

Business At a Glance

5-year Net Sales and Operating Income		Overview	Fundamental Policies of the 26 Medium-Term Management Plan		Key Initiatives	Plan for FY2027															
Net Sales	<div><div><div></div><div>Cement Business [Japan]</div></div><div>295.2 billion yen</div></div> <div><div><div></div><div>Net sales (left axis)</div><div>Operating income (right axis)</div></div><div><table><tr><th>FY</th><th>Net sales (left axis)</th><th>Operating income (right axis)</th></tr><tr><td>2020</td><td>415.1</td><td>16.7</td></tr><tr><td>2021</td><td>406.2</td><td>16.2</td></tr><tr><td>2022</td><td>237.5</td><td>-1.9</td></tr><tr><td>2023</td><td>255.7</td><td>-36.9</td></tr><tr><td>2024 (FY)</td><td>295.2</td><td>-1.4</td></tr></table></div></div> <div><p>Although domestic cement sales volume increased from April 2023 due to the acquisition of the cement sales business from Denka Company Limited, domestic demand fell sharply and, including consigned sales, sales volume decreased by 1.4% year-on-year to 12.96 million tonnes. As a result of achieving price increases, net sales increased by 39.429 billion yen year-on-year to 295.169 billion yen, and the operating loss improved by 35.51 billion yen year-on-year to 1.48 billion yen.</p></div>	FY	Net sales (left axis)	Operating income (right axis)	2020	415.1	16.7	2021	406.2	16.2	2022	237.5	-1.9	2023	255.7	-36.9	2024 (FY)	295.2	-1.4	<div><div><div></div><div>Regeneration of the domestic cement business through cement price optimization</div></div></div>	<div><div><div></div><div>Optimize cement price</div><div>Increase Taiheiyo Cement's presence in the domestic distribution market</div><div>Succeed the cement business from Denka Company Limited.</div><div>Maintain a stable production by strengthening plant facilities</div><div>Strengthen transportation system and response to the shortage of drivers under the revision of regulation in 2024</div><div>Implement initiatives aimed at achieving carbon neutrality</div></div></div> <div><div>Net sales: 350 billion yen</div><div>Operating income: 35 billion yen</div><div>P.64~65</div></div>
FY	Net sales (left axis)	Operating income (right axis)																			
2020	415.1	16.7																			
2021	406.2	16.2																			
2022	237.5	-1.9																			
2023	255.7	-36.9																			
2024 (FY)	295.2	-1.4																			
Net Sales	<div><div><div></div><div>Cement Business [Overseas]</div></div><div>334.7 billion yen</div></div> <div><div><div></div><div>Net sales (left axis)</div><div>Operating income (right axis)</div></div><div><table><tr><th>FY</th><th>Net sales (left axis)</th><th>Operating income (right axis)</th></tr><tr><td>2020</td><td>213.3</td><td>19.9</td></tr><tr><td>2021</td><td>214.8</td><td>25.1</td></tr><tr><td>2022</td><td>225.7</td><td>26.0</td></tr><tr><td>2023</td><td>297.3</td><td>22.0</td></tr><tr><td>2024 (FY)</td><td>334.7</td><td>34.2</td></tr></table></div></div> <div><p>Due to the full-year effect of the acquisition of the Redding Plant and other assets on the west coast of the United States, an increase in exports from Vietnam and the recovery of production capacity in the Philippines, overseas cement business sales volume exceeded the previous fiscal year. As a result, net sales increased by 37.399 billion yen year-on-year to 334.7 billion yen, and operating income increased by 12.172 billion yen year-on-year to 34.191 billion yen.</p></div>	FY	Net sales (left axis)	Operating income (right axis)	2020	213.3	19.9	2021	214.8	25.1	2022	225.7	26.0	2023	297.3	22.0	2024 (FY)	334.7	34.2	<div><div><div></div><div>Expansion of business through utilization of supplementary cementitious materials ~ Enhancing the added value of blended cement and contributing to profits while promoting carbon neutrality ~</div></div></div>	<div><div><div></div><div>Strengthen earnings base for existing businesses</div><div>Further expand business domain</div><div>Expand trading business</div></div></div> <div><div>Net sales: 410 billion yen</div><div>Operating income: 45 billion yen</div><div>P.66~67</div></div>
FY	Net sales (left axis)	Operating income (right axis)																			
2020	213.3	19.9																			
2021	214.8	25.1																			
2022	225.7	26.0																			
2023	297.3	22.0																			
2024 (FY)	334.7	34.2																			
Net Sales	<div><div><div></div><div>Mineral Resources Business</div></div><div>87.7 billion yen</div></div> <div><div><div></div><div>Net sales (left axis)</div><div>Operating income (right axis)</div></div><div><table><tr><th>FY</th><th>Net sales (left axis)</th><th>Operating income (right axis)</th></tr><tr><td>2020</td><td>80.1</td><td>7.2</td></tr><tr><td>2021</td><td>75.8</td><td>6.1</td></tr><tr><td>2022</td><td>77.2</td><td>6.0</td></tr><tr><td>2023</td><td>82.7</td><td>5.6</td></tr><tr><td>2024 (FY)</td><td>87.7</td><td>8.5</td></tr></table></div></div> <div><p>The aggregates business performed steadily in the Hokkaido and Kansai regions. Although the sales volume of limestone for overseas steelmaking and stabilizer/insolubilizing agents decreased, net sales increased by 4.968 billion yen year-on-year to 87.674 billion yen, and operating income increased by 2.899 billion yen year-on-year to 8.455 billion yen due to the penetration of the transfer of increased costs to sales prices.</p></div>	FY	Net sales (left axis)	Operating income (right axis)	2020	80.1	7.2	2021	75.8	6.1	2022	77.2	6.0	2023	82.7	5.6	2024 (FY)	87.7	8.5	<div><div><div></div><div>Working diligently on resource policies with a medium- to long-term perspective to build a foundation for growth</div><div>Establishing a revenue structure that is not affected by fluctuations in cement demand</div></div></div>	<div><div><div></div><div>Strengthen existing core businesses</div><div>Improve profitability of affiliates</div><div>Build a long-term stable supply system for resources</div><div>Expand new businesses in Japan and overseas</div></div></div> <div><div>Net sales: 100 billion yen</div><div>Operating income: 11 billion yen</div><div>P.68~69</div></div>
FY	Net sales (left axis)	Operating income (right axis)																			
2020	80.1	7.2																			
2021	75.8	6.1																			
2022	77.2	6.0																			
2023	82.7	5.6																			
2024 (FY)	87.7	8.5																			
Net Sales	<div><div><div></div><div>Environmental Business</div></div><div>68.3 billion yen</div></div> <div><div><div></div><div>Net sales (left axis)</div><div>Operating income (right axis)</div></div><div><table><tr><th>FY</th><th>Net sales (left axis)</th><th>Operating income (right axis)</th></tr><tr><td>2020</td><td>84.4</td><td>7.7</td></tr><tr><td>2021</td><td>78.0</td><td>6.4</td></tr><tr><td>2022</td><td>72.3</td><td>6.6</td></tr><tr><td>2023</td><td>77.9</td><td>5.9</td></tr><tr><td>2024 (FY)</td><td>68.3</td><td>6.1</td></tr></table></div></div> <div><p>Although sales of FGD calcium carbonate and gypsum remained strong, waste treatment, including coal ash treatment, fuel sales and incineration ash treatment, was sluggish, resulting in a 9.656 billion yen year-on-year decrease in net sales to 68.254 billion yen, and a 266 million yen year-on-year increase in operating income to 6.138 billion yen.</p></div>	FY	Net sales (left axis)	Operating income (right axis)	2020	84.4	7.7	2021	78.0	6.4	2022	72.3	6.6	2023	77.9	5.9	2024 (FY)	68.3	6.1	<div><div><div></div><div>Continuing growth while creating new added value by simultaneously promoting carbon neutrality and circular economies</div></div></div>	<div><div><div></div><div>Enhance the competitive advantage of existing businesses</div><div>Create new added value</div></div></div> <div><div>Net sales: 89 billion yen</div><div>Operating income: 10 billion yen</div><div>P.70~71</div></div>
FY	Net sales (left axis)	Operating income (right axis)																			
2020	84.4	7.7																			
2021	78.0	6.4																			
2022	72.3	6.6																			
2023	77.9	5.9																			
2024 (FY)	68.3	6.1																			
Net Sales	<div><div><div></div><div>Construction Materials Business</div></div><div>73.5 billion yen</div></div> <div><div><div></div><div>Net sales (left axis)</div><div>Operating income (right axis)</div></div><div><table><tr><th>FY</th><th>Net sales (left axis)</th><th>Operating income (right axis)</th></tr><tr><td>2020</td><td>81.3</td><td>4.5</td></tr><tr><td>2021</td><td>73.0</td><td>3.6</td></tr><tr><td>2022</td><td>65.1</td><td>3.5</td></tr><tr><td>2023</td><td>68.3</td><td>2.4</td></tr><tr><td>2024 (FY)</td><td>73.5</td><td>4.2</td></tr></table></div></div> <div><p>The strong performance of ground improvement projects and shield tunnel construction-related businesses, together with efforts to optimize the sales prices of ALC (autoclaved lightweight concrete) and building and civil engineering materials, resulted in a net sales increase of 5.185 billion yen year-on-year to 73.456 billion yen, and an increase in operating income of 1.856 billion yen year-on-year to 4.28 billion yen.</p></div>	FY	Net sales (left axis)	Operating income (right axis)	2020	81.3	4.5	2021	73.0	3.6	2022	65.1	3.5	2023	68.3	2.4	2024 (FY)	73.5	4.2	<div><div><div></div><div>Strengthening the profitability of existing businesses by optimizing sales prices, making DX investments, etc.</div><div>Launching new products and expanding into new business areas, including overseas</div></div></div>	<div><div><div></div><div>Further strengthening of the earnings base</div><div>Expanding into new business areas, including overseas</div><div>Launch new products toward delivering carbon neutrality</div></div></div> <div><div>Net sales: 92 billion yen</div><div>Operating income: 7 billion yen</div><div>P.72~73</div></div>
FY	Net sales (left axis)	Operating income (right axis)																			
2020	81.3	4.5																			
2021	73.0	3.6																			
2022	65.1	3.5																			
2023	68.3	2.4																			
2024 (FY)	73.5	4.2																			



Cement Business (Domestic)

We will regenerate our domestic business by optimizing prices and increasing our presence.

We are the leading manufacturer in Japan, capable of supplying cement to every corner of the country, including remote islands, and we recognize that it is our mission to maintain the ability to stably supply cement to the entire country, including in times of disaster.

In the summary of the 23 Medium-Term Management Plan, "strengthening the profitability of the domestic cement business" was identified as a challenge. Although an increase in domestic cement demand is still not foreseeable, we will continue to improve profitability by making efforts to optimize prices and increase our presence, aiming to regenerate our domestic business.

Naoyuki Kira Managing Executive Officer,
Senior General Manager of Cement Business Division

Review of the 23 Medium-Term Management Plan and Recognition of the Business Environment

The domestic cement business during the 23 Medium-Term Management Plan period was in a very difficult and unpredictable business environment. Not only did demand plummet due to the COVID-19 pandemic, falling far short of the estimated annual demand of 40 million tonnes, but also all of our initial assumptions were disrupted by developments such as the soaring price of coal due to the situation in Ukraine. In response to this situation, we implemented two price increases of 5,000 yen per tonne for cement and cement-based soil stabilizers in January and October 2022. Although these were drastically revised in a short period of time for the first time in the history, almost all users accepted it because they understood the background of the cost pass-through. As a result, we were able to achieve our domestic net sales target in FY2024.

In addition, in May of this year, we announced a price increase of 2,000 yen per tonne for shipments from April 2025, a price revision necessary for business survival in response to the soaring costs of energy and other resources. At the same time, we will steadily improve the profitability of our domestic business by strengthening orders for large-scale projects such as the redevelopment of the Tokyo metropolitan area and the Linear Chuo Shinkansen, as well as expanding our soil stabilizers business.



Naruse Dam construction site (photographed in May 2024)

Growth Opportunities and Outlook

Although a significant recovery in domestic cement demand is not expected, we will continue to seek steady growth. One area, although the market size is smaller than that for cement, is cement-based soil stabilizers, which are expected to have solid demand. In particular, since the Great East Japan Earthquake, it has been attracting attention as a countermeasure against liquefaction and its use has been expanding for construction purposes, such as foundations for mid-rise buildings and large warehouses. We recognize that our strengths in stabilizers include our high technological capabilities, as well as our production bases and supply network throughout Japan, which allow us to supply stabilizers regardless of the area.

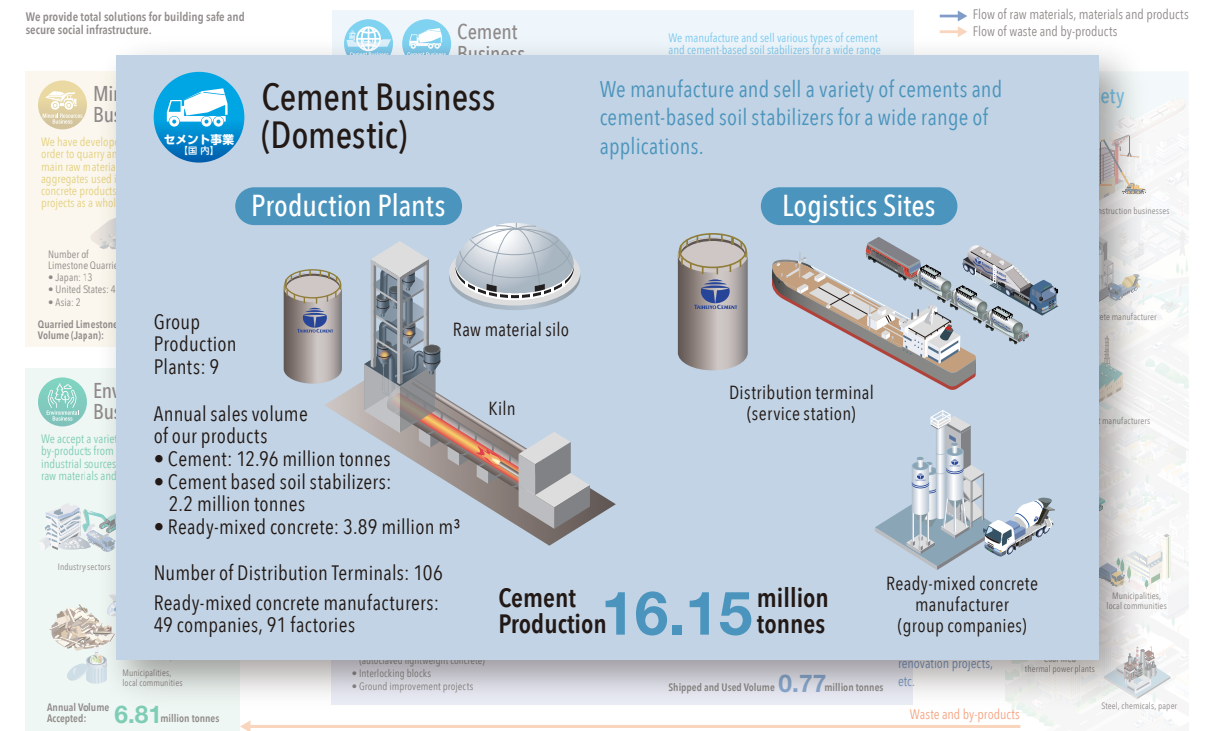
In addition, since April 2023, we have been selling cement produced by Denka Company Limited under our own brand, and we are working to restructure our sales system and logistics network in response to Denka's complete withdrawal from the cement business in the first half of 2025. We will consider whether there is anything we can do to help as a company specializing in cement, such as through business alliances or acquisitions, with a view to the possibility of industry reorganization due to the shrinking domestic market in the future.



Our coastal cement tanker, Han-ei Maru

Business Model

We provide total solutions for building safe and secure social infrastructure.



Key Initiatives ①

Continuation of Efforts to Optimize Prices

In the 26 Medium-Term Management Plan, we consider the optimization of cement prices to be the most important challenge. We have announced a price increase of 2,000 yen per tonne for cement and cement-based soil stabilizers for shipments from April 2025, but this is the first time we have made an announcement one year in advance. Since 2,000 yen is a large amount for users, we set a timeframe of one year to give users sufficient time to prepare to pass on the price increase to their sales prices. In the future, various costs are expected to rise, and there is also the challenge of how much to reflect capital expenditure for carbon neutrality and other measures in cement prices. We will continue to study what kind of pricing policy should be adopted so that it is easy for users to understand and pass through to their sales prices.

Key Initiatives ②

Human Resource Development for Providing Total Solutions

We will promote the development of human resources who can provide total solutions, covering everything from cement to aggregates for the same user, instead of having different sales representatives for each product. Our strength is that we can supply not only cement but also the sand and aggregates necessary for the production of ready-mixed concrete with a one-stop service, but it is not easy to secure personnel for this, and it is necessary to improve the productivity of each individual. To do so, a wide range of product knowledge and technical knowledge is required, as well as the human skills to build relationships of trust with users. We will create an environment where young employees can play an active role independently so that they can become an immediate asset, while also addressing the educational challenges of skill transfer between generations.

VOICE

In order for us to continue to fulfill our social responsibility through the supply of cement in the continuing harsh business environment, it is essential to regenerate our domestic cement business, and we cannot avoid optimizing prices to improve profitability.

In preparation for the price revision from April 2025, we have been promoting it to each business partner and related industry, carefully explaining the business environment and the necessity of the price revision, and asking them to pass on the price increase to the product prices of the user industry over a sufficient period of time.

We are currently in the phase of specific price negotiations, but we would like to explore a pricing policy that allows us to pass on the various rising costs each time, together with the user industry, so that we can establish a system that secures profits throughout the supply chain and create a structure that allows the entire industry to survive.



Takahiro Watanabe
Sales Group, Sales Department,
Cement Business Division



Cement Business (Overseas)

We aim for further growth by deepening our business in the United States, strengthening our Southeast Asian business, and expanding our trading business.

I assumed the position of Senior General Manager of the International Business Division in April and, as the head of our overseas business, I have been visiting each of our overseas locations and interacting with our local partners and employees. The 26 Medium-Term Management Plan is where the growth investments made in the 23 Medium-Term Management Plan will come to fruition and, in addition to our U.S. business which has a solid outlook for the time being, we expect further growth in the Southeast Asian market, which has very high growth potential. In addition, expanding the handling of blended cement is one of the key strategies of the 26 Medium-Term Management Plan, and we will utilize our strengths, the Pacific Rim network, to achieve growth.

Shinji Fukami

Director and Senior Executive Officer,
Senior General Manager of International Business Division

Review of the 23 Medium-Term Management Plan and Recognition of the Business Environment

During the 23 Medium-Term Management Plan period, the business environment was harsh due to the impact of the COVID-19 pandemic, but we actively made growth investments in our overseas business during that time. First, we withdrew from China, where we had been operating a cement business since the late 1980s, and proceeded with a "Southward Shift" to redirect management resources to Southeast Asia. In our U.S. business, we acquired a cement plant and ready-mixed concrete business assets in 2022 and expanded our business base on the West Coast, mainly in California. As a result, we have made a significant contribution to profit in FY2024.

In Asia, in 2021 we formed a capital and business alliance with Semen Indonesia Group, a state-owned company in Indonesia, and are currently investing in facilities such as a pier to serve as an export base for the United States. Taiheiyo Cement Philippines, Inc. carried out production line renewal work and in July 2024 held a completion ceremony to mark the start of production with the new kiln. The population continues to grow in Southeast Asia and the potential for economic growth is high, so we are making further investments to capture medium- to long-term growth.



PT. Solusi Bangun Indonesia Tbk. Tuban Plant (Indonesia)

Growth Opportunities and Outlook

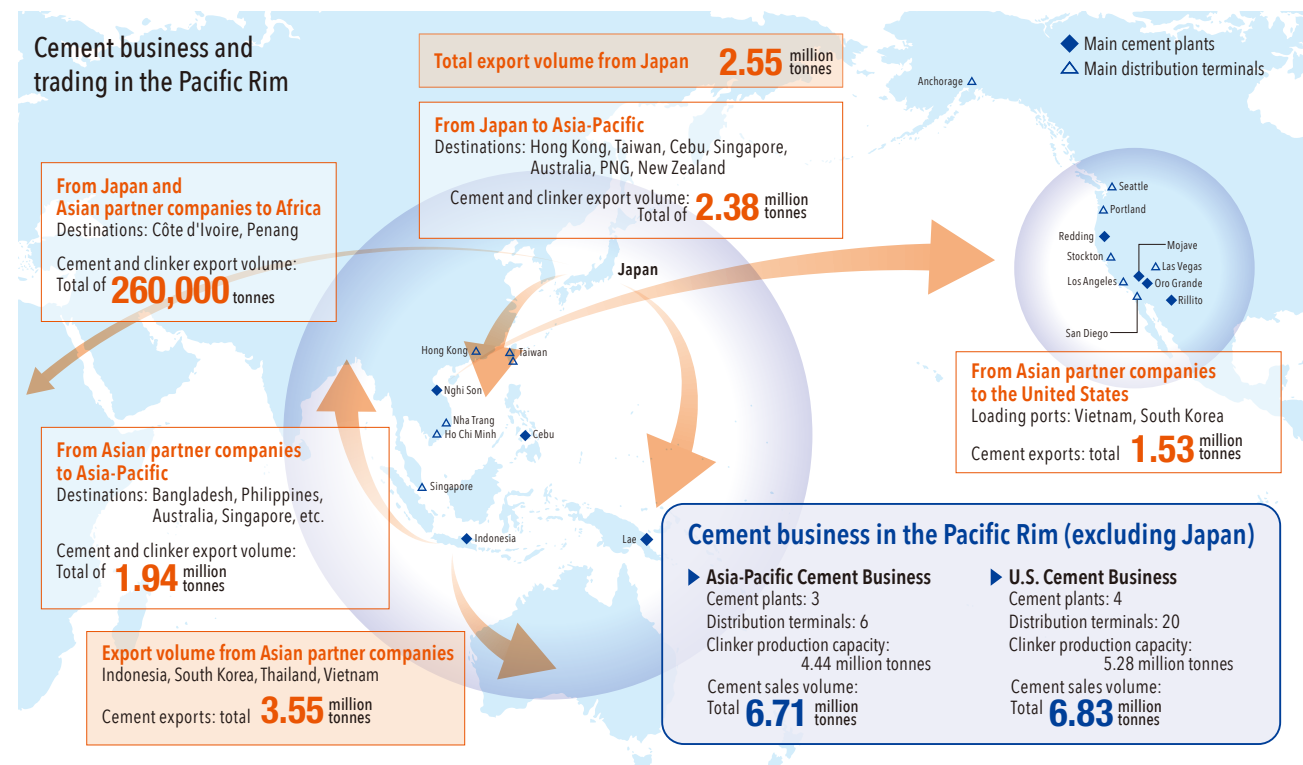
We believe that our U.S. business, which is currently a pillar of our overseas business, still has many growth opportunities. The United States is a rare country among developed countries where the population is increasing and economic growth continues. In the United States, where environmental awareness is high, demand for blended cement, low carbon product, is increasing. We have decided to add silos to our import terminal in California, and we will utilize our supply chain in the Pacific Rim to capture demand for secondary cementitious materials such as slag and fly ash, as well as blended cement.

In Southeast Asian countries the cumulative cement consumption per capita as a whole is still far below the 20-30 tonne level, which is the level at which demand matures. Considering the future population growth and infrastructure investment needs, Southeast Asia is a market with very large potential growth. In addition to the Philippines, Vietnam and Indonesia, where we have already entered, we will explore new growth opportunities in other countries. We also plan to actively promote exports from Japan, as demand for blended cement is increasing in Southeast Asia.



Taiheiyo Cement Philippines, Inc. Cebu Plant (Philippines)

Cement business and trading in the Pacific Rim



Key Initiatives ①

Further Expand Business Areas

We have expanded our business in the United States and Southeast Asia through our trading business, and we will continue this policy in the 26 Medium-Term Management Plan. We will expand our horizons to Oceania, where we already have a track record and experience, and to India and Africa, which we have not explored until now but are expected to grow significantly in the future, referred to as the Global South, and we will develop a plan for business expansion in new markets.

In Indonesia, we will expand our collaboration with Semen Indonesia Group to business areas beyond cement such as resources, environment and building materials. For example, in the new capital Nusantara, where demand for ground improvement projects is expected, we will propose cement-based soil stabilizers and construction methods utilizing the Taiheiyo Cement Group's knowledge and technology.

Key Initiatives ②

Expand Trading Business

In the United States, we will focus on supplying both blended cements, for which demand is expected to increase in the future, and secondary cementitious materials, which are difficult to procure locally. The supply base for these materials will be the Asian region. First, for cement, we are already exporting from Nghi Son Cement Corporation in Vietnam to the United States. In addition, an export pier currently under construction at the Tuban Plant of PT. Solusi Bangun Indonesia Tbk. in Indonesia is scheduled to be completed at the end of this year, and exports to the United States will begin.

In Asia, we will continue to strengthen our logistics network with the aim of achieving optimal logistics by combining our bases in Japan and Asia. In addition to the Philippines and Vietnam, where the Taiheiyo Cement Group has plants, we plan to increase trilateral trade through exports to the Asia-Oceania region by Semen Indonesia Group.

VOICE

I feel that the Overseas Business Division is required to have the spirit to actively take on any challenge. In particular, as we move into new business areas such as Indonesia and the Philippines' Luzon Island, and expand our blended cement business, we need to be able to identify new trends without being bound by past experience. So, I believe it is important to be open to trial and error without fear of failure. The Overseas Business Division has been able to gain such experience through overseas assignments from an early stage, and young employees are also provided with opportunities to take on challenges. I would like to contribute to the development of our overseas business by continuing to take on challenges proactively in cooperation with related departments and group companies in Japan and overseas.



Takashi Hirohata
Group II, Business
Development Department,
International Business Division



Mineral Resources Business



We will maximize the use of abundant limestone resources through a strong supply chain.

We are developing quarries with a 100-year vision in order to ensure a long-term stable supply of limited resources. We will continue to maintain our competitive advantage, not only in cement production, but also in the supply of aggregates for ready-mixed concrete and other industries such as steel and electric power, utilizing our overwhelming supply capacity and supply chain based on our 13 limestone quarries in Japan. In addition, we will develop our functional materials business, such as ultra-pure silicon carbide (SiC) and functional hollow particles "CellSpheres," with the aim of establishing a revenue structure that is not affected by fluctuations in demand for cement.

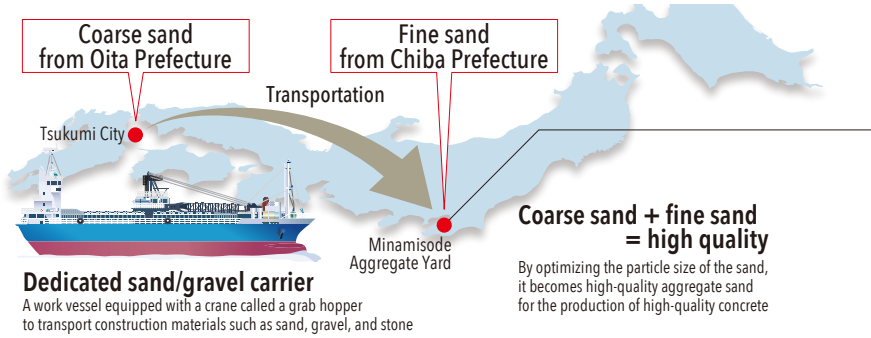
Kenichi Hirata Managing Executive Officer

Review of the 23 Medium-Term Management Plan and Recognition of the Business Environment

Although the 23 Medium-Term Management Plan was implemented in a difficult environment in which domestic demand for cement fell below expectations and various costs, including energy prices, increased, we steadily implemented investments to strengthen our quarries. Currently, the Taiheiyo Cement Group has 13 limestone quarries in Japan and we quarry a little over 35 million tonnes of limestone annually. However, quarry development is essential in order to maintain a stable supply over the long term. Currently, we are carrying out large-scale development work at the Shin-Tsukumi Quarry in Oita Prefecture and the Mount Kurohime Summit Development in Niigata Prefecture, and this development will allow us to secure 100 years' worth of reserves at both quarries.

In FY2024, as a result of passing on the increased costs to sales prices and increasing sales volume, etc., by capturing construction demand in the Hokkaido, Chubu and Kansai regions in the aggregates business, we were able to achieve a year-on-year increase in net sales that exceeded the target of the 23 Medium-Term Management Plan.

While domestic demand for cement is on a long-term downward trend, demand for resource products is firm, and we are also working to build a solid supply chain with the aim of achieving a long-term stable supply.



Growth Opportunities and Outlook

In order to further grow our mineral resources business, we will first work to strengthen our existing businesses of aggregates, mineral products and soil solutions, and improve their profitability. Currently, we are focusing on building a long-term stable supply system for resources and making large-scale investments in each of our quarries in Japan. We will shift to quarries specializing in cement production, aggregates and mineral products, respectively, in accordance with the characteristics of each limestone quarry, maximize the value of our limited limestone resources, and establish an optimal production system. In addition, the mineral resources business is a single business that encompasses everything from quarrying to manufacturing products, transporting them and selling them, but the shortage of drivers under the revision of regulation in 2024 is not only a land-based problem, it is also a sea-based problem. Furthermore, it is necessary to renew our transport vessels to ensure transport capacity. We will continue to develop quarries and strengthen our transportation capacity, and we will gain the understanding of our users regarding the necessity of these costs for long-term stable supply, and realize appropriate pricing. In addition, we will continue to examine the commercialization of a comprehensive soil treatment business for the geo-solutions business, which is not affected by fluctuations in cement demand.



Business Model

We provide total solutions for building safe and secure social infrastructure.



Key Initiatives ①

Securing a Competitive Advantage by Building a Strong Supply Chain

The resource product market tends to be local production for local consumption, and it can be said that the supply capacity in each area affects price negotiation power. The Taiheiyo Cement Group is not only developing quarries but also working to maintain large-scale yards and secure transport vessels to enable stable supply. The Minamisode Aggregate Yard in Chiba Prefecture will be completed in December 2024, and this is expected to increase our aggregate inventory capacity in the Tokyo metropolitan coastal area to a 60% share. We will also leverage this market share to help shape the market.

From October 2024, there will be 19 group companies engaged in the mineral resources business, and all domestic quarries will be operated by group companies. In addition to unifying operations and providing technical support, we expect synergistic effects such as complementing each other's resources, and we are working to improve profitability as a group.

Key Initiatives ②

New Profit Pillars

What we expect to be the fourth pillar after the existing three businesses is the functional materials business. For ultra-pure silicon carbide (SiC), which is a power semiconductor material, when the user's specifications are finalized within FY2025 we will enhance our facilities and start supplying SiC in a mass production system within a few years. We are also working to establish a stable customer base for "CellSpheres," our functional hollow particles, and appealing the uniqueness of our battery materials to the market. We will promote efforts to make both of these businesses independent as soon as possible.

In terms of new overseas businesses, we will expand our business in Vietnam, where we have a local subsidiary. We are already exporting and selling gypsum and dolomite to Japan but, going forward, we believe that the soil stabilizers business, for which there is a certain demand expected in the Mekong River area, is promising, and we will focus on this business.

VOICE

As part of the technical department of the headquarters, I am involved in the development of the Shin-Tsukumi and Mount Kurohime quarries. We are working with the local communities to consider specifications and construction methods for tunnels, crushing and transportation equipment, construction management, and budget management. Both projects are large-scale developments of new mining areas, requiring 6 to 7 years from the start of construction to completion. In this rare case of having two projects proceeding simultaneously, we feel both a heavy responsibility and a sense of fulfillment, and we will focus on the smooth progress of the construction, aiming for the completion of high-quality facilities that will support the 100-year operation of the quarries and the long-term stable supply of resources, as well as ensuring no accidents whilst meeting the construction schedule within budget.



Keisuke Fujino Mining Group, Mining Department



Environmental Business

We will simultaneously achieve carbon neutrality and circular economies, creating new added value.

In the environmental business, our core business is accepting waste and by-products from local communities and other industrial sectors, and effectively utilizing them as alternative raw materials and fuels for cement production. This business has developed precisely because of the Japanese society, which has limited natural resources and a high level of environmental awareness, and it is making a significant contribution to the formation of a recycling-based society. In the future, we aim for a steady transition towards carbon neutrality and work to develop new businesses that do not depend on cement plants.

Isao Matsui
Director and Senior Executive Officer

Review of the 23 Medium-Term Management Plan and Recognition of the Business Environment

During the 23 Medium-Term Management Plan period, as with other businesses, we were in a difficult business environment due to the COVID-19 pandemic and soaring energy costs. But in FY2024, the revision of waste treatment prices that we had been working on since the previous fiscal year was successful, resulting in a year-on-year increase in operating profit. In the 26 Medium-Term Management Plan, we will first work to strengthen our earnings base with the theme of expanding the competitive advantage of our existing business. Although the amount of waste accepted is decreasing due to the decrease in cement production volume, in order to increase profits as a business we need to accept high-value-added waste, such as waste that is difficult to treat, and our strategy is to increase sales by utilizing our unique technologies. Since there is demand and competition from various industries for fuel waste, we will use waste that we have not used before to expand the profitability of our environmental business.



Initiatives to develop and improve the efficiency of the waste logistics network (loading of waste containers)

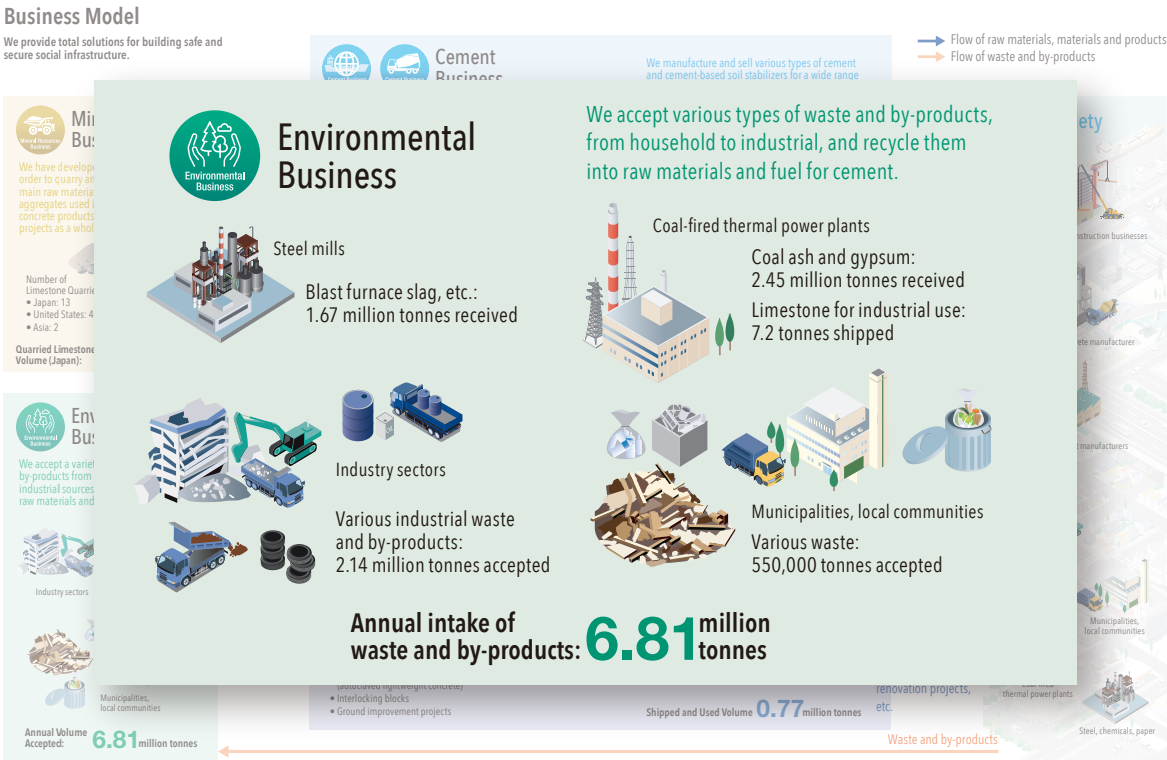
Growth Opportunities and Outlook

In our existing business, we will continue to work on optimizing waste treatment prices and increase the acceptance of waste as an alternative thermal energy source. The current thermal energy substitution rate is 30%, but we are working to increase it to 50% by 2030 by accepting a wide range of waste and developing and improving the efficiency of the logistics network to plants where waste is difficult to collect.

In addition, as an initiative to promote blended cement, we will also increase the acceptance of coal ash from coal-fired thermal power plants. Coal ash is effectively used as a clay substitute in cement production, but we will expand its use as a supplementary cementitious material in blended cement in the future. Since exporting fly ash cement requires classification processing of coal ash to meet the standards of the destination country, we introduced a new coal ash classification facility at our Saiki Ash Center in Oita Prefecture, which commenced operation in July 2024. This fly ash is mainly targeted at overseas markets and is planned to be exported to Singapore, Hong Kong, Taiwan, the Philippines and other countries.



Saiki Ash Center - New classification facility



Key Initiatives ①

Toward the Delivery of Carbon Neutrality

The Taiheiyo Cement Group has been accepting and treating disaster waste generated by earthquakes, floods and other disasters. Recently, with the full-scale demolition of houses and other structures damaged by the Noto Peninsula Earthquake that occurred in January 2024, wood chips requiring wide-area treatment outside the prefecture were transported by sea to the Itoigawa Plant of Myojo Cement Co., Ltd., a group company, and are being accepted as fuel at the Itoigawa Biomass Power Station of Summit Myojo Power Co., Ltd., an affiliate of Myojo Cement Co., Ltd. The Carbon Neutral Strategy of the 26 Medium-Term Management Plan includes "measures against severe disasters caused by climate change," and we have positioned the cement resource treatment of disaster waste and the development of treatment technologies for difficult-to-treat waste as one of these measures. We will continue to focus on business activities and technical proposals that contribute to the early recovery and reconstruction of disaster-stricken areas.

Key Initiatives ②

New Business that Contributes to Circular Economies

In the field of circular economies, we are promoting "lithium-ion battery recycling" and "establishment of technology for recovering precious metals and removing heavy metals from municipal waste incineration residues" as businesses to recover useful metals, precious metals, and rare metals by utilizing the cement manufacturing process. By recovering useful rare metals from lithium-ion batteries and precious metals and heavy metals as non-ferrous raw materials from municipal waste incineration residues, unnecessary and undesirable components can be removed before these residues are recycled in cement production and rare resources can be secured. This not only promotes circular economies but also increases the recycling of waste in cement manufacture and enhances the advantages of our existing business.

In addition, with the aim of establishing businesses independent of cement production, we are actively promoting a new phosphorus recovery system from sewage and a "waste solar panel treatment business." Both are initiatives of great social significance.

VOICE

The demonstration research for a new phosphorus recovery system from sewage has been adopted as a B-DASH project by the Ministry of Land, Infrastructure, Transport and Tourism, and we are currently studying solutions to challenges toward commercialization, such as the stable production of recovered phosphorus, its quality as fertilizer, and the reduction of running costs of recovery facilities.

This research aims to recover phosphorus resources contained in sewage sludge using our phosphorus recovery process which is different from conventional methods, to achieve domestic production and the stable supply of fertilizers.

We are working on this research jointly with Metawater Co., Ltd., which constructs and operates recovery facilities, and the Tokyo Metropolitan Sewerage Bureau, which will provide the demonstration field.



Masaya Ida
Aqua Business Group,
Environmental Business
Development Department



Construction Materials Business

We aim for further growth by strengthening the profitability of our existing business and expanding into new business areas.

Our main group companies in the construction materials business are Clion Co., Ltd., Taiheiyo Materials Corporation, Onoda Chemico Co., Ltd., Chichibu Concrete Industry Co., Ltd., and Taiheiyo Precast Concrete Industry Co., Ltd. Our Construction Materials Business Department is in charge of these companies and is working to maximize group collaboration and synergy effects. The challenges currently facing our division are the need to develop products and construction methods to address labor shortages and carbon neutrality, and we are promoting initiatives as a united group.

Isao Matsui

Director and
Senior Executive Officer

Review of the 23 Medium-Term Management Plan and Recognition of the Business Environment

During the 23 Medium-Term Management Plan period, in addition to external factors such as the COVID-19 pandemic and soaring prices of raw materials and energy, the decline in demand for building materials due to delays in construction projects had a significant impact. Under these circumstances, in FY2024, the final year of the 23 Medium-Term Management Plan, we achieved year-on-year increases in both net sales and profit, and this was largely due to the generally smooth progress in optimizing prices due to cost increases, and the strong performance of ground improvement projects by Onoda Chemico Co., Ltd., etc. However, the business environment will continue to be unpredictable, with labor costs and logistics costs expected to rise due to the shortage of drivers under the revision of regulation in 2024, and raw material and energy prices are expected to continue to rise. So, the most important measure will be to steadily optimize sales prices.

In addition, we will continue to work on overseas business development, which was set out in the 23 Medium-Term Management Plan, as an important strategy in the 26 Medium-Term Management Plan. There are significant business opportunities in Southeast Asia where economic development is remarkable, and we are considering if we can expand the products of our group companies in Indonesia, where we have a capital and business alliance with Semen Indonesia Group.



Planting grass between blocks mitigates the effect of the heat island phenomenon

Growth Opportunities and Outlook

To strengthen the profitability of our existing business, we will continue to focus on product development that meets user needs, along with optimizing prices. In particular, the shortage of labor is becoming increasingly serious, not only for the Taiheiyo Cement Group but also for society as a whole. So, there is a growing need for labor-saving, manpower-saving and shorter construction times, resulting in a pressing requirement to develop products and construction methods that meet these needs among the product groups of each company in our group. Chichibu Concrete Industry Co., Ltd. is working on labor-saving and manpower-saving in particular, and its newly developed concrete surface repair material has been highly evaluated.

These efforts will also drive the expansion of our infrastructure maintenance business, which contributes to fortifying national resilience. The maintenance of aging infrastructure will become increasingly important in the future, but the shortage of labor will be a challenge here as well. In addition to expanding the sales of products and construction methods that meet such needs, we will also consider expanding our service system through M&A as well as promoting DX.



First domestic manufacturer of cement-based high-strength grout material for offshore wind power generation facilities to receive international (DNV) certification (Taiheiyo Materials Corporation)

Business Model

We provide total solutions for building safe and secure social infrastructure.



Key Initiatives ①

Development of New Businesses

First, for overseas expansion, we will conduct market research and market development for the soil stabilizers business in Indonesia. It has been decided to relocate the capital of Indonesia from Jakarta to Nusantara, a region with widespread peatlands, and we would like to propose cement-based soil stabilizers and construction methods suitable for Indonesia utilizing the ground improvement know-how of Onoda Chemico Co., Ltd.

In Japan, we will promote the soil recycling business for the effective use of construction soil. Onoda Chemico Co., Ltd. is working to spread the use of a method that combines its technology to modify the properties of construction soil generated from shield tunneling and other projects to meet required standards with our cement-based soil stabilizers to produce improved soil, and we will eventually develop this into a business on par with ground improvement work.

Key Initiatives ②

Toward the Delivery of Carbon Neutrality

Amid growing attention to the increased demand for renewable energy, Taiheiyo Materials Corporation developed cement-based high-strength grout material for offshore wind power generation and, in February 2024, acquired international certification from DNV, a global third-party certification body, the first for a domestic company. This will enable domestic procurement of grout material, which had previously relied on imports. In another initiative, Taiheiyo Precast Concrete Industry Co., Ltd. has completed the evaluation of concrete products using CarboCatch, which fixes CO₂ in fresh concrete. We also manufacture environmentally sound products such as paving blocks that have the effect of mitigating the heat island phenomenon and products that effectively utilize rubble that is normally disposed of as industrial waste.

Through these initiatives, the Taiheiyo Cement Group will contribute to the transition towards a decarbonized society.

VOICE

Many of the products and construction methods provided by our group companies are used in our daily lives, ranging from building materials that enhance our living spaces to strong foundations that support buildings. We are currently promoting the development of environmentally sound products that combine the technologies of our group companies with our carbon neutral technology, aiming for their implementation in society as soon as possible. By establishing a recovery and utilization process for CO₂ recovered at cement plants, we will contribute to achieving carbon neutrality throughout the supply chain as part of our Carbon Neutral Strategy 2050.



Hiroaki Nakamura
Business Planning Group,
Construction Materials Business
Department