matters subject to measures for electronic provision are posted on the following website.

The Company’s website: <https://www.taiheiyo-cement.co.jp/english/ir/kabunushi.html>

In addition to the above, the information is also posted on the following website.

- The Tokyo Stock Exchange’s website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above website and enter the Company’s name or securities code to search, and then select “Basic information” followed by “Documents for public inspection/PR information” to view the information.

- The Portal of Shareholders’ Meeting: <https://www.soukai-portal.net>

Please scan the QR code on the enclosed Voting Rights Exercise Form or access the website above and enter the ID and password indicated on the form.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet, so please review the attached Reference Documents for the General Meeting of Stockholders and exercise your voting rights after reading the Voting Guide on page 3.

1. Date and Time: Friday, June 27, 2025 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 27th Fiscal Term (from April 1, 2024 to March 31, 2025) 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 27th Fiscal Term (from April 1, 2024 to March 31, 2025)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Election of Nine Directors
Proposal No. 3: Election of Two Corporate Auditors
Proposal No. 4: Election of One Substitute Corporate Auditor

(Translation)

Notes:

- Regarding the matters subject to measures for electronic provision, the following matters are not included in a paper copy delivered to stockholders who have requested the delivery of the paper copy, pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company. The documents subject to audit including the following matters have been audited by Corporate Auditors and the Accounting Auditor.
 - “Accounting Auditor” and “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” of the Business Report
 - “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” of the Consolidated Financial Statements
 - “Non-consolidated Statements of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” of the Non-consolidated Financial Statements
- If there are any revisions to the matters subject to measures for electronic provision, the matters before and after the revisions will be posted on each website mentioned above.
- We are planning to distribute video streaming of a part of the meeting on the Company’s website at a later date.

Please understand in advance that we will be shooting a video for the video streaming in the meeting venue on the day of 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 Thursday, June 26, 2025 (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 Thursday, June 26, 2025 (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

40 yen per share of common stock of the Company, for a total amount of 4,467,973,320 yen.

The annual dividend per share for the term under review will amount to 80 yen, which includes an interim dividend already paid.

(3) Effective Date of Dividends from surplus

June 30, 2025

(Translation)

Proposal No. 2: 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	Chairman and Director
2	Reappointment Yoshifumi Taura	President and Representative Director
3	Reappointment Hideaki Asakura	Vice President and Representative Director
4	Reappointment Shinji Fukami	Vice President and Director
5	Reappointment Isao Matsui	Director and Senior Executive Officer
6	New Candidate Naoyuki Kira	Senior Executive Officer
7	Reappointment Yoshiko Koizumi Outside Director Independent Director	Director
8	Reappointment Hideyuki Furikado Outside Director Independent Director	Director
9	Reappointment Shingo Tsutsumi 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	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 10 years at close of this General Meeting of Stockholders	April 1978 Joined Taiheiyo Cement Corporation April 2007 General Manager, Business Promotion Department of Environmental Business Company 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 April 2024 Chairman and Director (to present) 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 Chairman and Director, after serving as President and Representative Director. 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 works on enhancing the functions of the Board of Directors as Chairman of the Board, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.	21,864

Notes:

1. The Company currently has an agreement with Mr. Masafumi Fushihara, 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. Masafumi Fushihara is approved, the Company plans to continue said agreement with him.
2. 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	Yoshifumi Taura <u>Reappointment</u> (March 4, 1960) 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	April 1983 Joined Taiheiyo Cement Corporation April 2013 General Manager, Marketing & Trading Department, International Business Division April 2017 Executive Officer and General Manager, Marketing & Trading Department, International Business Division April 2019 Managing Executive Officer and Senior General Manager, International Business Division June 2019 Director, Managing Executive Officer and Senior General Manager, International Business Division August 2019 Director, Managing Executive Officer and Senior General Manager, International Business Division Chairman of Taiheiyo Cement (China) Investment Co., Ltd. June 2020 Managing Executive Officer, Senior General Manager, International Business Division Chairman of Taiheiyo Cement (China) Investment Co., Ltd. April 2022 Managing Executive Officer, Senior General Manager, International Business Division April 2023 Senior Executive Officer, Senior General Manager, International Business Division June 2023 Director, Senior Executive Officer, Senior General Manager, International Business Division April 2024 President and Representative Director (to present) Reason for nominating Yoshifumi Taura as Director Since 2023, Mr. Yoshifumi Taura has engaged in management of the Company as Director, and currently serves as President and Representative Director, after serving as Senior General Manager of International 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.	18,504

Note: No special relationship exists between the Company and Mr. Yoshifumi Taura.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
3	Hideaki Asakura <u>Reappointment</u> (November 20, 1959) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 3 years at close of this General Meeting of Stockholders	April 1982 Joined Taiheiyo Cement Corporation April 2011 General Director of Nghi Son Cement Corporation April 2016 Executive Officer of Taiheiyo Cement Corporation General Director of Nghi Son Cement Corporation April 2018 Executive Officer and General Manager, Sales Department, Cement Business Division of Taiheiyo Cement Corporation April 2019 Managing Executive Officer June 2019 Director and Managing Executive Officer June 2020 Managing Executive Officer April 2022 Senior Executive Officer June 2022 Director and Senior Executive Officer April 2024 Vice President and Representative Director Assistant to the President Overseeing Corporate Planning Department, Sustainability Promotion Department and Legal Department April 2025 Vice President and Representative Director Assistant to the President and Overseeing Carbon Neutral Overseeing Corporate Planning Department and Sustainability Promotion Department (to present) Reason for nominating Hideaki Asakura as Director Since 2022, Mr. Hideaki Asakura has engaged in management of the Company as Director, and currently serves as Vice President and Representative Director. 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.	14,269

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
4	Shinji Fukami <u>Reappointment</u> (July 28, 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	April 1986 Joined Taiheiyo Cement Corporation April 2015 General Manager, Business Planning Department, International Business Division April 2018 General Manager, Environmental Business Development Department April 2019 Executive Officer and General Manager, Environmental Business Development Department April 2022 Managing Executive Officer April 2024 Senior Executive Officer and Senior General Manager, International Business Division June 2024 Director, Senior Executive Officer and Senior General Manager, International Business Division April 2025 Vice President and Director Assistant to the President Senior General Manager, Global Business Division (to present) Reason for nominating Shinji Fukami as Director Since 2024, Mr. Shinji Fukami has engaged in management of the Company as Director, and currently serves as Vice President and Director and Senior General Manager of Global 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.	9,150

Notes:

1. Mr. Shinji Fukami was newly appointed at the 26th Ordinary General Meeting of Stockholders held on June 27, 2024, 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. Shinji Fukami.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
5	Isao Matsui <u>Reappointment</u> (May 24, 1961) 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	April 1985 Joined Taiheiyo Cement Corporation April 2015 General Manager, Construction Materials Business Department November 2018 General Manager, Construction Materials Business Department and General Manager, Business Planning & Administration Department April 2019 General Manager, Construction Materials Business Department April 2020 Executive Officer and General Manager, Construction Materials Business Department April 2021 Executive Officer of Taiheiyo Cement Corporation General Director of Nghi Son Cement Corporation April 2022 Managing Executive Officer and Deputy Senior General Manager of International Business Division of Taiheiyo Cement Corporation General Director of Nghi Son Cement Corporation April 2023 Managing Executive Officer April 2024 Senior Executive Officer June 2024 Director and Senior Executive Officer (to present) Reason for nominating Isao Matsui as Director Since 2024, Mr. Isao Matsui 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 construction materials 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.	7,748

Notes:

1. Mr. Isao Matsui was newly appointed at the 26th Ordinary General Meeting of Stockholders held on June 27, 2024, 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. Isao Matsui.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
6	Naoyuki Kira <u>New Candidate</u> (December 24, 1961)	April 1984 Joined Taiheiyo Cement Corporation April 2017 General Manager, Kansai Shikoku Branch April 2019 Executive Officer and General Manager, Sales Department, Cement Business Division April 2023 Managing Executive Officer, Senior General Manager, Cement Business Division, and General Manager, Sales Department, Cement Business Division April 2024 Managing Executive Officer and Senior General Manager, Cement Business Division April 2025 Senior Executive Officer and Senior General Manager, Cement Business Division (to present) (Significant concurrent positions) Outside Director of PS Construction Co., Ltd. Reason for nominating Naoyuki Kira as Director Mr. Naoyuki Kira has been engaged in the operation of cement business for many years. Since 2019, he has served as Executive Officer and has a wealth of experience and knowledge of overall management. 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.	6,369

Note: No special relationship exists between the Company and Mr. Naoyuki Kira.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
7	Yoshiko Koizumi Candidate for Outside Director Reappointment (September 25, 1943) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 10 years at close of this General Meeting of Stockholders	April 1972 Registered as a lawyer (Daini Tokyo Bar Association) January 1980 Partner, Masuda and Ejiri Law Office (predecessor of Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) January 2008 Counsel, Nishimura & Asahi (Gaikokuho Kyodo Jigyo) April 2009 Partner, City-Yuwa Partners (to present) June 2015 Outside Director of Taiheiyo Cement Corporation (to present) Outside Director of Dowa Holdings Co., Ltd. (to present) June 2016 Outside Corporate Auditor of Sumitomo Bakelite Co., Ltd. September 2017 Outside Corporate Auditor of Nippon Koei Co., Ltd. July 2023 Outside Director of Integrated Design & Engineering Holdings Co., Ltd. (Significant concurrent positions) Outside Director of Dowa Holdings Co., Ltd. Lawyer, Partner of City-Yuwa Partners 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 Chairperson 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.	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 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.
- 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 20.

(Translation)

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	Hideyuki Furikado Candidate for Outside Director Reappointment (August 3, 1954) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 4 years at close of this General Meeting of Stockholders	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) Reason for nominating Hideyuki Furikado as Outside Director and outline of expected roles Although Mr. Hideyuki Furikado has not engaged in corporate management in the past other than serving as an outside officer of listed companies, 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.	1,500

Notes:

1. Mr. Hideyuki Furikado is nominated as an Outside Director.
2. 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.
3. 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 20.
4. No special relationship exists between the Company and Mr. Hideyuki Furikado.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
9	Shingo Tsutsumi Candidate for Outside Director Reappointment (September 11, 1958) 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	April 1981 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation) June 2017 Director and Senior Vice President of Tosoh Corporation June 2019 Director and Executive Vice President of Tosoh Corporation June 2020 President and Director of Taiyo Vinyl Corporation June 2024 Outside Director of Taiheiyo Cement Corporation (to present) Reason for nominating Shingo Tsutsumi as Outside Director and outline of expected roles Mr. Shingo Tsutsumi has a wealth of experience, achievements, and knowledge 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 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.	300

Notes:

1. Mr. Shingo Tsutsumi is nominated as an Outside Director.
2. Mr. Shingo Tsutsumi was newly appointed at the 26th Ordinary General Meeting of Stockholders held on June 27, 2024, 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. Shingo Tsutsumi, 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. Shingo Tsutsumi is approved, the Company plans to continue said agreement with him.
4. Mr. Shingo Tsutsumi satisfies the Independence Criteria for Outside Officers defined by the Company, and the Company has registered him 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 20.
5. No special relationship exists between the Company and Mr. Shingo Tsutsumi.

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 2025.

(Translation)

(Reference) Expertise and experience held by candidates for Director

Name	Gender	Attributes	Nomination and Compensation Advisory Committee	Expertise and experience					
				Corporate Management	Production Technologies Research	Marketing Sales	Finance Accounting	Legal Risk Management	Global Business
Masafumi Fushihara	Male		●	●		●	●	●	●
Yoshifumi Taura	Male			●	●	●			●
Hideaki Asakura	Male			●		●	●	●	●
Shinji Fukami	Male			●	●	●			●
Isao Matsui	Male			●		●	●		●
Naoyuki Kira	Male			●		●			
Yoshiko Koizumi	Female	Outside Director Independent Director	● (Chairperson)					●	●
Hideyuki Furikado	Male	Outside Director Independent Director	●				●	●	●
Shingo Tsutsumi	Male	Outside Director Independent Director	●	●		●	●		●

(Translation)

Proposal No. 3: Election of Two Corporate Auditors

The term of office of Corporate Auditors Mr. Katsuhide Fukuhara and Ms. Wakako Mitani, will expire at the close of this General Meeting of Stockholders. Accordingly, the Company would like to propose the election of two Corporate Auditors.

The candidates for Corporate Auditor are as follows.

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

No.	Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
1	Yusuke Nemoto <u>New Candidate</u> (December 31, 1963)	April 1989 Joined Taiheiyo Cement Corporation April 2019 General Manager, Business Planning & Administration Department April 2022 Executive Officer and General Manager, Human Resources Department April 2024 Managing Executive Officer April 2025 Adviser, Corporate Auditors' Office (to present) Reason for nominating Yusuke Nemoto as Corporate Auditor As an officer of the Company, Mr. Yusuke Nemoto promotes its group-wide management by overseeing a wide range of operations in the real estate business as well as the human resources and audit divisions. He has a wealth of experience and knowledge gained through his duties. The Company has judged that he can appropriately audit the business execution of Directors while aiming to continuously increase corporate value of the Group and requests that he be a new candidate for Corporate Auditor.	2,069

Notes:

1. If the election of Mr. Yusuke Nemoto is approved, 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.
2. No special relationship exists between the Company and Mr. Yusuke Nemoto.

(Translation)

No.	Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
2	Wakako Mitani (Name on family registration: Wakako Akamatsu) Candidate for Outside Corporate Auditor Reappointment (January 4, 1974) Attended 15 out of 15 meetings of the Board of Directors (100%), 12 out of 12 meetings of the Board of Auditors (100%) and will have served as Corporate Auditor for 7 years and 4 months at close of this General Meeting of Stockholders	April 2000 Registered as a lawyer (Daiichi Tokyo Bar Association) July 2001 Joined TANABE & PARTNERS April 2012 Partner of TANABE & PARTNER February 2018 Outside Corporate Auditor of Taiheiyo Cement Corporation (to present) June 2023 Outside Corporate Auditor of SEIKAGAKU CORPORATION (to present) June 2024 Outside Director of WASEDA ACADEMY CO., LTD. (to present) September 2024 Partner of RODEM Law Office (to present) (Significant concurrent positions) Lawyer, Partner of RODEM Law Office Outside Corporate Auditor of SEIKAGAKU CORPORATION Outside Director of WASEDA ACADEMY CO., LTD. Reason for nominating Wakako Mitani as Outside Corporate Auditor Although Ms. Wakako Mitani has not engaged in corporate management in the past other than serving as an outside officer of listed companies, she has been practicing corporate legal affairs for many years, and has a wealth of experience, achievements, and knowledge as a lawyer. The Company has judged that she can audit the business execution of Directors from an objective, independent, and fair standpoint, and requests that she continue to be a candidate for Outside Corporate Auditor.	3,800

Notes:

- Ms. Wakako Mitani is nominated as an Outside Corporate Auditor.
- The Company currently has an agreement with Ms. Wakako Mitani, 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 executes her duties in good faith and without gross negligence. If the election of Ms. Wakako Mitani is approved, the Company plans to continue said agreement with her.
- Ms. Wakako Mitani satisfies the Independence Criteria for Outside Officers defined by the Company, and the Company has registered Ms. Wakako Mitani 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 20.
- No special relationship exists between the Company and Ms. Wakako Mitani.

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, both of them will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2025.

(Translation)

Proposal No. 4: Election of One Substitute Corporate Auditor

In order to prepare for a case 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
Shigeru Ino Candidate for Outside Corporate Auditor (January 4, 1962)	April 1987 Joined the National Tax Agency February 2008 U.S. Certified Public Accountant (Delaware) July 2020 Regional Commissioner of Sapporo Regional Taxation Bureau July 2021 Retired from the National Tax Agency September 2021 Registered as a Certified Public Tax Accountant Special Advisor of Hongo Tsuji Tax & Consulting (to present) December 2021 Director of Tsuji Hongo IT Consulting Co., Ltd. April 2024 Professor at Faculty of Law, Asia University (to present) December 2024 Special Advisor of Tsuji Hongo IT Consulting Co., Ltd. (to present) (Significant concurrent positions) Certified Public Tax Accountant Professor at Faculty of Law, Asia University Reason for nominating Shigeru Ino as substitute Outside Corporate Auditor Mr. Shigeru Ino has served in important positions in the National Tax Agency and has a wealth of experience and extensive knowledge mainly as a government official and Certified Public Tax 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.	0

Notes:

1. Mr. Shigeru Ino is nominated as a substitute Outside Corporate Auditor.
2. In the event that Mr. Shigeru Ino 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 damage to be borne by the insured that may arise as a result of claims for damages caused by the execution of his or her duties as corporate officer. If Mr. Shigeru Ino 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 2025.
4. Mr. Shigeru Ino 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 20.
5. No special relationship exists between the Company and Mr. Shigeru Ino.

(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, 2024 - March 31, 2025)

1. Overview of the Company Group

1) Business Progress and Results

During FY2024, the Japanese economy saw a gradual recovery on the back of an improving employment and income situation, a gradual increase in capital investment, solid public investment, and other factors. As for the global economy, although the U.S. economy expanded, supported by consumer spending and capital investment, there was weakness in the number of housing starts due in part to prolonged high interest rates. Although the Chinese economy is seeing the effects of various government policies, the real estate market remains stagnant, and the economy remained at a standstill.

Meanwhile, uncertainty about the economic outlook is rapidly increasing due to factors such as the turmoil in financial markets triggered by U.S. tariff policies and the worsening situations in Ukraine and the Middle East.

Under these circumstances, in FY2024, the Group's consolidated sales increased ¥10,019 million from the previous year to ¥896,295 million. Consolidated operating profit was ¥77,750 million, up ¥21,280 million, while consolidated ordinary profit was ¥75,374 million, up ¥15,901 million. Profit attributable to owners of parent increased ¥14,156 million to ¥57,428 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 ¥643,347 million (up 2.1% year-on-year)

Operating Profit ¥53,223 million (up 62.3% year-on-year)

Domestic cement demand remained sluggish, due to a combination of factors such as a chronic labor shortage, the spread of a five-day week, soaring construction costs, and a lightweight aggregate shortage, despite a certain level of demand mainly for the Hokkaido Shinkansen Sapporo extension project, large-scale urban redevelopment projects, and the construction of new semiconductor-related plants. In addition, the impact of adverse weather conditions, such as torrential rains caused by typhoons and linear rainbands, and heavy snowfall on the Sea of Japan side, also contributed to dragging down demand. As a result, domestic cement demand decreased 5.6% year-on-year to 32.66 million tons, of which, imported cement increased 54.9% year-on-year to 20 thousand tons. Total exports increased 19.7% year-on-year to 8.21 million tons.

Under these circumstances, the Group's domestic cement sales by volume, including consignment sales, decreased 4.8% from the previous year to 12.33 million tons. Exports increased by 18.5% from the previous year to 3.03 million tons.

At U.S. West Coast cement businesses, sales volume decreased from the previous year due to the decreased number of housing starts and adverse weather conditions, but selling prices increased from the previous year. In the cement business in Vietnam, although domestic sales volume decreased from the previous year owing partly to intensifying competition, sales volume including exports increased from the previous year. In the cement business in the Philippines, sales volume decreased from the previous year, mainly due to an influx of cheap imports.

As a result of the above, sales increased ¥13,476 million from the previous year to ¥643,347 million, and operating profit increased ¥20,440 million from the previous year to ¥53,223 million.

(Translation)

Mineral Resources Business

Sales ¥88,246 million (up 0.7% year-on-year)

Operating Profit ¥9,616 million (up 13.7% year-on-year)

In the aggregates business, sales volume decreased nationwide. In the mineral products business, sales volume of limestone used for cement decreased. In the geo-solutions business, sales volume of immobilizers decreased. In addition, the entire business saw efforts to pass various cost increases onto selling prices bear fruit.

As a result, sales increased ¥572 million from the previous year to ¥88,246 million, and operating profit increased ¥1,160 million to ¥9,616 million from the previous year.

Environmental Business

Sales ¥68,185 million (down 0.1% year-on-year)

Operating Profit ¥6,909 million (up 12.6% year-on-year)

Sales were sluggish in fuel and waste plastic processing, but remained solid in coal processing, calcium carbonate, and biomass fuel. The processing of disaster waste from the Noto Peninsula earthquake also proceeded smoothly.

As a result, sales decreased ¥69 million from the previous year to ¥68,185 million, and operating profit increased ¥771 million to ¥6,909 million from the previous year.

Construction Materials Business

Sales ¥71,660 million (down 2.4% year-on-year)

Operating Profit ¥3,572 million (down 15.1% year-on-year)

Sales were strong for construction and civil engineering materials and the shield tunnel construction-related business, but sales for ground improvement projects and ALC (Autoclaved Lightweight aerated Concrete) were sluggish.

As a result, sales decreased ¥1,797 million from the previous year to ¥71,660 million, and operating profit decreased ¥637 million to ¥3,572 million from the previous year.

Other Business

Sales ¥91,348 million (up 2.2% year-on-year)

Operating Profit ¥6,032 million (up 28.6% year-on-year)

Although the transportation and warehousing and engineering businesses performed well, the power supply and chemical products businesses remained sluggish.

As a result, sales increased ¥1,950 million from the previous year to ¥91,348 million, and operating profit increased ¥1,341 million to ¥6,032 million from the previous year.

Sales and Operating Profit by Business Segment

(Unit: Millions of yen)

Business Segment	Sales	Year-on-year increase (decrease)	Operating profit (loss)	Year-on-year increase (decrease)
Cement	643,347	13,476	53,223	20,440
Mineral Resources	88,246	572	9,616	1,160
Environmental	68,185	(69)	6,909	771
Construction Materials	71,660	(1,797)	3,572	(637)
Other	91,348	1,950	6,032	1,341
Subtotal	962,786	14,132	79,352	23,075
Elimination or unallocated amounts	(66,491)	(4,113)	(1,602)	(1,795)
Total	896,295	10,019	77,750	21,280

(Translation)

2) Capital Investments

The total amount of capital investments by the Group in the fiscal year under review increased ¥37,065 million from the previous year to ¥126,474 million, consisting of ¥98,309 million in the Cement Business, ¥19,288 million in the Mineral Resources Business, ¥500 million in the Environmental Business, ¥3,857 million in the Construction Materials Business, ¥3,987 million in the Other Business and ¥533 million in Group wide assets.

3) Trends in Assets and Income

Item	24 th fiscal year ended March 31, 2022	25 th fiscal year ended March 31, 2023	26 th fiscal year ended March 31, 2024	27 th fiscal year ended March 31, 2025 (Current)
Net sales (millions of yen)	708,202	809,542	886,276	896,295
Ordinary profit (millions of yen)	50,194	1,016	59,473	75,374
Profit attributable to owners of parent (millions of yen)	28,972	(33,207)	43,273	57,428
Profit per share (yen)	245.80	(283.68)	371.09	502.48
Total assets (millions of yen)	1,103,008	1,268,863	1,338,251	1,423,695
Net assets (millions of yen)	544,799	528,857	596,385	676,124

Note: Figures in parentheses represent losses.

4) Issues to be Addressed

Looking ahead, the Japanese economy is expected to continue recovering at a moderate pace with a pickup in capital investment and consumer spending. However, there are also concerns that the economy could take a downturn due to U.S. tariff policies and prolonged price increases.

Under these circumstances, turning our attention to the Group's business environment, in our core domestic cement business, a certain amount of demand is expected owing to Hokkaido Shinkansen Sapporo extension project, large-scale urban redevelopment projects, construction of new semiconductor-related plants, construction related to the Linear Chuo Shinkansen, countermeasure construction for national resilience, and renewal of aging social infrastructure, etc. On the other hand, the current business environment remains sluggish, due to a chronic labor shortage at construction sites, the spread of a five-day week, and the postponement of some redevelopment projects due to soaring construction costs. In addition, as disasters become more severe in various regions, the Group has been contributing to the reconstruction efforts on the Noto Peninsula through acceptance of disaster waste and the supply of cement. Japan plans to establish a disaster management agency in fiscal 2026. As the importance of disaster prevention measures in peacetime is being seen in a new light, the role the Group plays is expected to increase. With regard to the cement selling price, the Group has made an increase of at least ¥2,000 per ton from the current price for shipments after April 2025. The Group will continue to adjust its selling prices.

In the U.S., the economy is expected to grow on the back of steady private consumption, full-scale public investments fueled by an infrastructure investment bill, and investments related to the Los Angeles Olympics and Paralympics scheduled to be held in 2028. However, attention should be paid to the impact of the U.S. government's tariff policy on the real economy and financial market trends.

It is difficult to assess at this stage the impact that the tariff policies will have on the global economy. If the global turmoil continues for a long time, there is a risk that it will depress capital investment and personal consumption in each country, which may have a certain impact on cement demand.

Under these circumstances, we have established our Future vision targeting 2050 and Taiheiyo Vision 2030 to clarify the direction we will take in order to become an enterprise group that keeps moving forward to development, while also contributing to the building of a sustainable society. Furthermore, we have formulated the 26 Medium-Term Management Plan, which covers the period from FY2024 until FY2026, as a medium-term plan to achieve these goals. In FY2025, the second year of this plan, the Group will actively work on the following management issues.

(1) Future vision targeting 2050

- (i) Deploy around the world the Group's overall capabilities and revolutionary technologies including carbon neutrality.
- (ii) Become a leader in the global cement industry.
- (iii) Become a corporate group that supports a safe and secure decarbonized/recycling-based society.

(2) Taiheiyo Vision 2030

- (i) Expand the Group's presence in the Pacific Rim by utilizing its overall capabilities.
- (ii) Contribute to the achievement of carbon neutrality and circular economies.
- (iii) Become a robust corporate group that grow sustainably

(3) Vision of the 26 Medium-Term Management Plan

“3D Approach for Sustainable Future —Three-dimensional approach toward the realization of a sustainable society—”

The Group aims to promote a combination of three initiatives toward the realization of a sustainable society to widely share the benefits gained through such initiatives with its stakeholders.

- (i) Revitalize domestic business
- (ii) Further promote global strategy
- (iii) Promote sustainability management and contribute to carbon neutrality

Revitalizing Domestic Business

In a market environment in which domestic cement demand continues to decline, the Group will strive to revitalize its domestic business by fundamentally revising our pricing policy to emphasize profitability, providing total solutions through improvements such as greater efficiency of our sales systems, and optimizing its production system on the premise of expanding exports of blended cement and ensuring a stable supply to the domestic market.

Further Promote Global Strategy

The Group will promote a global strategy by strengthening the earnings base of its existing businesses in the U.S. and the Philippines, growing its business areas by expanding into unexplored areas and undeveloped businesses, and expanding its trading business by developing blended cement operations and strengthening its logistics network.

Promote Sustainability Management and Contribute to Carbon Neutrality

With the aim of achieving carbon neutrality in the entire supply chain by 2050, the Group will implement a carbon neutral strategy, including initiatives for the carbon neutral model plant concept to establish innovative cement manufacturing technologies and the promotion of blended cement by applying existing technologies. The Group will also promote sustainability management by steadily carrying out digital transformation (DX), human capital and IR strategies.

<Business Strategies>

Cement (Domestic)

The Group will revitalize its cement business in Japan by optimizing cement prices. In addition, the Group will promote initiatives aimed at maintaining stable production by strengthening plant facilities, ensuring a stable supply by responding to the shortage of drivers under the revision of regulation in 2024 and strengthening transportation system and achieving carbon neutrality such as exploring the commercialization of Low-CO₂ blended cement.

Cement (Overseas)

The Group will work to deepen its business in the U.S. market, which has a good balance between stability and growth, and expand the Philippines business, where a renewal project was completed. Furthermore, the Group will implement business strategies that utilize cementitious materials such as blended cement, slag, and fly ash in the countries in which it operates.

Mineral Resources

The Group will diligently work on medium- to long-term resource policies, such as strengthening the resilience of existing core businesses and building a long-term stable supply system for resources, thereby establishing an earnings structure unaffected by fluctuations in cement demand.

(Translation)

Environmental Business

In addition to enhancing its competitive advantage in existing businesses, the Group will work to achieve sustainable growth while creating new added value by simultaneously promoting carbon neutrality and a circular economy.

Construction Materials

The Group will endeavor to strengthen the profitability of existing businesses by optimizing selling prices and investing in DX, among other measures. The Group will also introduce new products and enter into new business areas, including overseas markets.

<Research & Development Strategies>

The Group aims to enhance its R&D capabilities to the highest level in the world to contribute to management through the following core strategies: develop technologies to achieve carbon neutrality, contribute to business expansion and earnings improvement, research and development for sustainable growth, and evolve into a group-wide research institute.

<Intellectual Asset Strategies>

The Group will work to build a patent network that supports the promotion of carbon neutrality and expand the intellectual capital that supports each business.

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

(Translation)

5) 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.	99.3	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
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

- (Notes)
1. The Company's percentage of equity participation includes indirect ownership through subsidiaries.
 2. Jiangnan-Onoda Cement Co., Ltd. ceased its business activities on February 28, 2023.
 3. Dalian Onoda Cement Co., Ltd., which was a subsidiary at the end of the previous fiscal year, has been excluded from the list of subsidiaries due to the transfer of equity implemented during the fiscal year under review.

6) Principal Businesses

Businesses of the 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)

7) 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		

(Note) Central Research Laboratory was reorganized as the Research & Development Division as of April 1, 2025.

(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
Nghi Son Cement Corporation	Thanh Hoa, Vietnam
Taiheiyo Cement Philippines, Inc.	Cebu, Philippines

(Translation)

8) Employees

Business Segment	Number of Employees (persons)
Cement	7,538
Mineral Resources	1,111
Environmental	156
Construction Materials	1,276
Other	2,214
Group-wide (common)	291
Total	12,586

- (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. (534 persons).

Number of employees	Increase or decrease from previous year	Average age	Average length of service
1,733 persons	Decrease of 88 persons	39.8 years old	17.3 years

9) Major Lenders and Amount of Borrowings

Lender	Outstanding borrowings (millions of yen)
Mizuho Bank, Ltd.	49,904
Sumitomo Mitsui Banking Corporation	31,110
Japan Bank for International Cooperation	28,964
MUFG Bank, Ltd.	21,193

(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 118,191,578 shares
(Notes) 1. The Company cancelled 3,793,500 shares of treasury stock on May 31, 2024.
2. Total number of shares outstanding includes 6,492,245 shares of treasury stock.
- 3) Number of stockholders 43,932 persons

4) Major stockholders

Stockholder name	Holding (thousand shares)	Stockholding ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	20,125	18.0
STATE STREET BANK AND TRUST COMPANY 505001	7,177	6.4
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	6,888	6.2
JP MORGAN CHASE BANK 385632	3,940	3.5
JP MORGAN CHASE BANK 385864	2,738	2.5
STATE STREET BANK AND TRUST COMPANY 505103	1,716	1.5
JP MORGAN CHASE BANK 385781	1,602	1.4
Meiji Yasuda Life Insurance Company	1,527	1.4
Mizuho Bank, Ltd.	1,500	1.3
BNYM AS AGT / CLTS NON TREATY JASDEC	1,422	1.3

(Notes) 1. The Company holds 6,492,245 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)	11,157 shares	6 persons

(Translation)

3. Company Officers

1) Name, etc. of Directors and Corporate Auditors

Position	Name	Significant concurrent positions
Chairman and Director	Masafumi Fushihara	
President and Representative Director	Yoshifumi Taura	
Vice President and Representative Director	Hideaki Asakura	Assistant to the President Overseeing Corporate Planning Department, Sustainability Promotion Department and Legal Department
Director	Koshiro Hidaka	
Director	Shinji Fukami	
Director	Isao Matsui	
Director	Yoshiko Koizumi	Lawyer, Partner of City-Yuwa Partners Outside Director of Dowa Holdings Co., Ltd. Outside Director of Integrated Design & Engineering Holdings Co., Ltd.
Director	Hideyuki Furikado	
Director	Shingo Tsutsumi	
Corporate Auditor (Standing)	Katsuhide Fukuhara	
Corporate Auditor (Standing)	Masahiro Karino	
Corporate Auditor	Wakako Mitani (Name on family registration: Wakako Akamatsu)	Lawyer, Partner of RODEN Law Office Outside Corporate Auditor of SEIKAGAKU CORPORATION Outside Director of WASEDA ACADEMY CO., LTD.
Corporate Auditor	Toshihito Aoki	Certified Public Accountant

- (Notes)
1. Directors Yoshiko Koizumi, Hideyuki Furikado and Shingo Tsutsumi are Outside Directors.
 2. Corporate Auditors Wakako Mitani and Toshihito Aoki are Outside Corporate Auditors.
 3. Directors Koshiro Hidaka, Shinji Fukami, Isao Matsui and Shingo Tsutsumi were newly elected at the 26th Ordinary General Meeting of Stockholders held on June 27, 2024 and took office on the same day.
 4. Directors Yuuichi Kitabayashi, Kunihiro Ando, Tetsuya Ohashi and Shinhachiro Emori retired from office at the close of the 26th Ordinary General Meeting of Stockholders held on June 27, 2024.
 5. Corporate Auditors Katsuhide Fukuhara and Masahiro Karino have practical experience in the business management division of the Company and have considerable financial and accounting expertise.
 6. Corporate Auditor Toshihito Aoki 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, Hideyuki Furikado and Shingo Tsutsumi as independent directors and Corporate Auditors Wakako Mitani and Toshihito Aoki as independent corporate auditors at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange.

(Translation)

9. Resignation during the fiscal year under review regarding significant concurrent positions is as follows.

Name	Position	Significant concurrent positions	Date of resignation
Wakako Mitani	Corporate Auditor	Partner of TANABE & PARTNERS	August 31, 2024

There are no special interest relationships between the Company and TANABE & PARTNERS

10. The following executive changes were made on April 1, 2025:

Name	Position, assignment and significant concurrent positions	
	Before	After
Hideaki Asakura	Vice President and Representative Director Assistant to the President, Overseeing Corporate Planning Department, Sustainability Promotion Department and Legal Department	Vice President and Representative Director Assistant to the President and Overseeing Carbon Neutral, Overseeing Corporate Planning Department and Sustainability Promotion Department
Shinji Fukami	Director	Vice President and Director Assistant to the President Senior General Manager of Global Business Division

11. The Company has introduced an executive officer system; executive officers as of April 1, 2025 are as follows.

Position	Name	Assignment
Senior Executive Officer	Isao Matsui *	Overseeing General Affairs Department, Legal Department, and Group Business Strategy Department
Senior Executive Officer	Naoyuki Kira	Senior General Manager of Cement Business Division
Managing Executive Officer	Masahiro Ban	Overseeing Secretarial Department, Human Resources Department, and Accounting & Finance Department
Managing Executive Officer	Hiroyuki Takano	Overseeing GX Department Senior General Manager of Research & Development Division
Managing Executive Officer	Kenichi Hirata	Overseeing Mining Department, Mineral Resources Business Department, and Real Estate Business Department
Managing Executive Officer	Tsuyoshi Hara	Deputy Senior General Manager of Global Business Division President of Taiheiyo Cement U.S.A., Inc.
Managing Executive Officer	Yutaka Murakami	Overseeing Internal Auditing Department, Purchasing Department, and Environmental Business Development Department
Managing Executive Officer	Takaji Kawabe	Overseeing DX Department, Production Department, Maintenance & Engineering Department, and C2SP Kiln Project Team
Executive Officer	Kazuhiko Ichizawa	General Director of Nghi Son Cement Corporation
Executive Officer	Takashi Miyashita	General Director of Taiheiyo Cement Philippines, Inc.
Executive Officer	Fujio Nakamura	General Manager of Sales Department, Cement Business Division
Executive Officer	Katsuya Kawata	General Manager of Corporate Planning Department
Executive Officer	Hiroshi Hirao	General Manager of Cement & Concrete Research Laboratory, Research & Development Division
Executive Officer	Masayuki Yagame	General Manager of Production Department
Executive Officer	Kouji Ozaki	General Manager of Tokyo Branch
Executive Officer	Tomonori Yamamoto	General Manager of Chubu Hokuriku Branch
Executive Officer	Hiroki Tsumura	President of Hokkaido Taiheiyo Kogyo Corporation

(Translation)

Executive Officer	Kazuhiko Teramoto	General Manager of Oita Plant
Executive Officer	Yasuhiro Kawaragi	General Manager of Legal Department
Executive Officer	Tetsuji Matoba	General Manager of Kyushu Branch
Executive Officer	Kunihiro Nakamura	General Manager of Human Resources Department

Those who serve concurrently as Directors are indicated with an asterisk (*).

2) Overview of Limited Liability Agreement

The Company has concluded an agreement with each of Directors Masafumi Fushihara, Yoshiko Koizumi, Hideyuki Furikado, Shingo Tsutsumi 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 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.

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 37% of the total compensation for the current fiscal year. The actual result of profit attributable to owners of parent for FY2023, which serves as a basis for calculating the performance-linked compensation for the current fiscal year, was ¥43.3 billion.

(Translation)

Based on the above, the Board of Directors of the Company has judged that the content of compensation, etc. for individual Director for FY2024 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. 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 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 Yoshifumi Taura and Vice President and Representative Director (Assistant to the President, Overseeing Corporate Planning Department, Sustainability Promotion Department and Legal Department) Hideaki Asakura at the Board of Directors meeting including Outside Directors held in June 2024, 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	569	329	194	46	13
Corporate Auditors	72	72	-	-	4
(of which, Outside Officers)	(67)	(67)	(-)	(-)	(6)

(Note) The number of persons paid above includes four Directors who retired at the close of the 26th Ordinary General Meeting of Stockholders held on June 27, 2024.

(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	15 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	Hideyuki Furikado	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 government official.
Director	Shingo Tsutsumi	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 management executive of a business corporation.
Corporate Auditor	Wakako Mitani	15 out of 15 meetings	12 out of 12 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	Toshihito Aoki	15 out of 15 meetings	12 out of 12 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.

- (Notes)
1. During the fiscal year under review, 15 Board of Directors meetings were held. Eleven Board of Directors meetings were held after Director Shingo Tsutsumi took office.
 2. In addition to the number of Board of Directors meetings held as stated above, pursuant to the provisions of Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company, a written resolution was made, for which the Company deems that the resolution was made at the Board of Directors meeting.
 3. During the fiscal year under review, 12 Board of Auditors meetings were held.

(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, 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. She also attends the Nomination and Compensation Advisory Committee as the Chairperson of such committee, and has played a leading role especially in the consideration process of determining compensations as the Chairperson of such committee.
Director	Hideyuki Furukado	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 IR strategies, 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. 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	Shingo Tsutsumi	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 capital investment plans, 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. 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.

Figures stated in this Business Report are rounded off to the nearest unit of presentation from the fiscal year under review. In line with this change, figures in the previous fiscal years are also rounded off to the nearest whole number.

(Translation)

Consolidated Financial Statements

(April 1, 2024 - March 31, 2025)

Consolidated Balance Sheets

(Unit: Millions of yen)

Account	FY2024 (as of March 31, 2025)	(Reference) FY2023 (as of March 31, 2024)
Assets		
Current assets	405,731	430,289
Cash and deposits	74,987	80,102
Notes and accounts receivable-trade, and contract assets	148,457	167,849
Electronically recorded monetary claims-operating	32,087	38,736
Merchandise and finished goods	54,373	49,341
Work in process	1,522	1,466
Raw materials and supplies	71,950	72,371
Short-term loans receivable	2,191	1,345
Other	20,278	19,279
Allowance for doubtful accounts	(115)	(198)
Non-current assets	1,017,965	907,962
Property, plant and equipment	738,702	653,910
Buildings and structures	172,858	163,748
Machinery, equipment and vehicles	252,982	189,481
Land	163,531	158,496
Leased assets	13,813	13,838
Construction in progress	41,988	59,615
Other	93,531	68,732
Intangible assets	47,015	39,084
Goodwill	64	104
Other	46,951	38,980
Investments and other assets	232,248	214,968
Investment securities	135,374	132,314
Long-term loans receivable	2,462	2,487
Retirement benefit asset	49,389	38,906
Deferred tax assets	10,442	8,595
Other	35,731	33,993
Allowance for doubtful accounts	(1,150)	(1,328)
Total assets	1,423,695	1,338,251

(Translation)

Account	FY2024 (as of March 31, 2025)	(Reference) FY2023 (as of March 31, 2024)
Liabilities		
Current liabilities	388,354	368,104
Notes and accounts payable-trade	73,647	94,951
Electronically recorded obligations-operating	16,284	17,502
Short-term borrowings	156,488	142,916
Commercial papers	5,000	—
Current portion of bonds payable	15,000	—
Income taxes payable	6,344	5,446
Provision for bonuses	7,302	6,502
Provision for product compensation	741	—
Provision for loss on business withdrawal	—	96
Other provisions	168	322
Other	107,380	100,368
Non-current liabilities	359,217	373,763
Bonds payable	55,000	70,000
Long-term borrowings	158,200	157,554
Deferred tax liabilities	24,686	22,039
Retirement benefit liability	23,008	23,006
Provision for retirement benefits for directors (and other officers)	536	548
Provision for special repairs	292	305
Provision for product compensation	2,728	3,830
Provision for loss on business withdrawal	—	1,769
Other provisions	360	400
Lease liabilities	21,146	24,806
Asset retirement obligations	14,453	10,930
Other	58,808	58,576
Total liabilities	747,571	741,866
Net assets		
Shareholders' equity	531,791	497,409
Share capital	86,174	86,174
Capital surplus	50,288	50,052
Retained earnings	417,460	379,126
Treasury shares	(22,131)	(17,942)
Accumulated other comprehensive income	109,879	65,802
Valuation difference on available-for-sale securities	18,879	17,476
Deferred gains or losses on hedges	0	(20)
Revaluation reserve for land	3,509	3,697
Foreign currency translation adjustment	64,316	32,230
Remeasurements of defined benefit plans	23,174	12,419
Non-controlling interests	34,455	33,174
Total net assets	676,124	596,385
Total liabilities and net assets	1,423,695	1,338,251

(Translation)

Consolidated Statements of Income

(Unit: Millions of yen)

Account	FY2024 (April 1, 2024 - March 31, 2025)	(Reference) FY2023 (April 1, 2023 - March 31, 2024)
Net sales	896,295	886,276
Cost of sales	679,205	694,062
Gross profit	217,089	192,213
Selling, general and administrative expenses	139,340	135,743
Operating profit	77,750	56,470
Non-operating income	6,936	10,620
Interest and dividend income	3,983	4,040
Share of profit of entities accounted for using equity method	—	862
Foreign exchange gains	734	2,651
Other	2,219	3,066
Non-operating expenses	9,312	7,617
Interest expenses	4,302	3,589
Share of loss of entities accounted for using equity method	684	—
Other	4,326	4,028
Ordinary profit	75,374	59,473
Extraordinary income	11,473	5,292
Gain on disposal of non-current assets	3,311	1,479
Gain on sale of investment securities	1,968	942
Gain on extinguishment of debt	4,551	—
Insurance claim income	1,447	2,512
Other	197	358
Extraordinary losses	12,225	6,731
Loss on disposal of non-current assets	5,134	4,865
Retirement benefit expenses	2,729	—
Loss on sale of investment securities	22	0
Loss on valuation of investment securities	14	5
Impairment losses	3,840	1,333
Other	487	528
Profit before income taxes	74,621	58,034
Income taxes-current	17,607	15,442
Income taxes-deferred	(1,798)	(1,083)
Profit	58,812	43,676
Profit attributable to non-controlling interests	1,384	403
Profit attributable to owners of parent	57,428	43,273

(Translation)

Non-consolidated Financial Statements

(April 1, 2024 - March 31, 2025)

Non-consolidated Balance Sheets

(Unit: Millions of yen)

Account	FY2024 (as of March 31, 2025)	(Reference) FY2023 (as of March 31, 2024)
Assets		
Current assets	126,059	156,187
Cash and deposits	3,685	8,636
Notes receivable-trade	4,437	9,812
Electronically recorded monetary claims-operating	16,201	21,131
Accounts receivable-trade	55,179	60,831
Merchandise and finished goods	15,033	16,940
Raw materials and supplies	25,621	29,401
Prepaid expenses	640	621
Other	5,264	8,815
Allowance for doubtful accounts	(1)	(1)
Non-current assets	597,277	576,297
Property, plant and equipment	242,041	231,179
Buildings	28,505	28,927
Structures	62,872	60,438
Machinery and equipment	55,206	47,397
Vessels	0	0
Vehicles	1,134	1,458
Tools, furniture and fixtures	1,252	1,157
Land providing raw materials	12,606	12,551
Land	63,993	63,837
Leased assets	2,934	3,598
Construction in progress	13,539	11,816
Intangible assets	14,796	15,400
Mining right	8,803	9,031
Software	2,796	3,078
Other	3,198	3,291
Investments and other assets	340,440	329,718
Investment securities	28,562	26,936
Shares of subsidiaries and associates	265,066	254,956
Investments in capital	37	36
Investments in capital of subsidiaries and associates	1,759	2,263
Long-term loans receivable	16	18
Long-term prepaid expenses	13,774	13,038
Prepaid pension costs	21,720	19,827
Other	22,950	25,686
Allowance for doubtful accounts	(13,444)	(13,041)
Total assets	723,336	732,484

(Translation)

Account	FY2024 (as of March 31, 2025)	(Reference) FY2023 (as of March 31, 2024)
Liabilities		
Current liabilities	194,594	185,528
Electronically recorded obligations-operating	4,475	8,243
Accounts payable-trade	30,130	38,432
Short-term borrowings	103,266	96,827
Commercial papers	5,000	—
Current portion of bonds payable	15,000	—
Lease liabilities	954	1,039
Accounts payable - other	12,173	9,922
Accrued expenses	13,278	21,241
Income taxes payable	709	521
Advances received	404	74
Deposits received	264	349
Unearned revenue	2,230	1,777
Provision for bonuses	2,473	2,094
Electronically recorded obligations-non-operating	4,238	5,008
Non-current liabilities	254,133	267,091
Bonds payable	55,000	70,000
Long-term borrowings	138,641	141,777
Lease liabilities	2,497	2,923
Deferred tax liabilities	11,963	12,349
Provision for loss on guarantees	839	1,208
Provision for loss on business of subsidiaries and associates	9,181	3,385
Long-term guarantee deposits	31,936	31,503
Asset retirement obligations	3,672	3,607
Other	403	340
Total liabilities	448,727	452,619
Net assets		
Shareholders' equity	263,154	269,499
Share capital	86,174	86,174
Capital surplus	42,215	42,215
Legal capital surplus	42,215	42,215
Retained earnings	156,380	158,535
Other retained earnings	156,380	158,535
Reserve for mine prospecting	495	453
Reserve for tax basis adjustments of non-current assets	14,181	14,627
Retained earnings brought forward	141,704	143,455
Treasury shares	(21,615)	(17,426)
Valuation and translation adjustments	11,455	10,365
Valuation difference on available-for-sale securities	11,455	10,365
Total net assets	274,609	279,864
Total liabilities and net assets	723,336	732,484

(Translation)

Non-consolidated Statements of Income

(Unit: Millions of yen)

Account	FY2024 (April 1, 2024 - March 31, 2025)	(Reference) FY2023 (April 1, 2023 - March 31, 2024)
Net sales	333,466	335,889
Cost of sales	254,894	273,524
Gross profit	78,572	62,365
Selling, general and administrative expenses	61,927	61,093
Operating profit	16,645	1,272
Non-operating income	28,141	35,061
Dividend income	25,748	30,296
Foreign exchange gains	861	2,479
Other	1,533	2,286
Non-operating expenses	6,633	4,228
Interest expenses	2,008	1,705
Provision of allowance for doubtful accounts	432	891
Provision for loss on business of subsidiaries and associates	1,791	—
Other	2,402	1,632
Ordinary profit	38,154	32,104
Extraordinary income	1,723	4,205
Gain on disposal of non-current assets	249	968
Gain on sale of investment securities	400	691
Gain on sale of shares of subsidiaries and associates	54	32
Gain on exchange from dividends in kind	—	1
Insurance claim income	1,020	2,512
Extraordinary losses	23,414	3,983
Loss on disposal of non-current assets	3,765	3,362
Loss on liquidation of subsidiaries and associates	—	0
Loss on valuation of investment securities	1	5
Loss on valuation of shares of subsidiaries and associates	15,379	495
Loss on sale of investment securities	1	—
Provision for loss on business of subsidiaries and associates	4,006	—
Impairment losses	262	121
Profit before income taxes	16,463	32,326
Income taxes-current	250	126
Income taxes-deferred	(1,084)	(1,243)
Profit	17,297	33,443

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, 2025 and for the year from April 1, 2024 to March 31, 2025 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.

Emphasis of Matters

As stated in the Notes to the Consolidated Financial Statements (Changes in Accounting Policy that are Difficult to Distinguish from Changes in Accounting Estimates), the Company and its domestic consolidated subsidiaries had depreciated property, plant and equipment (excluding leased assets) mainly using the declining balance method, except for buildings (excluding accompanying facilities) purchased on and after April 1, 1998 and accompanying facilities and structures purchased on and after April 1, 2016, which are computed based on the straight-line method, but changed to the straight-line method from the fiscal year under review.

These matters do not affect 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

(Translation)

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.

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.
- Plan and perform the audit of the consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group, which serves as the basis for our 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 any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

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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Masakazu Hattori
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, 2025

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, 2025 and for the year from April 1, 2024 to March 31, 2025 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.

Emphasis of Matters

As stated in the Notes to the Non-Consolidated Financial Statements (Changes in Accounting Policy that are Difficult to Distinguish from Changes in Accounting Estimates), the Company had depreciated property, plant and equipment (excluding structures for mining purposes, land providing raw materials and leased assets) using the declining balance method, except for buildings (excluding accompanying facilities) purchased on and after April 1, 1998 and accompanying facilities and structures purchased on and after April 1, 2016, which are computed based on the straight-line method, but changed to the straight-line method from the fiscal year under review.

These matters do not affect 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

(Translation)

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.

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 any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

(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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Masakazu Hattori
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, 2025

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 27th fiscal term from April 1, 2024 to March 31, 2025. 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), 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 by 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 16, 2025

Board of Auditors, Taiheiyo Cement Corporation

Corporate Auditor (Standing) Katsuhide Fukuhara [Seal]

Corporate Auditor (Standing) Masahiro Karino [Seal]

Outside Corporate Auditor Wakako Mitani [Seal]

Outside Corporate Auditor Toshihito Aoki [Seal]

(Translation)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Start Date of Measures for Electronic Provision: May 29, 2025)

MATTERS TO BE PROVIDED ELECTRONICALLY ACCOMPANYING THE NOTICE OF THE 27th ORDINARY GENERAL MEETING OF STOCKHOLDERS

Accounting Auditor

**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**

Consolidated Statements of Changes in Net Assets

Notes to Consolidated Financial Statements

Non-consolidated Statements of Changes in Net Assets

Notes to Non-consolidated Financial Statements

(from April 1, 2024 to March 31, 2025)

Taiheiyo Cement Corporation

The content of this document is omitted from the paper copy provided to stockholders who made requests for the provision of the paper copy, pursuant to laws and regulations and the Articles of Incorporation of the Company.

(Translation)

Accounting Auditor

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

(2) Accounting Auditor's Compensation, etc. in Fiscal Year under Review
¥ 142 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. In addition to the above, the Company paid additional compensation of ¥4 million in connection with audits for the previous fiscal year.

(3) 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.

(4) Total Amount of Money and Other Property Benefits Payable to Accounting Auditor by the Company and its Subsidiaries
¥ 283 million

- (Note) Among significant subsidiaries of the Company, CalPortland Company, Jiangnan-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)

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 Sustainability 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 Sustainability 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 Sustainability 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 Sustainability Prospectus, a Sustainability Management Committee has been established composed of all Directors with the President as the Chairman, and it is held once per

(Translation)

quarter. The Sustainability Management Committee formulates a Sustainability 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 Sustainability 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 Sustainability 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.
- (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. In addition to the number of Board of Directors meetings held as stated above, a written resolution was made, for which the Company deems that the resolution was made at the Board of Directors meeting, pursuant to the provisions of Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company.
- (ii) For important matters other than those to be deliberated by the Board of Directors, Executive Committee meetings were held 21 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 off to the nearest unit of presentation from the fiscal year under review. In line with this change, figures in the previous fiscal years are also rounded off to the nearest whole number.

(Translation)

Consolidated Statements of Changes in Net Assets

(April 1, 2024 - March 31, 2025)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	86,174	50,052	379,126	(17,942)	497,409
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		236			236
Dividends of surplus			(8,677)		(8,677)
Profit attributable to owners of parent			57,428		57,428
Reversal of revaluation reserve for land			346		346
Purchase of treasury shares				(15,023)	(15,023)
Disposal of treasury shares		22		49	71
Cancellation of treasury shares		(10,785)		10,785	—
Transfer from retained earnings to capital surplus		10,763	(10,763)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	236	38,334	(4,189)	34,382
Balance at end of period	86,174	50,288	417,460	(22,131)	531,791

(Translation)

(Unit: Millions of yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	17,476	(20)	3,697	32,230	12,419	65,802	33,174	596,385
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								236
Dividends of surplus								(8,677)
Profit attributable to owners of parent								57,428
Reversal of revaluation reserve for land								346
Purchase of treasury shares								(15,023)
Disposal of treasury shares								71
Cancellation of treasury shares								–
Transfer from retained earnings to capital surplus								–
Net changes in items other than shareholders' equity	1,404	20	(188)	32,086	10,756	44,077	1,281	45,358
Total changes during period	1,404	20	(188)	32,086	10,756	44,077	1,281	79,739
Balance at end of period	18,879	0	3,509	64,316	23,174	109,879	34,455	676,124

Notes to the Consolidated Financial Statements

1. Notes, etc. on Significant Matters serving as the Basis for Preparation of Consolidated Financial Statements

(1) Matters concerning Scope of Consolidation

(i) Number of consolidated subsidiaries and name of major consolidated subsidiaries

Number of consolidated subsidiaries: 129

Name of major consolidated subsidiaries:

Major consolidated subsidiaries are DC Co., Ltd., Clion Co., Ltd., Myojyo Cement Co., Ltd., Taiheiyo Materials Corporation, CalPortland Company, Jiangnan-Onoda Cement Co., Ltd., Nghi Son Cement Corporation and Taiheiyo Cement Philippines, Inc.

Of note, Dalian Onoda Cement Co., Ltd. completed the transfer of equity and was excluded from the scope of consolidation.

(ii) Name, etc. of major unconsolidated subsidiaries

Name of major unconsolidated subsidiaries:

Major unconsolidated subsidiaries are Taiheiyo Singapore Pte., Ltd., and Taiheiyo Services Co., Ltd.

Reason for excluding from the scope of consolidation:

All unconsolidated subsidiaries are small companies, and none of them have a material impact on the consolidated financial statements in terms of the amount of equity interest including total assets, net sales, net income and retained earnings as a whole; accordingly, they were excluded from the scope of consolidation.

(2) Matters concerning Application of Equity Method

(i) Number of unconsolidated subsidiaries and affiliates accounted for by the equity method and name of major companies, etc.

Number of unconsolidated subsidiaries accounted for by the equity method: 5

Name of major companies, etc.:

Major unconsolidated subsidiary accounted for by the equity method is Taiheiyo Singapore Pte., Ltd.

Number of affiliates accounted for by the equity method: 36

Name of major companies, etc.:

Major equity-method affiliates are Okutama Kogyo Co., Ltd., A&A Material Corporation, Fuji P.S Corporation, Yakushima Denko Co., Ltd., Chichibu Railway Co., Ltd., Azuma Shipping Co., Ltd. and PT Solusi Bangun Indonesia Tbk.

(Translation)

(ii) Name, etc. of unconsolidated subsidiaries and affiliates not accounted for by the equity method

Name of major companies, etc.:

(Unconsolidated subsidiaries)

Unconsolidated subsidiaries not accounted for by the equity method are Taiheiyo Services Co., Ltd. and 66 other companies.

(Affiliates)

Affiliates not accounted for by the equity method are Cement Terminal Corporation and 68 other companies.

Reason for not applying the equity method:

Unconsolidated subsidiaries and affiliates not accounted for by the equity method were excluded from the scope of the equity method because the amount of equity interest including their respective net income and retained earnings all have minimal impact on the consolidated financial statements.

(iii) Particularly noteworthy matters concerning procedures for application of the equity method

For companies accounted for by the equity method whose fiscal year-end is different from the consolidated fiscal year-end, their respective non-consolidated financial statements for the most recent fiscal year have been used.

(3) Fiscal periods of consolidated subsidiaries

Of the consolidated subsidiaries, Taiheiyo Cement U.S.A., Inc., Jiangnan-Onoda Cement Co., Ltd., Nghi Son Cement Corporation, GLACIER NORTHWEST, INC., Taiheiyo Cement (China) Investment Co., Ltd., CalPortland Company, Taiheiyo Cement Philippines, Inc., Coronet Industries Co., Ltd. and 26 other companies use December 31 as their closing date. In preparing the consolidated financial statements, the Company used financial statements prepared as of that closing date and made necessary consolidation adjustments for important transactions that occurred in the period through the consolidated closing date.

(4) Matters concerning Accounting Policies

(i) Standards and methods for valuation of significant assets

a. Available-for-sale securities

a) Securities other than shares, etc. without market price:

Such securities are stated at market value.

(Valuation differences are all charged/credited directly to net assets, and the cost of selling the securities is determined by the moving-average method.)

b) Shares, etc. without market price:

Such securities are stated at cost, based on the moving-average method.

b. Derivatives

Derivatives are stated at market value.

c. Inventories

Inventories are mainly stated at cost, which is determined by the moving average method (subject to write-down due to diminished profitability.)

(Translation)

However, the cost for contract work in process is determined by the specific identification cost method. Of note, inventories at the consolidated subsidiary in the U.S. are stated at lower of cost or market, based on the gross average method.

(ii) Depreciation method for significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

Property, plant and equipment are mainly depreciated by the straight-line method.

The range of useful lives of main property, plant and equipment is as follows:

Buildings and structures: 10 - 75 years

Machinery, equipment and vehicles: 4 - 15 years

b. Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method.

However, mining rights are mainly amortized by the unit of production method and software is amortized by the straight-line method over its useful life assuming in-house use (5 years).

c. Leased assets

Leased assets are depreciated by the straight-line method that assumes their lease periods are useful lives and residual values are zero (or if there is a residual value guarantee, the guaranteed residual value).

(iii) Accounting standards for significant provisions

a. Allowance for doubtful accounts

Allowance for doubtful accounts is provided for by the Company and its domestic consolidated subsidiaries at the estimated uncollectible amount, which is calculated based on the historical credit loss ratio with respect to ordinary receivables, and in consideration of collectibility on a case-by-case basis with respect to specified receivables such as doubtful accounts. Consolidated overseas subsidiaries mainly provide for such allowance at the estimated uncollectible amount with respect to specified receivables.

b. Provision for bonuses

To prepare for the payment of bonuses payable to employees, the Company and its domestic consolidated subsidiaries record the estimated payable amount to be borne in the consolidated fiscal year under review.

c. Provision for retirement benefits for directors (and other officers)

Certain consolidated subsidiaries provide for retirement allowances for directors and corporate auditors at the necessary payment amount in full at the year-end based on their internal regulations.

d. Provision for special repairs

To prepare for the payment of expenses for special repairs of business-purpose facilities, certain consolidated subsidiaries record the estimated amount for repairs in the future.

e. Provision for product compensation

To prepare for the payment of expenses for measures against product malfunctions, certain consolidated subsidiaries record the estimated amount for payments in the future.

(iv) Accounting standards for revenue and expenses recognition

The Group recognizes revenue based on the following five-step approach.

(Translation)

Step 1: Identify the contract with a customer.

Step 2: Identify separate performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate transaction price to performance obligations in the contract.

Step 5: Recognize revenue when each performance obligation is satisfied.

The Group's main businesses are "Cement Business," "Mineral Resources Business," "Environmental Business," and "Construction Materials Business." The Group sells goods and provides services in these businesses.

For sales of goods, as goods are transferred to customers at the time of inspection of such goods, it is deemed that performance obligations are satisfied, and revenue is recognized at the time of inspection of such goods. In addition, applying the transitional treatment provided for in Paragraph 98 of "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30), for some domestic transactions, revenue is recognized at the time of shipment when the period between shipment of the goods to said goods being transferred to the customer is standard.

For provision of services, performance obligations are deemed satisfied in accordance with contents of the contract, and revenue is recognized when service is provided or when service is completed.

In the cases where the Group acts as a principal in a direct transaction, revenue is presented in the total amount of consideration received from the customer. For domestic purchase and sales transactions mainly for products such as cement and ready-mixed concrete products, in the cases where the Group acts as an agent for a third party to conduct the transaction, revenue is presented in the amount of the fee calculated by deducting the amount collected for the benefit of the third party from the consideration received from the customer.

Moreover, revenue is recognized in the amount of the consideration, etc. paid by the customer, which is calculated by deducting discounts, kickbacks, sales incentives, rebates, etc. from the amount of consideration expected to be entitled to by the corporation as goods or services are transferred to or exchanged with the customer.

(v) Standards for translating significant foreign currency assets and liabilities into Japanese yen

Monetary claims and obligations denominated in foreign currencies are translated into Japanese yen based on the spot exchange rate as at the consolidated closing date, and translation gains (losses) are recognized in profit (loss). Of note, consolidated overseas subsidiaries' assets and liabilities are translated into Japanese yen based on the spot exchange rate as at the closing date, revenue and expenses are translated into Japanese yen based on the average exchange rate for the fiscal year, and translation gains (losses) are included in "Foreign currency translation adjustment" and "Non-controlling interests" under Net Assets.

(vi) Significant hedge accounting methods

a. Method of hedge accounting

Gains/losses on hedges are deferred. Allocation treatment is applied when the currency swaps meet the conditions for application of such allocation treatment. Exceptional treatment is applied when the interest rate swaps meet the conditions for application of such exceptional treatment.

b. Hedging instruments and hedged items

(Translation)

Hedging instruments:

Interest rate swaps, currency swaps, raw materials and fuel swaps, interest-rate options, currency options, raw materials and fuel options and forward exchange contracts are employed as hedging instruments.

Hedged items:

Borrowings, accounts payable-trade, raw materials and fuel, etc.

c. Hedging policy

Hedging is limited to those aimed at hedging against the risk of interest rate, exchange rate, and raw materials and fuel price fluctuations of the hedged items and those aimed at eliminating hedging.

d. Method of evaluating hedge effectiveness

Hedge effectiveness is verified on a transaction-by-transaction basis at the end of each accounting period with respect to hedging instruments and hedged items; however, if the principal, interest rate, period, and other such significant terms of the hedging instruments and hedged items are the same, such verification is omitted.

(vii) Method and period of amortization of goodwill

Goodwill is amortized over the estimated number of years in cases that the number of years can be estimated based on practical judgment starting from the fiscal year of acquisition while the entire amount of goodwill is amortized in the fiscal year of acquisition without analyzing the causes in cases that the amount of goodwill is insignificant.

(viii) Accounting procedures for retirement benefit liability

To prepare for the payment of retirement benefits to employees, retirement benefit liability is recorded in the amount of retirement benefit obligation less plan assets based on the projected amount at the end of the consolidated financial year under review.

Actuarial gains and losses and prior service cost are amortized in equal amounts as expenses by the straight-line method over a certain number of years (primarily 10 years) within the average remaining years of service of employees at the time of accrual, commencing in the consolidated fiscal year following the year of accrual for actuarial gains and losses and in the consolidated fiscal year of accrual for prior service cost.

Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded as "Remeasurements of defined benefit plans" in "Accumulated other comprehensive income" under Net Assets, after making tax effect adjustments. When the value of plan assets exceeds the amount of the retirement benefit obligation, the amount of such excess is recorded in "Retirement benefit asset".

(ix) Amounts shown in these consolidated financial statements are rounded to the nearest million yen.

2. Changes in Accounting Policy

(Application of Accounting Standard for Current Income Taxes)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, revised on October 28, 2022), "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, revised on October 28, 2022) and "Guidance on Accounting Standard for Tax Effect

(Translation)

Accounting” (ASBJ Guidance No. 28, revised on October 28, 2022) from the beginning of the fiscal year under review.

These changes have no impact on the consolidated financial statements.

3. Changes in Accounting Policy that are Difficult to Distinguish from Changes in Accounting Estimates

(Change in method of depreciation for property, plant and equipment)

The Company and its domestic consolidated subsidiaries previously had depreciated property, plant and equipment (excluding leased assets) mainly using the declining balance method, except for buildings (excluding accompanying facilities) purchased on and after April 1, 1998 and accompanying facilities and structures purchased on and after April 1, 2016, which are computed based on the straight-line method, but changed to the straight-line method from the fiscal year under review.

Based on the 26 Medium-Term Management Plan, the Group is implementing a large-scale capital investment, focusing on strengthening its plants and mines, with the aim of establishing stable production systems over the long term. In line with this, the Company reconsidered the method of depreciation for property, plant and equipment and determined, in view of the fact that stable operation of production facilities is expected over the long term, that this change from the declining balance method to the straight-line method, which equally allocates expenses, would more appropriately reflect the actual use of property, plant and equipment.

As a result, operating profit increased ¥7,464 million, and ordinary profit and profit before income taxes increased ¥7,470 million, respectively, in the fiscal year under review, compared with those computed based on the previous method.

4. Changes in Presentation

Not applicable.

5. Notes on Accounting Estimates

Among the items recorded in the consolidated financial statements for the consolidated fiscal year under review based on accounting estimates, the items that may have a significant impact on the consolidated financial statements for the next consolidated fiscal year are as follows.

Impairment of non-current assets

(i) Amount recorded in the consolidated financial statements for the consolidated fiscal year under review

(Unit: Millions of yen)

	Fiscal year under review
Non-current assets	1,017,965
Non-current assets in the Company's cement business	125,435
Property, plant and equipment	121,180
Intangible assets etc.	4,256

(ii) Information contributing to the understanding of the contents of accounting estimates

(Translation)

When there is an indication of impairment of a business non-current asset, the Company determines whether an impairment loss should be recognized by comparing the carrying amount of the asset with the total undiscounted future cash flows to be derived from the asset group. If the assessment indicates that an impairment loss should be recognized, the carrying amount of the asset is reduced to its recoverable amount, and the reduction in the carrying amount is recognized as an impairment loss.

The Company's cement business has posted continuous negative operating income (loss) over the past three fiscal years, and operating income (loss) for the consolidated fiscal year under review was only slightly profitable. However, based on profit-and-loss plans prepared by management, operating income (loss) is expected to be stable and profitable from the next consolidated fiscal year onwards. Based on this, the Company determined that there are no signs of impairment in non-current assets for the Company's cement business.

The profit-and-loss plans used in this determination are based on key assumptions such as domestic cement demand forecasts, sales share ratios of competitors, unit selling prices of cement, and coal prices. These estimates may be affected by the future economic environment and other factors.

6. Notes to the Consolidated Balance Sheets

(1) Assets pledged as collateral and secured liabilities

(i) Assets pledged as collateral

Cash and deposits	¥643 million
Property, plant and equipment	¥21,297 million
Intangible assets	¥10 million
Investment securities	¥90 million
Investments and other assets-other	¥2,335 million
Total	¥24,374 million

(ii) Secured liabilities

Notes and accounts payable-trade	¥4,178 million
Short-term borrowings	¥3,550 million
Long-term borrowings	¥615 million
Total	¥8,342 million

(2) Accumulated depreciation of property, plant and equipment ¥ 1,385,889 million

(3) Guarantee obligations

Guarantees for loans payable from banks, etc.	¥6,572 million
Guarantees for account payables to Ready-mixed Cooperative Association, etc.	¥1,192 million

(4) Discounted trade notes receivable and Trade notes receivable transferred by endorsement

Discounted trade notes receivable	¥902 million
Trade notes receivable transferred by endorsement	¥2 million
Discounts on electronically recorded monetary claims-operating	¥628 million
Electronically recorded monetary claims transferred by endorsement	¥122 million

(Translation)

(5) Revaluation of Land

A&A Material Corporation and Chichibu Railway Co., Ltd., the Company's affiliates accounted for by the equity method, revalued their business-purpose land in accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998) and the Act on Partial Revision of the Act on Revaluation of Land (revised on March 31, 1999). With respect to the valuation difference, the amount of the Company's share in the valuation difference is recorded in Net Assets as "Revaluation reserve for land."

7. Notes to the Consolidated Statements of Changes in Net Assets

(1) Class and total number of outstanding shares as at the end of the consolidated fiscal year under review:

Common stock 118,191,578 shares

(2) Matters concerning dividends

(i) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Amount of dividend per share	Record date	Effective date
Ordinary General Meeting of Stockholders held on June 27, 2024	Common stock	4,055 (Note 1)	¥35.00	March 31, 2024	June 28, 2024
Meeting of Board of Directors held on November 12, 2024	Common stock	4,635 (Note 2)	¥40.00	September 30, 2024	December 3, 2024

(Notes) 1. Includes dividends of ¥6 million associated with treasury shares held by consolidated subsidiaries.

2. Includes dividends of ¥7 million associated with treasury shares held by consolidated subsidiaries.

(ii) Dividends whose record date is at the end of the consolidated fiscal year under review whereas its effective date falls in the next consolidated fiscal year

The following matters concerning dividends for common stock are scheduled to be proposed at the Ordinary General Meeting of Stockholders.

Total amount of dividends: ¥4,468 million

Amount of dividend per share: ¥40.00

Record date: March 31, 2025

Effective date: June 30, 2025

Of note, the source of funding dividend payments is scheduled to be retained earnings.

Total amount of dividends includes dividends of ¥7 million associated with treasury shares held by consolidated subsidiaries.

(iii) Class and number of shares to be issued upon exercise of share options at the end of the consolidated fiscal year under review (excluding those for which the first day of the exercise period has not yet arrived)

Not applicable

8. Notes on Financial Instruments

(Translation)

(1) Matters concerning Status of Financial Instruments

The Taiheiyo Cement Group limits its fund management activities to short-term deposits, etc., and raises funds principally by bank borrowings and corporate bonds. It performs derivative transactions for the purpose of averting risks due to future exchange-rate, interest-rate, and raw materials and fuel price fluctuations and does not perform speculative transactions.

While notes and accounts receivable-trade and electronically recorded monetary claims-operating, which are operating receivables, are exposed to credit risk in relation to customers, each responsible department periodically identifies the financial position, etc. of the counterparties and manages the due date and outstanding balance with respect to each counterparty, in an effort to identify and reduce collectibility concerns in the early stages. In addition, operating receivables denominated in foreign currencies related to export transactions are exposed to exchange rate fluctuation risks. Investment securities are primarily shares of companies with which the Company has a business relationship, and are exposed to the risk of market price fluctuations.

Notes and accounts payable-trade and electronically recorded obligations-operating, which are operating payables, have payment due dates within one year. For a portion of raw materials and fuel procurement, derivative transactions (foreign exchange contracts, etc.) are used as hedging methods to limit risk of exchange and price fluctuations of raw materials and fuel. Among borrowings, short-term borrowings are mainly funds raised in connection with business transactions, and long-term borrowings and bonds payable are principally funds raised for the purpose of making capital investments. Some long-term borrowings have financial covenants and may influence liquidity risks regarding fund raising activities. Borrowings with variable interest rates are exposed to interest rate fluctuation risk; however, to avert the risk of fluctuations of interest payable and fix interest expenses for some long-term borrowings, derivatives (interest rate swap transactions) are used as hedging instruments on a contract-by-contract basis. Additionally, borrowings in foreign currencies are exposed to foreign exchange risk, but of these, for a portion of long-term borrowings, derivative transactions (currency swap transactions) are used as a hedging method to avoid foreign currency fluctuation risk.

(2) Matters concerning Market Value, etc. of Financial Instruments and Market Value Information by Level within the Market Value Hierarchy

The consolidated balance sheet amount and market value of financial instruments and the difference between the two at March 31, 2025 (i.e., end of the consolidated fiscal year under review) are shown in the following table. Shares, etc. without market price (consolidated balance sheet amount: ¥52,980 million) are not included in investment securities. In addition, cash and deposits, notes and accounts receivable-trade, electronically recorded monetary claims-operating, notes and accounts payable-trade, electronically recorded obligations-operating, and short-term borrowings are settled in a short period of time and their market value is more or less the same as carrying value market value of financial instruments, therefore the notes thereof are omitted. Market value of financial instruments are categorized into the following three levels according to the observability and materiality of the input used for calculation of market value.

Level 1 market value: Market value calculated based on quoted market price (unadjusted) of the same asset

(Translation)

or liability in active markets

Level 2 market value: Market value calculated using directly or indirectly observable inputs other than inputs of Level 1

Level 3 market value: Market value calculated using material unobservable inputs

In the case where multiple inputs that have material impact on the calculation of market value are used, among the levels of each input, the financial instrument is categorized into the level that is least prioritized when calculating market value.

(i) Financial assets and financial liabilities recorded in market value in the consolidated balance sheet

(Unit: Millions of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of affiliates	-	-	-	-
Available-for-sale securities	38,302	369	-	38,670
Total assets	38,302	369	-	38,670
Derivative transactions*	-	3,261	1,579	4,839

* Net receivables and payables arising from derivative transactions are shown in net amount, and net payables are presented in parentheses.

(ii) Financial assets and financial liabilities not recorded in market value in the consolidated balance sheet

(Unit: Millions of yen)

Category	Market value				Consolidated balance sheet amount	Difference
	Level 1	Level 2	Level 3	Total		
Investment securities						
Shares of affiliates	19,873	-	-	19,873	43,724	(23,850)
Available-for-sale securities	-	-	-	-	-	-
Total assets	19,873	-	-	19,873	43,724	(23,850)
Bonds payable	-	66,619	-	66,619	70,000	(3,381)
Long-term borrowings	-	214,263	-	214,263	220,013	(5,750)
Total liabilities	-	280,882	-	280,882	290,013	(9,131)

(Note) Details of valuation method used in calculation of market value and inputs used in calculation of market value

Investment securities

For listed stocks, the market value shall be marked at the closing price or the closing quote at the main stock exchange, and it is categorized as Level 1. For other investment securities, when only observable inputs are used in the calculation, or when no material impact occurred from using unobservable inputs in the calculation, it will be categorized as Level 2.

(Translation)

Bonds payable

The calculation method involves discounting the sum of the principal and interest by an interest rate that takes into account the credit risk and is categorized as Level 2. The presentation of market value of bonds payable includes the current portion of bonds payable.

Long-term borrowings

The calculation method involves discounting the sum of the principal and interest by the interest rate that is expected to be applied if a similar new loan is taken out. A portion of long-term borrowings are subject to appropriated treatment for currency swaps and exceptional treatment for interest rate swaps, and the calculation method involves discounting the sum of the principal, which is an aggregate of the currency swap and interest rate swap, with a reasonably-estimated interest rate that would be applied if a similar loan is taken out, with all long-term borrowings categorized as Level 2. The presentation of market value of long-term borrowings includes the current portion of long-term borrowings that is presented as short-term borrowings.

Derivative transactions

Those categorized as Level 2 are interest rate swaps and forward exchange, etc., of which their market value is calculated by an appropriate valuation method based on observable inputs.

Those categorized as Level 3 are option transactions for the acquisition of non-current assets and are calculated based on the most recent information available from the counterparty company or third parties, taking into account the possibility of acquiring non-current assets in the company. A significant unobservable input in the calculation is the possibility of non-current assets.

9. Notes on Real Estate for Rent, etc.

(1) Matters concerning status of real estate for rent, etc.

The Company and some of its consolidated subsidiaries have plants, warehouses (including land), etc. for lease purposes in Tokyo and other regions.

(2) Matters concerning market value of real estate for rent, etc.

(Unit: Millions of yen)

Consolidated balance sheet amount	Market value
51,073	126,244

(Notes) 1. Consolidated balance sheet amount equals the acquisition cost minus accumulated depreciation and accumulated impairment loss.

2. The market value of major properties as at the end of the consolidated fiscal year under review is the amount based on a real estate appraisal conducted by an outside real estate appraiser, whereas the market value of other properties is a certain appraisal value or the amount calculated in-house based on indicators deemed to properly reflect the market price. However, if there are no significant changes in a certain level of valuation amounts or indices which are believed to accurately reflect market values from the most recent evaluation, amounts utilizing these valuations and indices are applied.

(Translation)

10. Notes on Per Share Information

Net assets per share: ¥5,758.86

Profit per share: ¥502.48

11. Notes on Significant Subsequent Events

Not applicable.

12. Notes on Revenue Recognition

(1) Breakdown of revenue

The Group runs Cement Business, Mineral Resources Business, Environmental Business, Construction Materials Business, and Other Business, and net sales to each of the businesses were ¥635,661 million, ¥65,169 million, ¥64,132 million, ¥70,144 million, and ¥61,189 million. These amounts are net sales against external customers.

Within net sales, revenue generated from contracts with customers was ¥890,070 million.

(2) Outstanding contract amount

The balance of receivables from contracts with customers, contract assets, and contract liabilities at the end of the consolidated fiscal year under review are as follows.

	(Unit: Millions of yen)
Receivables from contracts with customers	¥178,659
Notes receivable-trade	¥10,838
Accounts receivable-trade	¥135,734
Electronically recorded monetary claims-operating	¥32,087
Contract assets	¥1,781
Contract liabilities	¥4,500

(3) Transaction price allocated to remaining performance obligations

The transaction price allocated to performance obligations not yet satisfied (or, partially not yet satisfied) at the end of the consolidated fiscal year under review was ¥16,521 million. Such performance obligations consist of mainly construction contracts and system development contracts that take more than one year to complete such long-term performance obligations.

13. Other Notes

(Notes on Impairment Loss)

The Company's assets are grouped together based on segments by business type, except for assets for rent, important idle properties and assets scheduled for disposal, which are grouped together by treating individual property as a single unit.

In the case of consolidated subsidiaries, in principle, a business company is deemed as a single asset group, and in the case of important companies, assets are grouped together based on management accounting classifications, etc., except for important assets for rent, idle properties and assets scheduled for disposal, which are grouped together by treating individual property as a single unit.

(Translation)

As a result, the carrying value was reduced to the recoverable amount with respect to assets for business with reduced profitability due to a substantial deterioration of the business environment, a substantial fall in the market value of land, etc. and idle properties that are not expected to be used in the future as follows, and such reduction in the amount of ¥3,840 million was recorded as impairment losses under extraordinary losses.

(Unit: Millions of yen)

Purpose	Location	Type	Impairment loss
Assets for business	Kitakyushu City, Fukuoka Prefecture, Sanyo-Onoda City, Yamaguchi Prefecture, etc.	Buildings and structures, machinery, equipment and vehicles, land, etc.	3,759
Idle properties	Saiki City, Oita Prefecture, Kitakyushu City, Fukuoka Prefecture, etc.	Buildings and structures, machinery, equipment and vehicles, land, etc.	82

* Breakdown of impairment loss by purpose

(Unit: Millions of yen)

Purpose	Breakdown
Assets for business	Buildings and structures: 1,247, Machinery, equipment and vehicles: 1,222, Land: 1,165, Other: 124, Total: 3,759
Idle properties	Buildings and structures: 33, Machinery, equipment and vehicles: 1, Land: 46, Other: 2, Total: 82

Recoverable amount is measured at the higher of net selling price or value in use.

If it is measured at net selling price, it is calculated by making reasonable adjustments based on real estate appraisal standards, etc.

If it is measured at value in use, it is calculated by discounting future cash flows by 7.93%. However, those with negative future cash flows are valued at zero value in use.

(Notes to Business Combinations)

Acquisition of business by a subsidiary of the Company (business combination through acquisition)

(1) Outline of business combination

(i) Name of the counterparty and description of the acquired business

Name of the counterparty Grimes Rock, Inc. and its affiliates

Business of the counterparty Aggregate and ready-mixed concrete businesses

(ii) Main reasons for business combination

The aggregate and ready-mixed concrete industry in the United States is projected to experience a continued growth in demand, backed by economic growth and a chronic housing shortage.

Under these circumstances, CalPortland Company (hereinafter, "CPC") aims to expand business in aggregate and ready-mixed concrete businesses, etc., and has recently acquired

(Translation)

aggregate and ready-mix concrete business assets in California.

The acquisition will effectively secure valuable aggregate resources in the Southern California region, where there exists a robust demand for such materials and this strategic move will enable CPC to expand their aggregate business, which is anticipated to maintain stability and yield substantial profit. Furthermore, through the strategic entry into the ready-mixed concrete industry in Ventura County, CPC will not only expand its earnings within this sector, but also establish a reliable customer base for the cement business, enhancing CPC's overall profitability and making a contribution towards the achievement of the 26 Medium-Term Management Plan.

(iii) Date of the business combination

December 27, 2024

(iv) Legal form of business combination

Business transfer by a subsidiary of the Company, CPC

(2) Period of the results of the acquired business included in the consolidated financial statements

For the consolidated fiscal year under review, only the assets and liabilities of the acquired business are consolidated, therefore results are not included.

(3) Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition Cash ¥25,733 million

(Note) The amount is based on the exchange rate on December 31, 2024.

(4) Amount of goodwill, cause of occurrence, and method and period of amortization

No goodwill or negative goodwill has arisen.

(5) Allocation of acquisition cost

As the allocation of acquisition cost has not been completed as of the end of the consolidated fiscal year under review, provisional accounting procedures have been performed based on reasonable information available at the time.

(Translation)

Non-consolidated Statements of Changes in Net Assets

(April 1, 2024 - March 31, 2025)

(Unit: Millions of yen)

	Shareholders' equity							Valuation and translation adjustments		Total net assets
	Share capital	Capital surplus			Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings (Note)					
Balance at beginning of period	86,174	42,215	-	42,215	158,535	(17,426)	269,499	10,365	10,365	279,864
Changes during period										
Dividends of surplus					(8,690)		(8,690)			(8,690)
Profit					17,297		17,297			17,297
Purchase of treasury shares						(15,023)	(15,023)			(15,023)
Disposal of treasury shares			22	22		48	70			70
Cancellation of treasury shares			(10,785)	(10,785)		10,785	—			—
Transfer from retained earnings to capital surplus			10,763	10,763	(10,763)		—			—
Net changes in items other than shareholders' equity								1,089	1,089	1,089
Total changes during period	—	—	—	—	(2,155)	(4,189)	(6,344)	1,089	1,089	(5,256)
Balance at end of period	86,174	42,215	—	42,215	156,380	(21,615)	263,154	11,455	11,455	274,609

(Translation)

(Note) The breakdown of other retained earnings is as follows.

(Unit: Millions of yen)

	Other retained earnings			
	Reserve for mine prospecting	Reserve for tax basis adjustments of non-current assets	Retained earnings brought forward	Total other retained earnings
Balance at beginning of period	453	14,627	143,455	158,535
Changes during period				
Reversal of reserve for mine prospecting	(66)		66	–
Provision of reserve for mine prospecting	112		(112)	–
Reversal of reserve for tax basis adjustments of non-current assets		(262)	262	–
Dividends of surplus			(8,690)	(8,690)
Changes in reserve amounts due to changes in effective tax rates	(4)	(184)	188	–
Profit			17,297	17,297
Transfer from retained earnings to capital surplus			(10,763)	(10,763)
Total changes during period	42	(446)	(1,751)	(2,155)
Balance at end of period	495	14,181	141,704	156,380

Notes to the Non-Consolidated Financial Statements

1. Notes on Matters concerning Significant Accounting Policies

(1) Standards and methods for valuation of assets

(i) Standards and methods for valuation of securities

a. Shares of subsidiaries and shares of affiliates

Stated at cost, based on the moving-average method.

b. Available-for-sale securities

a) Securities other than shares, etc. without market price:

Such securities are stated at market value. (Valuation differences are all charged/credited directly to net assets, and the cost of selling the securities is determined by the moving-average method.)

b) Shares, etc. without market price:

Stated at cost, based on the moving-average method.

In addition, if net asset value has significantly decreased, the Company records loss on valuation, except when substantiated by proof of sufficient recoverability.

(ii) Method for valuation of derivatives

Stated at market value.

(iii) Standards and methods for valuation of inventories

Stated at cost, based on the moving average method (subject to write-down due to diminished profitability.)

(2) Depreciation method for non-current assets

(i) Property, plant and equipment (excluding structures for mining purposes, land providing raw materials and leased assets)

Straight-line method

(ii) Property, plant and equipment (structures for mining purposes, raw materials land)

Unit of production method

(iii) Intangible assets (excluding mining rights and software)

Straight-line method

(iv) Intangible assets (mining rights)

Unit of production method

(v) Intangible assets (software)

Amortized by the straight-line method over its useful life assuming in-house use (5 years).

(vi) Leased assets (leased assets in finance lease transactions that do not transfer ownership)

Leased assets are depreciated by the straight-line method that assumes their lease periods are useful lives and residual values are zero (or if there is a residual value guarantee, the guaranteed residual value).

(Translation)

(3) Accounting standards for provisions

(i) Allowance for doubtful accounts

To prepare against losses from notes and accounts receivable-trade, loans receivable, etc. turning into bad debt, allowance for doubtful accounts is provided for at the estimated uncollectible amount, which is calculated based on the historical credit loss ratio with respect to ordinary receivables, and in consideration of collectibility on a case-by-case basis with respect to specified receivables such as doubtful accounts.

(ii) Provision for bonuses

To prepare for the payment of bonuses to employees, the estimated payable amount is recorded.

(iii) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, provision for retirement benefits is recorded in the amount deemed to have accrued at the end of the fiscal year under review based on the projected amount of retirement benefit obligation and plan assets at the end of the financial year under review.

Actuarial gains and losses and prior service cost are amortized in equal amounts as expenses by the straight-line method over a certain number of years (10 years) within the average remaining years of service of employees at the time of accrual in each period, commencing in the period following the period of accrual in the case of the former and in the period of accrual in the case of the latter.

As plan assets to be recognized at the end of the fiscal year under review exceeds the amount of the retirement benefit obligation minus actuarial gains and losses etc., the amount of such excess is recorded as prepaid pension costs.

Also, the Company established a retirement benefit trust by contributing some shares from its holdings.

(iv) Provision for loss on guarantees

To prepare against losses from debt guarantees to subsidiaries and affiliates, the estimated amount of losses at the end of the fiscal year under review is recorded in consideration of the financial position, etc. of those provided with such guarantees.

(v) Provision for loss on business of subsidiaries and affiliates

To prepare against losses from businesses of subsidiaries and affiliates, the estimated amount of losses is recorded in consideration of the financial position, etc. of such companies.

(4) Accounting standards for revenue and expenses recognition

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. have been applied that the Company recognizes revenue when promised goods or services are transferred to a customer, in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services.

(5) Accounting method for retirement benefits

In the non-consolidated financial statements, the treatment of unrecognized actuarial gains and losses and unrecognized prior service cost in the non-consolidated balance sheets is different from the treatment in the consolidated financial statements. In the non-consolidated balance sheets, the amount of retirement benefit obligation after making adjustments for unrecognized actuarial gains and losses and unrecognized

(Translation)

prior service costs, less the amount of plan assets, is recorded as prepaid pension costs.

(6) Amounts shown in these non-consolidated financial statements are rounded to the nearest million yen.

2. Changes in Accounting Policy

Not applicable.

3. Changes in Accounting Policy that are Difficult to Distinguish from Changes in Accounting Estimates

(Change in method of depreciation for property, plant and equipment)

The Company previously had depreciated property, plant and equipment (excluding structures for mining purposes, land providing raw materials and leased assets) using the declining balance method, except for buildings (excluding accompanying facilities) purchased on and after April 1, 1998 and accompanying facilities and structures purchased on and after April 1, 2016, which are computed based on the straight-line method, but changed to the straight-line method from the fiscal year under review.

Based on the 26 Medium-Term Management Plan, the Company is implementing a large-scale capital investment, focusing on strengthening its plants and mines, with the aim of establishing stable production systems over the long term. In line with this, the Company reconsidered the method of depreciation for property, plant and equipment and determined, in view of the fact that stable operation of production facilities is expected over the long term, that this change from the declining balance method to the straight-line method, which equally allocates expenses, would more appropriately reflect the actual use of property, plant and equipment.

As a result, operating profit increased ¥4,230 million, and ordinary profit and profit before income taxes increased ¥4,231 million, respectively, in the fiscal year under review, compared with those computed based on the previous method.

4. Changes in Presentation

Not applicable.

5. Notes on Accounting Estimates

Among the items recorded in the non-consolidated financial statements for the fiscal year under review based on accounting estimates, the items that may have a significant impact on the non-consolidated financial statements for the next fiscal year are as follows.

(Translation)

Impairment of non-current assets

(i) Amount recorded in the non-consolidated financial statements for the fiscal year under review

(Unit: Millions of yen)

	Fiscal year under review
Non-current assets	597,277
Non-current assets in the Company's cement business	125,435
Property, plant and equipment	121,180
Intangible assets etc.	4,256

(ii) Information contributing to the understanding of the contents of accounting estimates

Omitted as already presented "5. Notes on Accounting Estimates" in the notes to the consolidated financial statements.

6. Notes to the Non-consolidated Balance Sheets

(1) Assets pledged as collateral and secured liabilities

Not applicable

(2) Accumulated depreciation of property, plant and equipment ¥696,632 million

(3) Outstanding balance of guarantee obligations ¥8,585 million

(4) Monetary claims and obligations to subsidiaries and affiliates

Short-term monetary claims ¥33,206 million

Long-term monetary claims ¥15,961 million

Short-term monetary obligations ¥26,418 million

Long-term monetary obligations ¥2,397 million

7. Notes to the Non-consolidated Statements of Income

Amount of transactions with subsidiaries and affiliates

Amount of business transactions

Sales ¥111,225 million

Purchases ¥102,705 million

Amount of non-business transactions ¥25,822 million

8. Notes to the Non-consolidated Statements of Changes in Net Assets

Class and number of shares of treasury stock as at the end of the fiscal year under review:

Common stock 6,492,245 shares

(Translation)

9. Notes on Tax-effect Accounting

Breakdown of major components of deferred tax assets and deferred tax liabilities

(i) Deferred tax assets

Allowance for doubtful accounts	¥4,155 million
Provision for bonuses	¥733 million
Provision for retirement benefits	¥7,475 million
Loss on valuation of shares, etc. of subsidiaries and affiliates	¥14,862 million
Loss on valuation of golf memberships	¥147 million
Depreciation and amortization	¥137 million
Impairment loss	¥5,860 million
Business structure reform expenses	¥2,515 million
Losses carried forward	¥13,330 million
Other	¥6,762 million
Deferred tax assets - Subtotal	¥55,977 million
Valuation allowance	¥(51,326) million
Deferred tax assets - Total	¥4,652 million

(ii) Deferred tax liabilities

Reserve for mine prospecting	¥(225) million
Reserve for tax basis adjustments of non-current assets	¥(6,523) million
Exchange gains (losses), etc. in equity transactions	¥(542) million
Valuation difference on available-for-sale securities	¥(5,284) million
Gain on contribution of securities to retirement benefit trust	¥(3,405) million
Other	¥(636) million
Deferred tax liabilities - Total	¥(16,615) million

Net deferred tax liabilities	¥(11,963) million
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(Translation)

10. Notes on Transactions with Related Parties

(Unit: Millions of yen)

Attribute	Name of company, etc.	Percentage of voting rights, etc. of related party held by the Company (or vice versa)	Relationship with related party	Description of transaction	Transaction amount	Account	Closing balance
Subsidiary	Kiyosumi Golf Club Co., Ltd.	Directly holds 100%	Payment of deposits Dispatch of officer	Payment of deposits (Note 1)	—	“Other” in Investments and other assets (Note 2)	13,305
Subsidiary	Taiheiyo Cement U.S.A., Inc.	Directly holds 100%	Dispatch of officer	Acceptance of capital increase (Note 3)	21,571	—	—
Subsidiary	TC Trading Co., Ltd.	Directly holds 77.9% Indirectly holds 5.8%	Sales of the Company’s products Dispatch of officer	Sales of the Company’s products (Note 4)	24,442	Accounts receivable-trade	6,267

Terms of transactions, policies for determining terms of transactions, etc.

(Note 1) No interest is charged for lending funds, etc. to this company.

(Note 2) For loans receivable, etc. from this company, allowance for doubtful accounts totaling ¥10,705 million is recorded.

(Note 3) Capital increase by allotment of shares to existing stockholders.

(Note 4) The terms of sales of the Company’s products are determined by referring to market prices, etc.

(Translation)

11. Notes on Per Share Information

Net assets per share: ¥2,458.47

Profit per share: ¥150.98

12. Notes on Significant Subsequent Events

Not applicable.

13. Notes on Revenue Recognition

Information that is the foundation to understand revenue generated from contracts with customers is already presented in “12. Notes on Revenue Recognition” in the notes to the consolidated financial statements, thus omitted.