

TAIHEIYO CEMENT REPORT 2025

Integrated Report

TAIHEIYO CEMENT CORPORATION





Editorial Policy

In the report we convey to our stakeholders how we conduct activities to address social challenges and sustainably increase corporate value. We are working to deepen mutual understanding through constructive dialog and further evolve management while raising the level of disclosure.

Scope and Boundaries of this Report

[Reporting Period]

FY2025 (April 1, 2024 - March 31, 2025)

It is clearly stated where information about events that occurred outside this period are included in the report.

[Boundary of Reporting Organizations]

The report covers Taiheiyo Cement Corporation (non-consolidated) and includes our group companies.

"The company" refers to Taiheiyo Cement Corporation (non-consolidated); when information pertains to one of our group companies, the group company's name is explicitly stated.

[Boundary of Reporting Organizations by Quantitative Data]

Quantitative data are aggregated on a consolidated basis and under the following categories.

Non-consolidated Taiheiyo Cement Corporation (non-consolidated)
GCCA The scope of data collected for reporting of GCCA* KPIs
The scope of ESG data is described on p. 94.

* GCCA (Global Cement and Concrete Association)

Disclaimer Regarding Forward-looking Statements

Plans and prospects included in this report are predictions based on information available at the time of publication and are subject to unpredictable risks and uncertainties.

Consequently, there are no explicit or implied guarantees as to actual results, which may materially vary from the projected figures or measures cited in this report.

[Publication Dates]

November 2025

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[Guidelines Used for Reference]

- The International Integrated Reporting Framework (IIRC)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation (Ministry of Economy, Trade and Industry)
- GRI Sustainability Reporting Standards (GRI Standards)
- Environmental Reporting Guidelines 2018 Edition (Ministry of the Environment)
- Environmental Accounting Guidelines 2005 Edition (Ministry of the Environment)
- ISO30414

Information Structure

Financial Data

Securities Report
Financial Results Summary
Investor Information (Website)
<https://www.taiheiyo-cement.co.jp/ir/index.html>

Integrated Report

Sustainability (Website)
<https://www.taiheiyo-cement.co.jp/csr/index.html>

Non-financial Data

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Taiheiyo Cement Group's Values

Aiming for Sustainable Development

The Taiheiyo Cement Group aims to address social challenges through its business activities while pursuing the growth of the Group through these contributions.

1881

Onoda Cement Co., Ltd.

1883

Asano Cement
Co., Ltd.

1923

Chichibu Cement
Co., Ltd.

Taiheiyo Cement Group's Values

**Mission
of the Taiheiyo
Cement Group**
(Formulated in June 11, 2002)

Future vision targeting 2050

Taiheiyo Vision 2030

[Our Mission]

**Supply critical materials for national
resilience Key player in the formation
of circular economies Steady
transition to Carbon Neutrality
+
Engagement with Stakeholders**

Our mission is to contribute to social infrastructure development by providing solutions that are environmentally efficient, enhance our competitive position and bring value to our stakeholders.

- Deploy around the world the Group's overall capabilities and revolutionary technologies including carbon neutrality.
- Become a leader in the global cement industry.
- Become a corporate group that supports a safe, secure, decarbonized and recycling-based society for people.
- Expand the Group's presence in the Pacific Rim by utilizing its overall capabilities.
- Contribute to the achievement of carbon neutrality and circular economies.
- Become a robust corporate group that grow sustainably.

Business Principles [Governing the Way the Company Conducts Business]

- We are committed to maximizing our corporate value by generating synergies among the Taiheiyo Cement Group companies.
- We aim to manage the environmental impact of our operations while supporting the development of a recycling-based society.
- We will act in an ethical manner and abide by the laws and regulations of those countries in which we operate.
- We will openly communicate with our stakeholders and proactively report on our business activities in a transparent manner.
- We will strive for further research and development of our technologies, and provide society with excellent products and services.
- We are committed to maintaining an international outlook and conducting our business in accordance with global standards.
- We will strive to anticipate the changing business environment to assess new opportunities for growth.
- We are committed to achieving our full potential through training and self-development.
- We are devoted to providing a safe and healthy working environment where our employees are valued and the human rights of all individuals involved in our business are respected.

1947

Nihon Cement
Co., Ltd.

1994

Chichibu Onoda
Cement
Corporation

1998



TAIHEIYO CEMENT

Message from Top Management



President and Representative Director
Yoshifumi Taura

Driven by our mission to support the foundation of social infrastructure, we aim to achieve global growth and contribute to the realization of a sustainable society.

Looking back on my first year as President – a year of performance improvement driven by the successful penetration of price revisions

FY2025 marked not only my first year as President but also the inaugural year of the “26 Medium-Term Management Plan.”

A major achievement during this year was the improvement in business performance driven by the successful penetration of price revisions in the domestic cement business.

The domestic segment had suffered a significant decline in earnings in FY2023 due to the surge in coal prices. However, the price revisions proved effective, and by the final year of the previous Medium-Term Management Plan (FY2024), we had established a solid path toward recovery.

Furthermore, in FY2025, business performance continued to improve, and on a consolidated basis, we achieved our highest profit since the establishment of Taiheiyo Cement in 1998.

This two-year consecutive growth demonstrates that our profit recovery was not a temporary rebound, but rather the result of a structural transformation—one that enables cost pass-through via price increases, a practice that had been difficult under traditional business customs. This transformation provides great reassurance. I also feel that the improved performance of our domestic operations has led to a tangible boost in employee morale.

“People” Who Support the “Strategy” for Maximizing Corporate Value

With the aim of maximizing corporate value, our Group has formulated a strategy built upon three key pillars: further promotion of global strategy, revitalization of domestic business, and promotion of sustainability management and contribution to carbon neutrality—all from the perspectives of enhancing profitability and pursuing growth. The entire company is united in working toward achieving the goals of the 26 Medium-Term Management Plan.

The most crucial factor in maximizing the effectiveness of our strategy is investment in people—fostering motivation in each employee and ensuring that everyone works together toward a shared direction. As Henry Ford once said, “If everyone is moving forward together, then success takes care of itself.”

I believe that “engagement” and “inclusion” are key to inspiring employees’ motivation. In simple terms, engagement refers to one’s emotional connection and commitment to the company. Such engagement, however, can only emerge in an inclusive environment where every employee is respected and empowered to perform at their best, regardless of their workplace or role. For this reason, I see engagement and inclusion as two sides of the same coin.

A company’s growth and profits ultimately stem from a shared sense of purpose and action. When the company provides an environment where employees are respected, and employees in turn empathize with the company’s mission and direction, their collective efforts naturally lead to positive results. What matters most, therefore, is engaging in direct dialogue and listening to employees’ opinions. Over the past year, one of my key initiatives has been to strengthen this communication – I visited 27 locations, including plants and branch offices across Japan, to hold meetings and exchanges. My personal motto in work is “cheerfully, enjoyably, and energetically.” I am always thinking about ways to encourage and uplift our employees – and these meetings are very much part of that effort.

Related Article: [P.24-27](#)

[26 Medium-Term Management Plan](#)

Related Article: [P.52-53](#)

[Human Capital Strategy](#)



Message from Top Management

Social Responsibility of the Cement Industry and the "7R+1T" Framework

Related Article: **P.20-21**
**The Social Value
of Taiheiyo Cement**

In discussions with employees, I emphasize the importance of cultivating a habit of interpreting situations based on data and facts rather than assumptions—a mindset rooted in "factfulness." From this perspective, we have analyzed the factors driving cost increases that our Group must consider, and summarized them in a framework called "7R+1T." Through this, I communicate the importance of maintaining appropriate pricing levels. The term "7R+1T" collectively refers to seven risks (R) and one threat (T).

The seven risks are as follows:

- (1) Decline in production volume due to the contraction of the domestic market
- (2) Concerns over fluctuations in coal prices
- (3) Rising environmental costs
- (4) Securing of essential resources
- (5) Aging of production facilities
- (6) Labor shortages
- (7) Changes in international circumstances, such as intergovernmental relations and geopolitical risks

In addition, the "one threat (T)" refers to the need for preparedness and resilience against severe natural disasters and major earthquakes—threats that pose significant risks specifically to Japan.

For example, regarding the severe natural disasters and major earthquakes cited as threats, both debris processing and cement are indispensable for recovery and reconstruction.

Some have argued that "cement plants should be closed in line with declining domestic demand," but if the cement industry were to shrink excessively, it would no longer be able to accept disaster debris or supply cement when it is most needed. In our Group, 413 kilograms of waste and by-products are processed for every tonne of cement produced, thereby playing a vital role in maintaining public sanitation and extending the lifespan of final disposal sites. Following the Great East Japan Earthquake, for instance, our Ofunato Plant processed approximately one million tonnes of debris.

Our management philosophy states: "Aiming to be a leader in building a sustainable future for our planet, we engage in business activities that harmonize not only economic growth but also environmental stewardship and social contribution."

Maintaining our domestic plants in preparation for potential threats, such as large-scale natural disasters that could occur at any time, is both a measure of preparedness for threats and a social responsibility.

Of course, it would be inadequate if these plants were useful only in emergencies, like disaster response kits. Rather, as with rolling stockpiles of emergency water, where older stock is used and replaced with new, facilities must be economically viable at all times. Therefore, maintaining prices that fully reflect the seven identified risks is crucial to ensure both sustainability and readiness for such threats.

I want all employees, and not just those engaged in the domestic business with involvement in price negotiations, to fully understand the "7R+1T" described above - as the saying goes, "Know your enemy and know yourself, and you will never be defeated in a hundred battles. By sharing a sense of social responsibility for the cement industry, employees can strengthen their engagement, gain confidence and conviction in our ongoing pricing policies and other strategies, and work together "cheerfully, enjoyably, and energetically."

The analysis of our employee engagement survey conducted earlier this fiscal year revealed that "a strong sense of understanding and agreement with the company's policies and business strategies" was identified as one of our



key strengths. I was very pleased to see this result, as it clearly demonstrates the positive impact of our continuous efforts to engage directly with employees.

Under the concept of our 26 Medium-Term Management Plan, “3D Approach for Sustainable Future,” one of the three strategic pillars is what I call the “Domestic Revival Plan,” focusing on the revitalization of our domestic business. Encouraging and engaging our employees is one of the most vital means to achieving this goal.

Growth Potential of Taiheiyo Cement – Pursuing Further Growth through Global Business Expansion and Diversification of the Business Portfolio

1. Global Strategy

In Japan, domestic cement demand peaked at 86.29 million tonnes in 1990. At that time, global demand was 1.2 billion tonnes, with Japan ranking second after China’s 200 million tonnes. Today, while global demand has expanded to 4 billion tonnes, Japan’s demand has shrunk to about 32.66 million tonnes, roughly one-third of its peak. This data clearly shows that domestic cement demand is declining; however, from a global perspective, cement remains a growth industry. We will therefore continue to focus on our global strategy to capture this demand.

Our current focus is on exporting blended cement. We are promoting the export of blended cement made using fly ash, a by-product of coal-fired power plants. This initiative involves every relevant division across the company –not only the Production Division and the Overseas Business Division which handle manufacturing and export operations, but also the Environmental Business Development Department which coordinates with electric power companies, and the Research & Development Division which provides technical support through research on raw materials and production processes.

The resulting fly ash (FA) blended cement offers high profitability. Even if domestic cement demand declines to around 28 million tonnes, we anticipate being able to maintain full operation at existing plants by expanding exports of FA blended cement.

Blended cement plays a vital role for our Group as a source of earnings, a means of maintaining the operation of our domestic plants, and a key driver in promoting carbon neutrality. Beyond enabling the supply of high-quality products to our export destinations in Asia, it also plays a vital societal role: offering solutions for industrial waste disposal, processing disaster debris in times of major natural catastrophes, and supporting the operation of coal-fired power plants, which serve as baseload energy sources. In this sense, blended cement represents a truly comprehensive value creation model – a “win-win-win-win” initiative that benefits our company, consumers, power utilities, and society at large.

The United States, one of our Group’s key markets, experienced a temporary slowdown in demand around the 2024 presidential election. However, the overall market environment remains highly favorable. This positive trend is underpinned by the Infrastructure Investment and Jobs Act, introduced under the previous Biden administration, whose effects are now steadily materializing.

Looking ahead, with the Los Angeles Olympic Games in 2028, we anticipate continued expansion in demand.

In the United States, a growing number of younger generations, including Generation Z, are leaving densely populated and high-cost areas such as California to build homes more affordably in states like Arizona. That said, California is far from hollowing out—inbound migration continues, and housing demand remains robust. According to the president of our U.S. subsidiary, demand is expected to rebound in the second half of this fiscal year, and we anticipate a continued solid performance in the American market.

In Southeast Asia, for instance, Indonesia is experiencing increasing demand as it moves forward with the relocation of its capital city. At the same time, the country’s geography as a volcanic archipelago presents challenges due to weak ground stability. Since the domestic supply capacity for solidifying agents—materials essential for ground stabilization and reinforcement—is limited, our Group is exploring the transfer of technologies that leverage our comprehensive strengths across related fields such as

Related Article: **P.28-29**
[Global Strategy](#)

Related Article: **P.32-35**
[\[Feature: Dialogue\] – “Local Leader Discusses the Growth Strategy of Our U.S. Operations”](#)

Message from Top Management

resources, construction materials, and civil engineering.

We have also begun exploring potential new destinations for expansion in Southeast Asia. When entering a new market the most critical factor is engaging with the right partner in that country or region. It is crucial that our partners are reliable, eager for growth and are seeking advanced technologies. Of course, linguistic and cultural barriers must also be considered. Therefore, with the cooperation of our Group companies engaged in engineering businesses locally, we are conducting detailed feasibility studies to identify and evaluate new investment opportunities.

The division responsible for our global strategy was renamed the Global Business Division as part of the organizational restructuring implemented in April this year. While our domestic business remains a vital pillar, the new name reflects our intent to set a clear strategic direction that encompasses Japan and the entire world. Notably, the name was proposed and chosen through the initiative of our younger employees within the division, who played a central role in shaping this new identity.

Related Article: **P.46-49**

[Carbon Neutral Strategy /
\[Feature\]: C2SP Kiln](#)

2. Carbon Neutral Strategy

Carbon neutrality is a key element of our Group's medium- to long-term growth strategy.

We have established the GX Department, responsible for formulating and promoting our comprehensive strategy, as well as a dedicated project team focused on developing technology for the "C2SP Kiln," a CO₂-capturing cement production system. With government support and from the perspective of fulfilling our social responsibility, our Group is firmly committed to achieving carbon neutrality.

We regard the C2SP Kiln as our own version of the "Apollo Project." The Apollo program cost approximately ¥14 trillion in today's value, with the Apollo 11 mission alone requiring about ¥600 billion to achieve the first moon landing. However, space travel has since become dramatically less expensive. Similarly, the initial stage of innovation demands enormous investment, but once commercialization begins, costs drop significantly.

Moreover, the Apollo program did far more than just bring back lunar rocks – it spurred advancements in numerous technologies, including communications systems, rocket and jet engine development, heat-resistant tiles, computers, telecommunications, and even zippers.

Likewise, our C2SP Kiln will not only enable CO₂ capture but also drive broader technological innovation across multiple fields, such as heat-resistance engineering, heat-exchange systems, and cryogenic separation. That is why we are determined, and have declared internally, that this innovation is something we must accomplish.

Related Article: **P.42-43**

[Environmental Business](#)

3. Fostering Businesses Independent of the Cement Segment

Until now, our Group's business portfolio has primarily revolved around the cement value chain. Going forward, however, we intend to focus on developing businesses that are not dependent on the cement segment. For example, we see strong potential in environmental-related businesses as a new pillar of growth. While our environmental operations have traditionally centered on waste treatment using cement kilns, we are now looking to expand into diverse fields beyond that scope – including investments in emerging companies specializing in areas such as water treatment and PFAS (per- and polyfluoroalkyl substances) countermeasures.

By actively partnering with external companies possessing advanced technologies and by strategically investing capital and expertise, we aim to nurture the seeds of new businesses that could grow tenfold or even a hundredfold. Environmental businesses not only carry intrinsic social value but are also expected to contribute significantly to business diversification and sustainable growth.

Policy on Shareholder Returns and Engagement

Under the 26 Medium-Term Management Plan, we have set a total shareholder return ratio target of 33% or higher. We are committed to delivering on our shareholder return promise by maintaining an annual dividend of at least ¥80 per share and implementing flexible share buybacks as appropriate.

In fact, for the current fiscal year, we have announced an annual dividend of ¥100 per share.

At the same time, I believe it is important to strike a balance between short-term results and long-term growth. While our current performance is strong and we receive feedback regarding our dividend payout ratio, we are actively investing in a variety of areas that are beginning to yield tangible results. As we further strengthen our financial foundation over the course of this Medium-Term Management Plan, we intend to enhance shareholder returns, including through additional share buybacks when appropriate.

We also intend to actively create more opportunities for dialogue with investors.

While our financial results briefings are limited to about 30 minutes, we would like to take more time to provide in-depth explanations.

In our “3D Approach for a Sustainable Future,” we have positioned IR strategy—alongside carbon neutrality, digital transformation (DX), and human capital development—as a key element under “Promotion of Sustainability Management and Contribution to Carbon Neutrality.”

We will continue exploring ways to increase engagement and visibility among individual investors and others interested in our company, ensuring our efforts are better understood by a broader audience.

Our Group has set forth a “Future Vision Targeting 2050” to “Become a leader in the global cement industry.” To realize this goal, we are strengthening our engagement with long-term overseas investors and major institutional shareholders. Currently, 40% of our shareholders are overseas investors, a notably high proportion. We believe that being continuously evaluated by the rigorous standards of global investors helps us grow stronger and move steadily closer to the vision we aspire to achieve.

In Closing – Reflections on the “First Year of Pre-Disaster Recovery”

The Taiheiyo Cement Group has designated 2025 as the “First Year of Pre-Disaster Recovery.”

With this in mind, we will focus on infrastructure development and community building from a perspective of preparing for recovery before disasters occur.

In July 2025, we published a brochure titled “Disaster Prevention and Recovery Technologies of the Taiheiyo Cement Group”, through which we are promoting initiatives to raise awareness and encourage broader utilization of our Group’s related technologies.

The term “First Year of Pre-Disaster Recovery” embodies our strong determination to reaffirm the mission of the cement industry—to support the very foundation of society—and to carry that mission forward into the next generation. Japan continues to face the risk of large-scale natural disasters such as the Nankai Trough and Tokyo inland earthquakes. Our experience from past events—including the Great East Japan Earthquake and the Noto Peninsula Earthquake—has shown that cement companies play an indispensable role in society, from the swift restoration of social infrastructure and the processing of disaster debris to the supply of temporary housing.

That is why we believe it is our mission and responsibility to maintain our plants and supply chains even in normal times, ensuring a sound and sustainable business structure that contributes to building a more resilient society. Taking the “First Year of Pre-Disaster Recovery” as a new starting point, we will continue to create indispensable value for society as a leader in the industry.

Related Article: **P.54-55**

[Feature: Dialogue]
– Engagement with
Investors

Related Article: **Web**

**Disaster Prevention and
Recovery Technologies
of the Taiheiyo Cement
Group**



Please click or scan
the 2D Barcode to
refer to our website.
(Japanese only)



Taiheiyo Cement's DNA

1990~

Birth of Taiheiyo Cement and Full-Scale Development of Waste Treatment

Our company was founded in 1998 amidst turbulent times as domestic demand peaked and began to decline. We began the full-scale development of our waste recycling business as a measure to improve profitability.



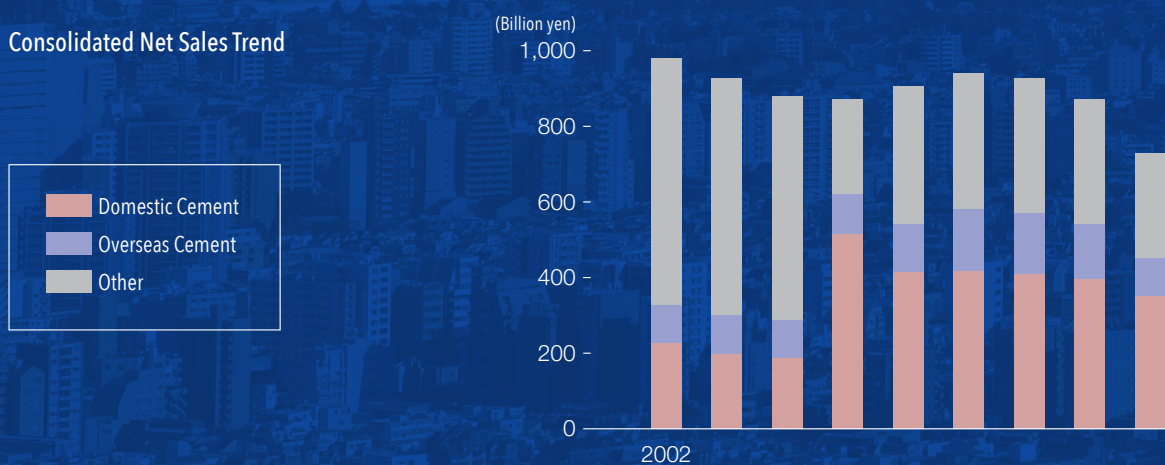
2000~

Overseas Expansion of Cement Business

In addition to existing sites in the U.S. and China, we accelerated investment in Southeast Asia to build our cement business in the Pacific Rim.



Consolidated Net Sales Trend



2010~

Improve Profitability Through Structural Reforms and Cooperation in Disaster Recovery

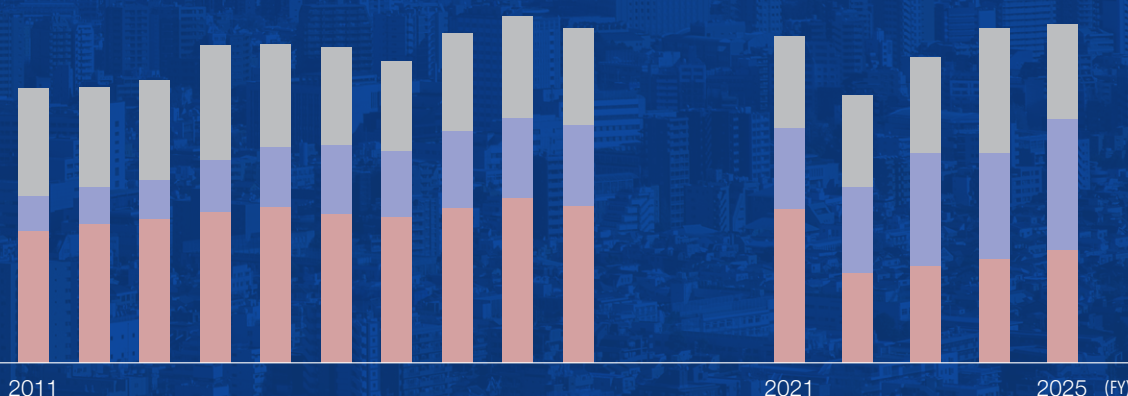
We focused on business restructuring to improve profitability.
We received disaster waste and assisted in the early recovery of areas affected by disaster.



2020~

Strengthen Initiatives to Achieve Carbon Neutrality

We have formulated the "Carbon Neutral Strategy 2050" and are working on the development of innovative technologies that are positioned as a new growth strategy.



* Consolidated net sales figures are presented from when information disclosure of overseas business was started
* Changes to segments, etc. were made in FY2005
* The "Accounting Standard for Revenue Recognition" (ASBJ Standard No. 29), etc. was applied from FY2022

Global Network

- Holding company
- ◆ Cement plant
- ◇ Clinker grinding plant
- ▲ Representative office
- △ Distribution terminal
- Business subsidiary

* Subsidiaries located in the same place as a representative office of Taiheiyo Cement are omitted.

TAIHEIYO CEMENT (CHINA) INVESTMENT

TAIHEIYO CEMENT HEADQUARTERS

Asia-Pacific

8.2%

Net sales (FY2025 consolidated)

73.654 billion yen

9.1%

Number of employees
(consolidated, as of March 31, 2025)

1,140 [Male] 952
[Female] 188

19.8%

Clinker production capacity

5.520 million tonnes



[Domestic Plants]

Kamiiso (Hokkaido Prefecture)
Ofunato (Iwate Prefecture)
Kumagaya (Saitama Prefecture)
Saitama (Saitama Prefecture)
Fujiwara (Mie Prefecture)
Oita (Oita Prefecture)

[Group Production Plants]

DC Co., Ltd. (Kanagawa Prefecture)
Myojo Cement Co., Ltd. (Niigata Prefecture)
Tsuruga Cement Co., Ltd. (Fukui Prefecture)

* (Newly established on September 11, 2025)

Net sales (FY2025)

Japan	Overseas	Consolidated Total
532.0 billion yen	364.3 billion yen	896.3 billion yen

Operating income

777 billion yen

Operating income on net sales

8.7 %

ROE

9.5 %

Cash flow from operating activities

1,179 billion yen

Financial Capital

JCR Issuer Rating

A+

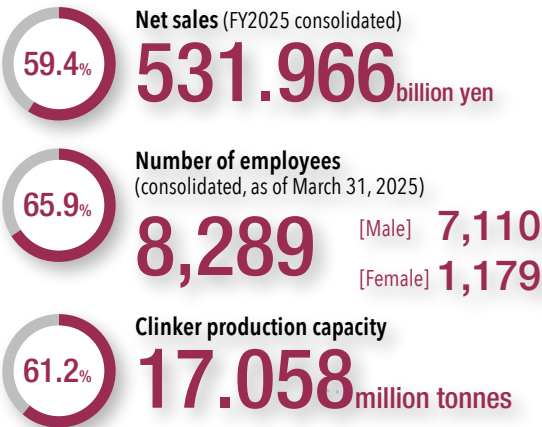
R&I Issuer Rating

A

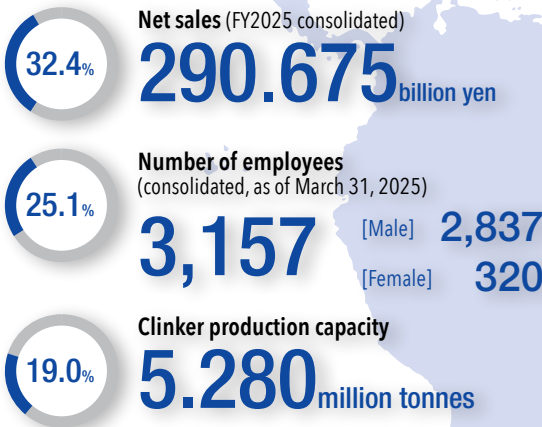


TAIHEIYO CEMENT U.S.A.

Japan



U.S.A.



Cement sales volume		
Japan	Overseas	Total
12.35 million tonnes	12.79 million tonnes	25.14 million tonnes

Quarried limestone volume (Japan)
Cement raw material, aggregate, industrial use
34.80 million tonnes

Human Capital
Number of employees (consolidated)
12,586

Waste and by-products processed (Japan)
6.75 million tonnes

Intensity of waste and by-products (Japan)
412.6 kg/tonne-cement

Business Model

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



Mineral Resources Business

We have developed limestone quarries in order to extract and supply limestone, the main raw material for cement, as well as aggregates used in ready-mix concrete, concrete products, and civil engineering projects as a whole.

Number of Limestone Quarries

- Japan: 13
- United States: 4
- Asia: 2



Limestone quarries

Quarried Limestone Volume (Japan): **34.8** million tonnes

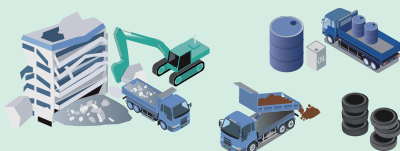
Limestone (Main Raw Material)

Industrial-use limestone
Aggregates for ready-mixed concrete



Environmental Business

We accept a variety of waste and by-products from both household and industrial sources, and recycle them into raw materials and fuel for cement.



Industry sectors



Municipalities, local communities

Annual Volume Accepted: **6.75** million tonnes

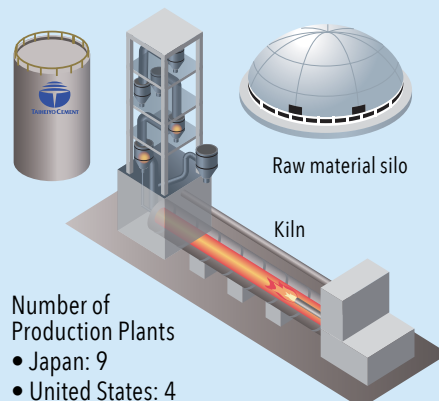
Industrial-use limestone

Incineration residues from municipal waste
Disaster waste
Coal ash, gypsum
Blast furnace slag etc.



Cement Business

Production Plants



Raw material silo

Kiln

Number of Production Plants

- Japan: 9
- United States: 4
- Asia: 3

Annual Sales Volume of Our Products (Domestic and International)

- Cement: 25.14 million tonnes
- Cement-based soil stabilizers: 2.31 million tonnes
- Ready-mixed concrete: 7.83 million m³
- Other: 270,000 tonnes

Cement and cement-based soil stabilizers



Construction Materials Business

Number of Group Companies

- Construction and civil engineering material manufacturers: 3
- Concrete product manufacturers: 1
- Construction companies: 1

Main Products and Services

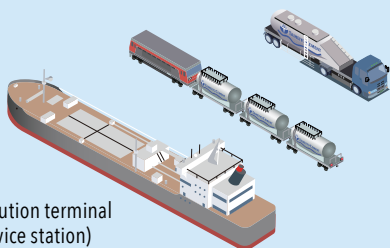
- Premix products
- Concrete admixtures
- ALC (autoclaved lightweight concrete)

We manufacture and sell various types of cement and cement-based soil stabilizers for a wide range of applications.

Logistics Sites



Distribution terminal (service station)



Number of Distribution Terminals

- Japan: 106
- United States: 19
- Asia: 6



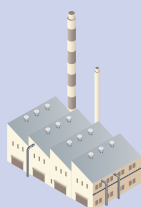
Ready-mixed concrete manufacturer (group companies)

Cement Production **26.53** million tonnes

Centered around five group companies, we manufacture and sell a wide variety of construction and civil engineering materials, with cement as the main raw material. We also meet various user needs, such as repair/renovation projects.



Construction and civil engineering material manufacturer (group companies)



Concrete product manufacturers (group companies)

Shipped and Used Volume **0.41** million tonnes

- Flow of raw materials, materials and products
- Flow of waste and by-products

Cement, cement-based soil stabilizers, ready-mixed concrete, etc.

Materials for construction and civil engineering projects, concrete products, repair and renovation projects, etc.

Waste and by-products

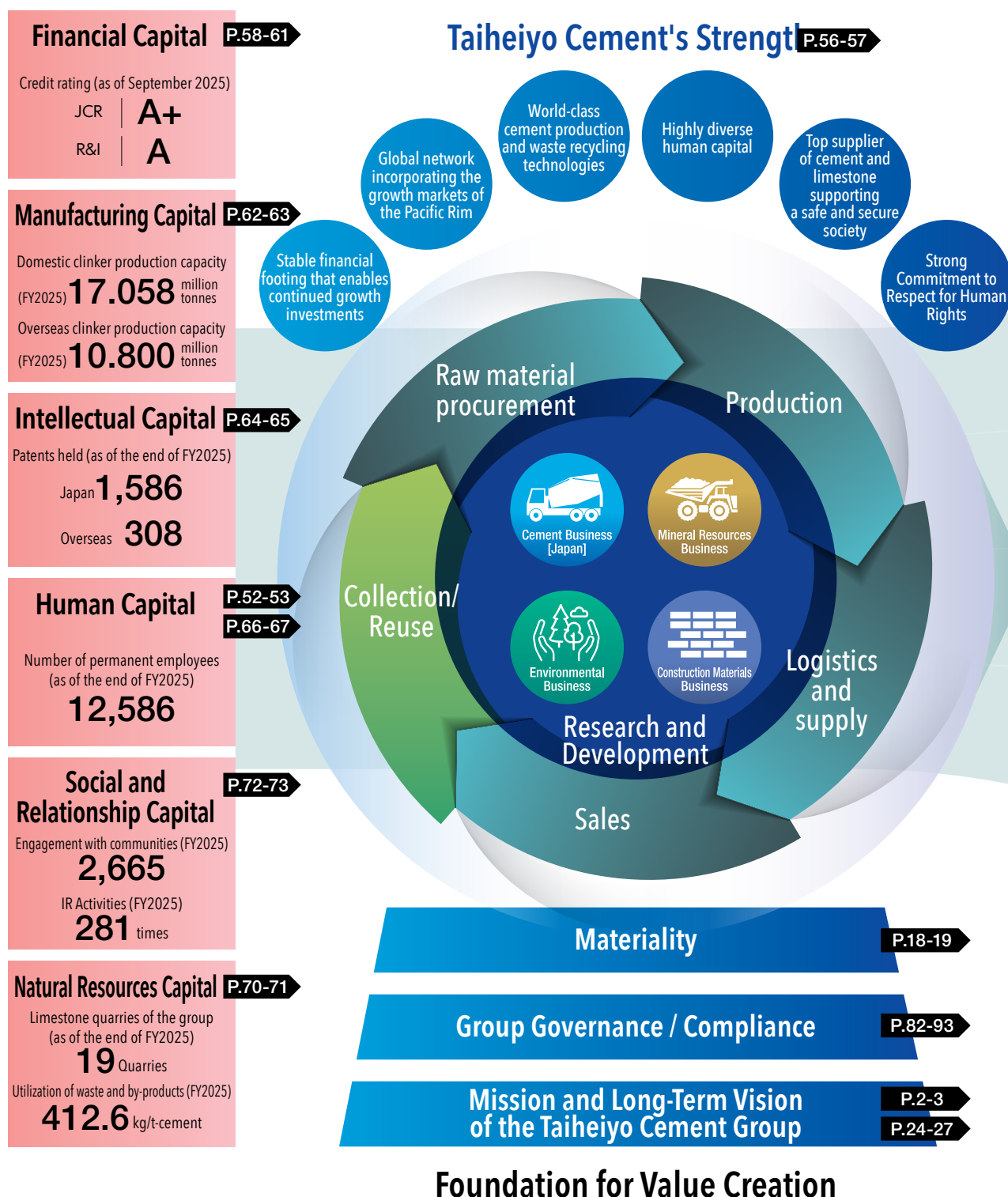


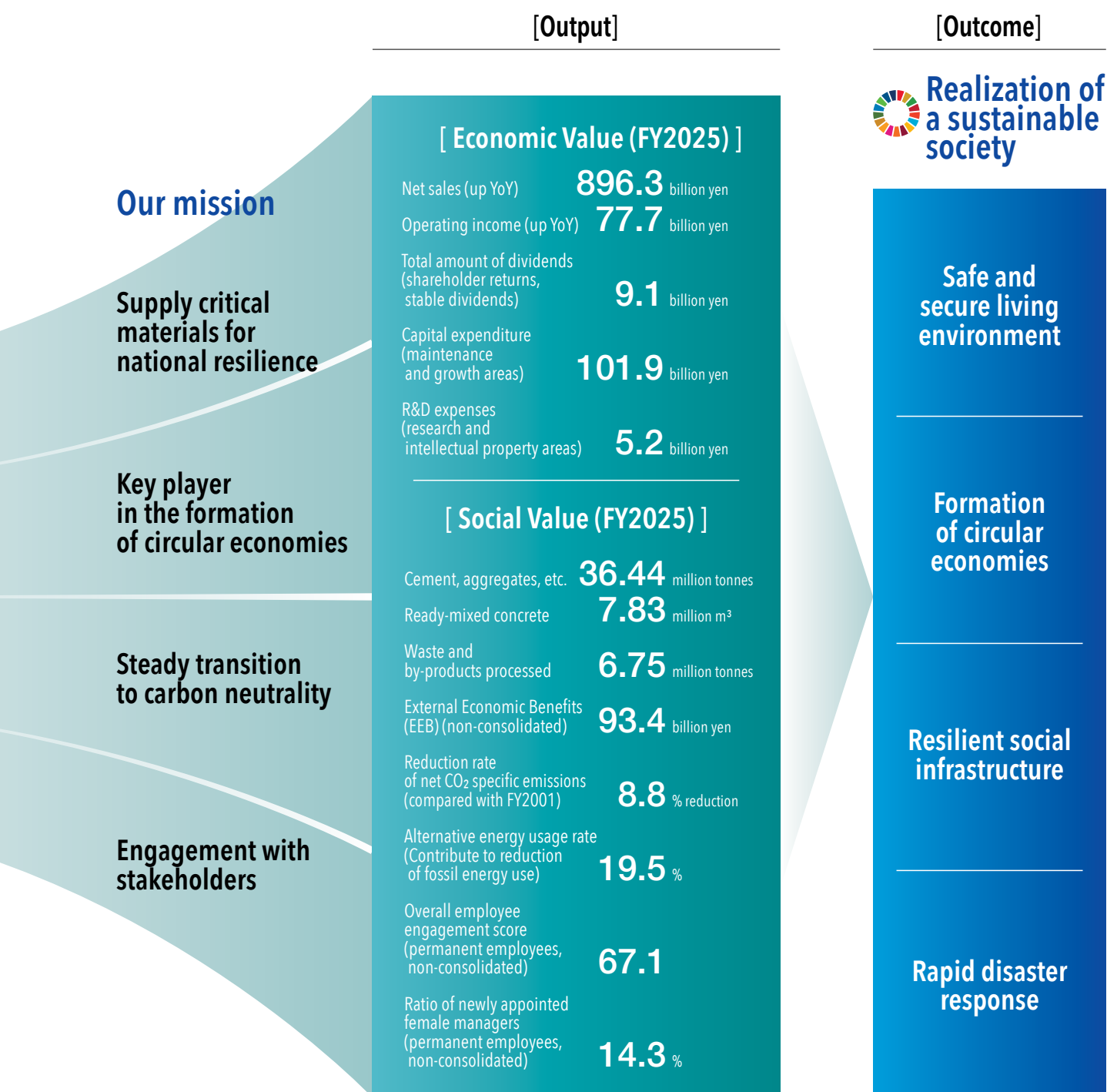
Value Creation Process

By making full use of our world-class manufacturing technologies and supply capabilities, primarily in the Pacific Rim, we will create both economic and social value to realize a sustainable society.

[Management Capital]

[Business Activities]



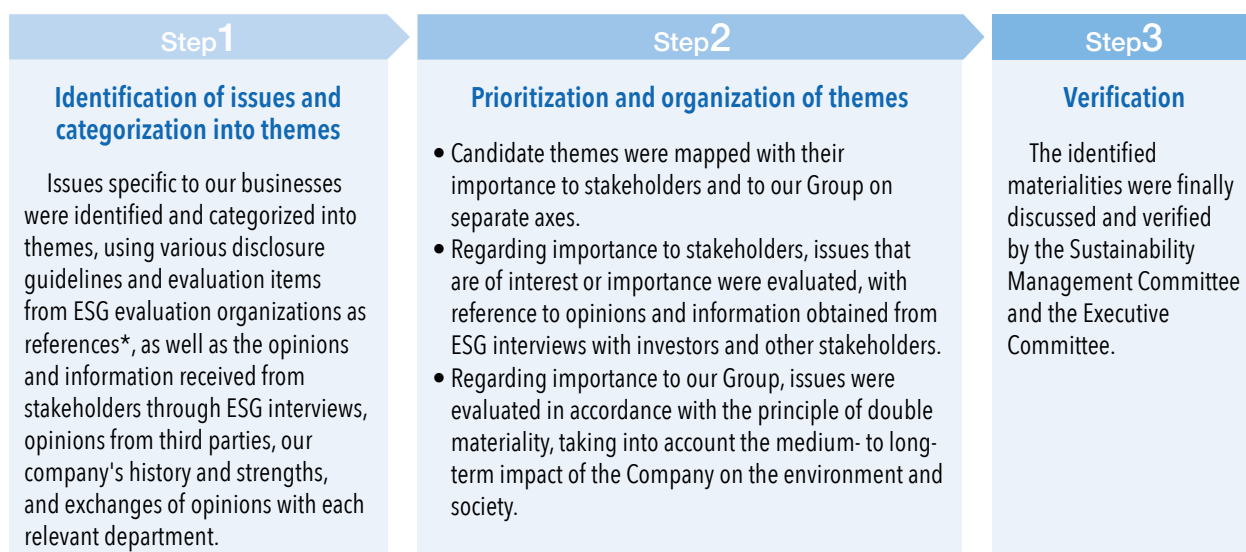


Materiality

For more than 140 years, the Taiheiyo Cement Group has supported infrastructure and living environments by supplying society with high quality cement and construction materials, while conducting our business in consideration of the global environment. Based on these experiences, we have identified the materiality in order to organize the form and direction we should aim for when addressing the various environmental and social challenges we face, beginning with climate change.

Materiality Identification Process

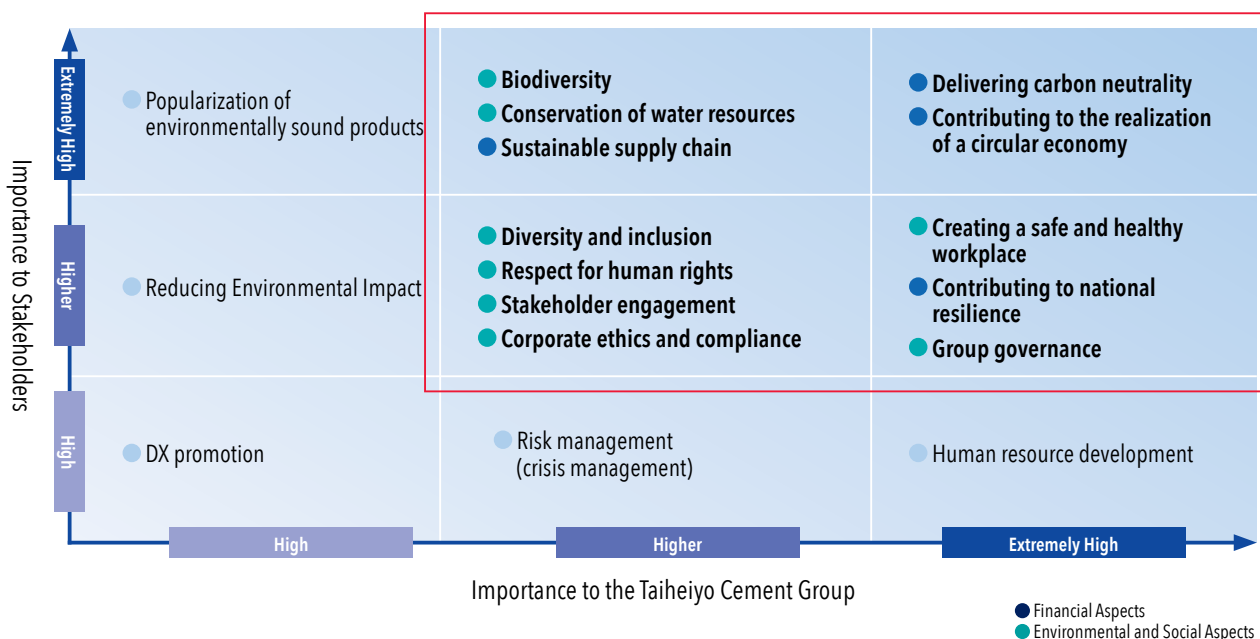
The process was conducted in three steps, from identification of issues to validation. As a result, a total of 12 materialities were identified from financial aspects and environmental and social aspects.






























* SDGs, ISO 26000, GRI Standards, ESG assessment agency evaluation items, GCCA Sustainability Framework, etc.

Identified Materialities

Twelve materiality themes were identified and graded in terms of importance.



List of Materialities and Main KPIs

Aspect	Materiality (Relevant SDGs)	Themes to be addressed	Targets, KPIs, etc.	Relevant standards, targets, guidelines, etc.
Financial Aspects	Delivering carbon neutrality  	CO ₂ emissions reduction	<ul style="list-style-type: none"> Delivering carbon neutrality (by year 2050) Reduce specific CO₂ emissions by at least 20% or more (by FY2031, compared with 2000) Reduce domestic CO₂ emissions by 40% or more (by FY2031, compared with 2000) 	Carbon Neutral Strategy 2050
	Contributing to the realization of a circular economy  	Promote the use of alternative raw materials and fuels Waste emissions reduction	<ul style="list-style-type: none"> Maintain waste usage intensity of 400 kg/tonne-cement or more Maintain volume of waste to landfill at or below 40 tonnes 	GCCA Guidelines on Alternative Raw Materials and Fuels
	Sustainable supply chain   	Sustainability assessment	<ul style="list-style-type: none"> Assessment rate of major suppliers: 75% (FY2031) 	GCCA Guidelines on Supply Chains
	Contributing to national resilience   	Maintaining a stable product supply system	<ul style="list-style-type: none"> Upgrade of plant facilities to maintain stable supply Serious quality complaints: 0 	ISO9001
Environmental and Social Aspects	Biodiversity  	Develop quarry rehabilitation plans	<ul style="list-style-type: none"> Rate of developing rehabilitation plans: 90% or more 	GCCA Guidelines on Biodiversity
	Conservation of water resources  	Management of water resources	<ul style="list-style-type: none"> Promote management of fresh water usage intensity 	GCCA Sustainability Framework Guidelines
	Creating a safe and healthy workplace  	Accident prevention Promotion of Health and Productivity Management (H&PM)	<ul style="list-style-type: none"> Zero fatalities ^① Ratio of employees receiving periodic health examinations: 100% ^② 	^① CSR Objectives for 2025 ^② Internal Environment Improvement Policy
	Diversity and inclusion  	Promotion of the active participation of women	<ul style="list-style-type: none"> Ratio of female employees: At least 10% ^{① ③} Ratio of female managers (2030): At least 5% ^③ (2026) (At least 3%) ^③ Ratio of female recruits: At least 30% ^① Ratio of newly appointed female managers: At least 10% ^① 	^① CSR Objectives for 2025 ^③ 26 Medium-Term Management Plan Sustainability Targets
	Respect for human rights  	Promotion of human rights due diligence	<ul style="list-style-type: none"> Conduct systematic human rights due diligence and take corrective action 	United Nations and government, etc. standards
	Stakeholder engagement   	Engagement with shareholders, investors Communication with local communities	<ul style="list-style-type: none"> Engagement with shareholders, investors More than 220 instances/year Engagement with local communities More than 1,500 instances/year 	GCCA Sustainability Framework Guidelines
	Group governance  	Globalization of Whistleblower Program	<ul style="list-style-type: none"> Coverage of the Whistleblower Program 90% or more (FY2031) 	* Coverage = number of companies who have introduced program and subsidiaries that are covered
	Corporate ethics and compliance  	Compliance Training	<ul style="list-style-type: none"> Standards of conduct training (e-learning) participation rate Maintain at 90% or more 	GCCA Sustainability Framework Guidelines

The Social Value of Taiheiyo Cement

By recycling waste and other materials to manufacture cement, we contribute to solving social challenges such as extending the lifespan of waste disposal sites. In the event of a large-scale natural disaster, we not only supply cement but also accept rubble to help with the recovery and reconstruction of the affected areas.

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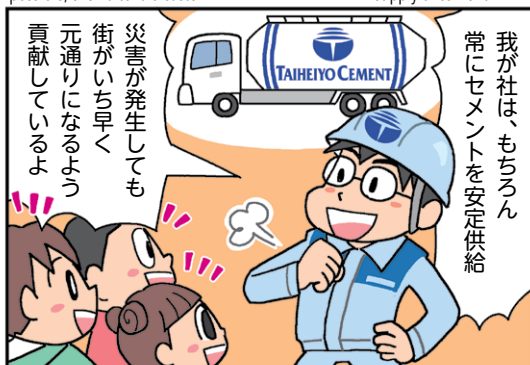
But what if a major disaster strikes...

Cement is a material that supports infrastructure and is essential for building strong communities.



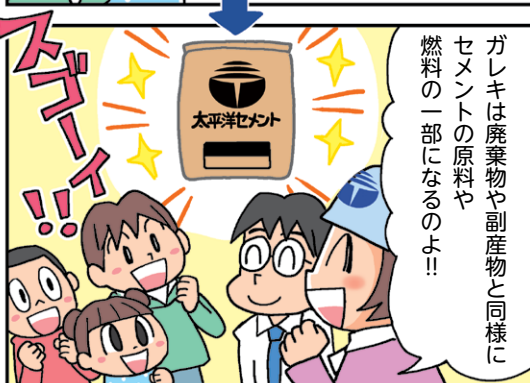
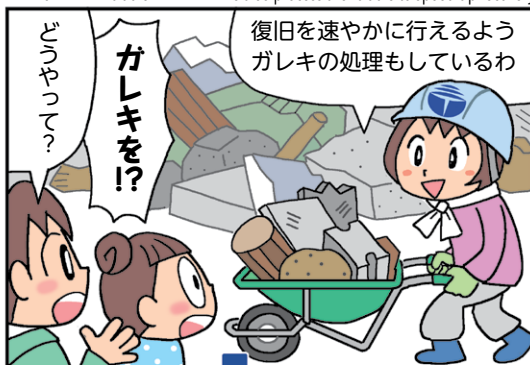
We contribute to helping communities get back to normal as quickly as possible, even after a disaster

Of course, our company always provides a stable supply of cement



How? Rubble!?

We also process the rubble to speed up recovery



Wow!

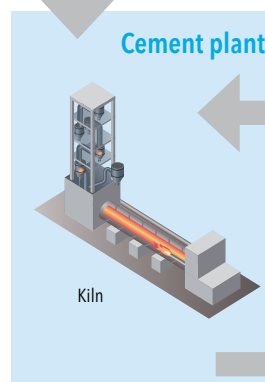
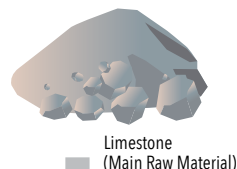
We use over 400kg of waste and by-products like rubble to make one tonne of cement.

Manufacture

The Wonders of Taiheiyo Cement

More Than 400 Kg of Waste is Used to Make 1 Tonne of Cement

- The amount of waste and by-products used by Japan's cement industry accounts for approximately 11% of the domestic recycling volume.
- The Taiheiyo Cement Group's domestic factories use waste and by-products generated by local communities and other industries as alternative raw materials and fuel. This amounts to more than 400 kg per tonne of cement manufactured
- When natural disasters such as earthquakes and typhoons occur, disaster waste such as rubble is processed into a cement resource.



- Waste and By-products, etc. (Alternative Raw Materials and Fuels)
- Municipal waste, • Incineration residues, • Tap water and sewage treatment sludge, • Various industrial waste, • Construction soil, • Coal ash, • Blast furnace slag, etc.



High-Temperature Calcination Completely Neutralizes Harmful Substances

- In the cement plant, cement is produced through calcination at high temperatures of about 1,450°C in large rotary kilns.
- This high temperature calcination allows the waste to be recycled as raw materials and fuel for cement. Dioxins are also decomposed by the high temperatures.

Recycle

Cement Products Support Society

Cement protects against tsunamis and high tides

Cement supports rebuilding and restoration after a disaster

Cement prevents landslides

Cement makes travel and transportation more convenient

Cement contributes to developments in sports and culture

Cement protects against earthquakes

Waste and By-products Generated by Society

Cement as an Important Material That Supports Society

- Cement is used in the construction of various social infrastructure and living environments, such as roads, bridges, and buildings. As shown by our annual sales volume of approximately 30 million tonnes in Japan and overseas, our Group has established a stable supply system in the Pacific Rim.
- In addition to preparing for severe disasters through prevention and mitigation, we are also developing and disseminating technologies to support early recovery and reconstruction, as well as developing new technologies.

	Disaster reduction, disaster prevention, maintenance and countermeasures	Disaster recovery	Early recovery
Deployment and diffusion of existing technologies	Diffusion of high durability and high strength technologies, SFPC, Ductal, PFC strengthening measures technologies (cement-based soil stabilizers)	Diffusion of early-strength materials and construction methods / Disaster waste treatment technologies	Early-strength materials Proposal of construction methods
New development proposals	150N class high-strength concrete technology Preventive maintenance technology	New structure diagnosis/repair material technology Difficult-to-treat waste processing technologies	Promotion of precast concrete construction Rapid construction and labor-saving construction technology

Use

The Taiheiyo Cement Group's Acceptance Volume (FY2025 results)

6.75 million tonnes

Collect

Column

Why are CE and CN important to the Taiheiyo Cement Group?

Please read right to left.

Carbon neutrality Our company aims to achieve both **Circular Economies**



It's an initiative to achieve net-zero CO₂ emissions. We have to curb global warming **Low-CO₂ cement, energy saving... etc.** Do you understand carbon neutrality?



Well done! OK then... What about circular economies? **Gulp!** **Uh-huh!!**



Ummm...Eco and cool? **Circulator?** The explanation is here.



Circular Economies and Taiheiyo Cement's Initiatives

A circular economy (CE) is an economic system that circulates resources by reusing waste, aiming for the sustainable use of resources and environmental protection. Leveraging the characteristics of the cement manufacturing process, our company utilizes various waste and by-products as raw materials and fuel.

This is possible because the main chemical components of cement are CaO (calcium), SiO₂ (silica), Al₂O₃ (alumina), and Fe₂O₃ (iron), and cement can still be produced even when the conventionally used raw materials are replaced by various wastes containing these components. Taking advantage of these characteristics of cement, we use many wastes and by-products in cement production, including for fuel substitution, thereby contributing to the realization of CE through the effective utilization of resources and the extension of the lifespan of final disposal sites.

In March 2025, we held a "Sustainability Briefing" and explained our CN and CE initiatives to investors and financial professionals.

Amount and Intensity of Main Waste and By-products Used (FY2025)

Non-consolidated

Waste and By-products	Amount used (t)	Basic unit (kg/t-cement)
Coal ash	1,779,387	135.1
Blast furnace slag	969,035	73.6
By-product gypsum	453,980	34.5
Unburned ash, dust	378,187	28.7
Dirt and sludge	378,187	28.7
Construction soil	146,528	11.1
Waste oil	178,159	13.5
Wood chips	12,705	1.0
Waste plastic	232,558	17.7
Water treatment plant sewage sludge and ash	306,995	23.3
Municipal waste incineration ash	137,123	10.4
Municipal waste	14,074	1.1
Other	449,836	34.0
Total	5,436,755	412.6
Raw material-related waste	5,013,333	380.5
Fuel-related waste	423,422	32.1
Total	5,436,755	412.6

Relationship between the components of cement and its raw materials

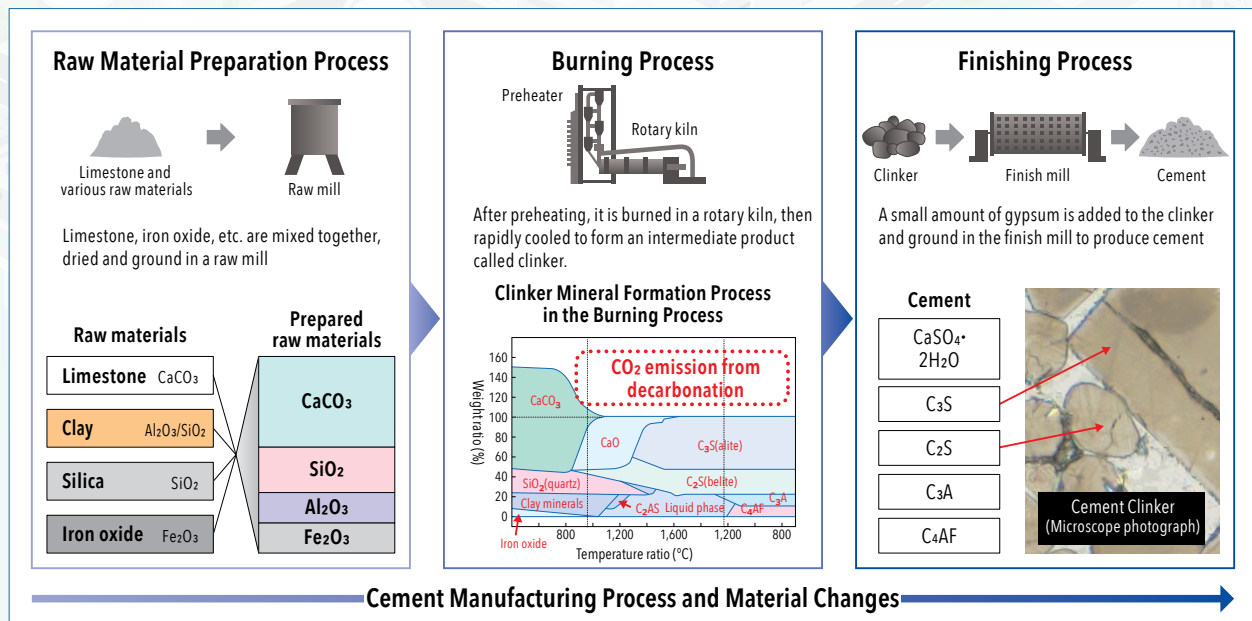
Main chemical components of cement (required components)		Main raw materials	Substitutes (examples)
Calcium oxide (CaO)	63~65%	Limestone (CaO source)	Ready-mixed concrete sludge
Silicon dioxide (SiO ₂)	20~23%	Clay (SiO ₂ , Al ₂ O ₃ source)	Coal ash, slag, incineration ash, construction soil, sludge
Aluminum oxide (Al ₂ O ₃)	4~6%	Silica (SiO ₂ source)	Molding sand, waste glass
Iron oxide (Fe ₂ O ₃)	2~4%	Iron oxide (Fe ₂ O ₃ source)	Blast furnace dust, non-ferrous slag

Cement Manufacturing, CE, and CN

The cement manufacturing process is divided into three stages, as shown from the left in the diagram below: the raw material preparation process, the burning process, and the finishing process.

In the first "raw material preparation process", waste and by-products are ground in appropriate proportions along with natural raw materials such as limestone and silica stone to create the prepared raw materials. In the central "Burning Process", the prepared raw materials pass through a preheater and are then burned in the rotary kiln. As the temperature rises, the raw materials undergo chemical changes and transform into clinker minerals such as alite (C₃S) and belite (C₂S). Also, during this burning process, raw material-derived CO₂ is emitted due to the decarbonation of limestone. Since fossil energy is used to maintain these high temperatures, energy-derived CO₂ is also generated. The generation of CO₂ in this burning process is unavoidable for the cement industry due to the nature of the manufacturing process, and reducing it as much as possible, or capturing it for utilization and storage, is an important challenge for our group's carbon neutrality strategy.

In the final "finishing process", the product, Portland cement, is manufactured by grinding the clinker obtained in the "burning process" while adding a small amount of gypsum (CaSO₄·2H₂O).



26 Medium-Term Management Plan – Progress of the 26 Medium-Term Management Plan and Attainment of the Long-Term Vision



Capitalizing on the solid revenue and profit growth of FY2025, we will further accelerate our 3D approach and push forward toward maximizing corporate value.

Hideaki Asakura
Vice President and
Representative Director

Review of FY2025

In FY2025, the Taiheiyo Cement Group achieved record-high consolidated profits since its establishment, reflecting a significant recovery in performance. This was driven by the successful implementation of price revisions that turned the domestic cement business profitable and by strong performance in global operations, particularly in the United States. It was a year that demonstrated solid progress in the first stage of the 26 Medium-Term Management Plan.

A key milestone was our shift from a market share-oriented to a profit-oriented business approach. However, as domestic cement demand remains uncertain, further measures are needed to increase earnings in pursuit of the 26 Medium-Term Management Plan targets.

We will not rest on our laurels, but instead will continue to steadily execute each of our strategic initiatives.

Progress under the 26 Medium-Term Management Plan

The 26 Medium-Term Management Plan is founded on the basic policy of achieving Sustainable Growth and Enhancement of Corporate Value of the Taiheiyo Cement Group

It is built upon two central pillars, improving profitability and Pursuing growth potential, and is advanced through our 3D Approach, which combines three key strategies:

- (1) Further promotion of global strategies,
- (2) Revitalization of domestic business, and
- (3) Promotion of Sustainability Management and Contribution to Carbon Neutrality

Our management targets for FY2027, the final year of the plan, are to achieve an operating income margin and ROE of 10% or higher.

Further Promotion of Global Strategies

Under our global strategy we are first strengthening the profitability base of our existing operations in the United States and the Philippines. At the end of December 2024, CalPortland Company, a consolidated subsidiary in the United States, acquired aggregates and ready-mixed concrete business assets located in Ventura County, California, from Grimes Rock, Inc. and its related companies. With sustained demand driven by population growth in Southern California, we expect stable and high-margin expansion of our aggregates and ready-mixed concrete business.

In the Philippines, market conditions have deteriorated due to increased imports from Vietnam. However, the safeguard measures to be implemented in March 2025 are expected to support market stability. While Vietnam still has cement production capacity of more than twice its domestic demand, growing internal demand associated with economic development is improving the market balance. We will maximize production and sales volumes by combining cost reductions and exports.

We also continue to expand our trading business. We have decided to construct new production and shipping facilities for FA (fly ash) blended cement at the Saiki Ash Center in Oita Prefecture, with shipments scheduled to begin during the 26 Medium-Term Management Plan period. This will increase our export capacity for blended cement to over 1.3 million tonnes annually, primarily serving the growing demand of blended cement in Southeast Asia.

Revitalization of Domestic Business

In FY2025, stabilized coal prices led to lower production costs, and cumulative price increases totaling ¥7,000 per tonne since the previous Medium-Term Management Plan period resulted in a return to operating profitability. With pricing discipline now established as a business practice, it can be said that we have successfully transitioned from a market share-driven to a profit-driven business model. We believe this will enable the creation of a stable, sustainable earnings structure going forward.

Although no price revision has been determined for shipments after April 2026, a major external factor will be the GX-ETS (CO₂ Emissions Trading Scheme), to be launched in Japan in FY2027. This could significantly affect trading prices, and we will prepare to respond appropriately as necessary.

We are also preparing for the provision of total solutions, enabling a single sales representative to handle both cement and aggregates. To enhance collaboration and efficiency among our business divisions, we have begun developing a platform to share user information, particularly between the Cement and Resources divisions where overlaps exist. The platform will enable us to understand the transaction histories for each user and is expected to enhance the efficiency of sales activities in both the Cement and Resources divisions. It will begin operation in the second half of this fiscal year with the aim of establishing it as a regular operational tool.

Promotion of Sustainability Management and Contribution to Carbon Neutrality

Although there is a global slowdown in the transition toward carbon neutrality (CN), as seen in the United States' declaration of withdrawal from the Paris Agreement, our Group remains committed to establishing and commercializing various CN technologies, including the C2SP kiln. In April, based on the government's Green Transformation (GX) Policy, we established the GX Department, which is responsible for developing and implementing comprehensive strategies, and the C2SP Kiln Project Team, which specializes in installing C2SP kiln for CO₂ capture. Building on our previous demonstration experiments, we are now scaling up these efforts toward full-scale application.

Another key initiative is the promotion of digital transformation (DX). Previously handled by the IT Planning Group within the Corporate Planning Department, DX functions have been elevated to an independent DX Department. The department will take the lead in formulating company-wide DX strategies, developing DX human resources, and promoting DX projects across the Group.

Our Smart-factory technologies, such as the use of drones for inspections and remote operation systems, are steadily progressing. During the 26 Medium-Term Management Plan

period, we plan to develop 450 DX human resources, and applications are already exceeding expectations. Numerous innovative ideas for improving operational efficiency through digital tools are emerging, particularly relating to head office functions. We will continue to enhance our digital capabilities to create more efficient and employee-friendly workplaces both at plants and at head office.

In addition, each executive's annual performance targets include various ESG-related goals, and the degree of achievement, although qualitative, will be reflected in each executive's performance evaluation.

Toward Achieving the 26 Medium-Term Management Plan and Our Long-Term Vision

When formulating the 26 Medium-Term Management Plan, we first established our Future Vision targeting 2050 as the destination toward which all employees should strive. Working backward from this vision, our Taiheiyo Vision 2030 was formulated with the goal of becoming "a robust corporate group that achieves sustainable growth." To achieve this, we must enhance both profitability and develop carbon-neutral technologies.

One source of added value lies in our technological capabilities, which underpin the development of high-quality products and waste-processing solutions. We believe that the establishment and advancement of carbon-neutral technologies in particular will create significant value for customers in the near future. By leveraging this value, we aim to differentiate ourselves from competitors, deliver higher profitability, and achieve sustainable growth.

In the latter half of the 26 Medium-Term Management Plan period, securing new business opportunities in the domestic market will be key to success. While domestic operations are central to improving profitability, Japan is also facing rising social issues, including aging infrastructure, disaster prevention, and national resilience. However, due to workforce shortages, there are structural issues such as unspent public budgets despite allocated funding.

In light of these circumstances, our efforts go beyond simply supplying materials and we are working to develop and provide solutions, in cooperation with government agencies, to address challenges faced by the entire industry. By doing so, we aim to create new demand while contributing to the resolution of social issues. As a company committed to maintaining and advancing social infrastructure, we will continue to take on new challenges in pursuit of maximizing corporate value.

26 Medium-Term Management Plan – Overview of the 26 Medium-Term Management Plan

Future vision targeting 2050

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

Taiheiyo Vision 2030

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

The 26 Medium-Term Management Plan

Fundamental Policies

- Sustainable growth and enhancement of corporate value of the Taiheiyo Cement Group
- Maximize corporate value through efforts to "Improve profitability" and "Pursue growth potential" (achieve a PBR of over 1x at the earliest possible time)

3D Approach for Sustainable Future

–Three-dimensional approach toward the realization of a sustainable society–



(1) Strengthening the Profit Base of Existing Businesses

- Deepen U.S. business
- Expand the Philippines business

(2) Further expand business areas

- Explore and implement M&As
- Expand to unexplored areas and undeveloped businesses

(3) Expand trading business

- Expand blended cement
- Strengthen logistics network



(1) Fundamentally revise pricing policy

- Shift from an emphasis on market share to an emphasis on profitability (operating income on sales of 10% or more)

(2) Provide total solutions

- Strengthen interdivisional collaboration
- Improve efficiency of sales systems

(3) Optimize production systems

- Kiln allocation (focusing on blended cement for export)



Carbon Neutral Strategy P.46-49

DX Strategy P.50-51

Human Capital Strategy P.52-53

IR Strategy P.54-55

Management Targets

	FY2025 Results	FY2027 Target
Operating income on sales	8.7%	10% or more
ROE	9.5%	10% or more

Guideline

	FY2025 Results	FY2027 Target
Net sales	896.3 billion yen	1,000.0 billion yen or more
Operating income	77.7 billion yen	100.0 billion yen or more
Net debt/equity ratio (DER) (times)	0.49	around 0.5
ROIC	5.4%	7% or more

Net Sales and Operating Income by Segment

Assumptions: Estimated domestic cement demand: 35 million tonnes per year
(at the time of formulating the Medium-Term Management Plan)
Estimated exchange rate: 145 yen/US\$

(Unit: billion yen)

		Net Sales		Operating Income	
		FY2025 Results	FY2027 Target	FY2025 Results	FY2027 Target
Cement Business	Overseas subsidiaries	344.8	410.0	38.4	45.0
	Japan	323.4	383.0	16.1	38.0
	Sub-total	668.2	793.0	54.4	83.0
Mineral Resources Business		88.2	100.0	9.6	11.0
Environmental Business		80.9	108.0	9.0	13.0
Construction Materials Business		44.3	59.0	2.4	4.0
Other Business		78.6	81.0	3.9	4.0
Intergroup Elimination		(63.9)	(71.0)	(1.6)	0.0
Sub-total		896.3	1,070.0	77.7	115.0

The figures for FY2025 results and FY2027 target have been restated to reflect changes in subsidiary control and reporting structure.

Sustainability Targets

		FY2024	Target	Target Year	FY2025
Net Zero carbon	Reduction in specific net CO ₂ emissions per tonne (compared to 2000)	9.8%	10% or more	2025	8.8%
	Reduction in specific net CO ₂ emissions per tonne throughout the supply chain (compared to 2000)	11.6%	20% or more	2030	10.7%
DX	Development of DX human resources	—	DX human resources: 450 or more to be developed	2026	170
Human capital	Fatalities (Group) (cases)	1	Fatalities (Group) (cases) 0	Every year	4
	Ratio of female employees	9.9%	Female employees: 10% or more	2026	10.6%
	Ratio of female managers	2.5%	Female managers : 5% or more (3% or more)	2030 (2026)	3.2%

Business Strategies – Global Strategy



In April this year, to build a truly international network in our business, we renamed the former Overseas Business Division as the Global Business Division. The change reflects a shift from a Japan-centered perspective to a genuinely global one.

In regions where we already operate, such as the United States, Vietnam, and the Philippines, as well as in Indonesia and other areas where we expect further business expansion,

we will place greater emphasis on on-site initiative and creativity in order to respond swiftly to rapidly changing geopolitical and economic risks.

We also aim to further enhance our presence in the global market by strengthening exports of FA blended cement from Japan, expanding triangular trade, diversifying export destinations, and increasing the handling of supplementary cementitious materials (SCMs).

Market Environment

United States

- Continued Population Growth and Economic Expansion

Southeast Asia

- Potential for Economic Growth

Global Market

- Global Trend Toward Carbon Neutrality in the Global Market

Risks

- Slower construction demand in the U.S. due to the high interest rate policy
- Tariff policy under the Trump administration
- Capacity expansion and new market entrants among competitors in the Asian market

Opportunities

- Increased infrastructure investment and foreign investment in the U.S.
- Shift toward low-carbon blended cement markets on the U.S. West Coast
- Growing cement demand and rising need for blended cement in Southeast Asia

Strengths

- Well-balanced portfolio across the Pacific Rim
- Vertically integrated business encompassing cement, SCMs, aggregates, and ready-mixed concrete on the U.S. West Coast
- Export of blended cement utilizing fly ash from Japan
- Strong credibility and network built through long-standing trading operations

Governance

- Defensive governance: Establishment of anti-bribery measures and internal reporting systems, and implementation of the “three lines of defense” (business execution, risk management, and internal audit)
- Proactive governance: Pursuing growth opportunities while minimizing risks
- Human resources underpinning governance: Developing personnel who earn the trust and respect of local communities in the regions where we operate

Initiatives and progress under the 26 Medium-Term Management Plan

Strengthening the earnings base of existing businesses

Region	Progress status
United States (SCMs/blended cement business)	In response to the growing adoption of low-carbon cements, we are leveraging the trust built through our long-standing trading operations to expand the SCMs and blended cement business. To this end, a large receiving silo is under construction at our terminal in Northern California, scheduled for completion in February 2026.
United States (Aggregates/ready-mixed concrete company acquisition)	CalPortland has strengthened its business foundation through vertical integration from upstream to downstream operations by acquiring aggregates and ready-mixed concrete assets from Grimes Rock and its affiliated companies.
Vietnam (Enhancing competitiveness)	Amid intense market competition, we are working to maximize exports to the United States while implementing cost-reduction measures such as expanding the use of low-grade coal and introducing a waste heat recovery power generation facility (scheduled for completion in May 2027).
Philippines (Plant renewal)	Following the completion of the plant renewal, the production capacity has been expanded to 3 million tonnes per year. We aim to further increase cement sales by leveraging the advantages of our high-efficiency facilities.

Further expansion of business domains

Region	Progress status
Indonesia (Deepening partnerships)	Led by our local subsidiary, we are working to deepen our partnership with PT. Solusi Bangun Indonesia Tbk. through initiatives such as launching exports from the company's Tuban Plant to the United States and collaborating in the ground improvement business.
United States, Southeast Asia, and Oceania	We are currently examining potential M&A opportunities based on information gathered through our trading and other global networks.

Expansion of the trading business

Region	Progress status
U.S. market	We are working to stabilize cement supply to the U.S. market and expand the sales of blended cement.
Export of blended cement from Japan	We aim to expand blended cement sales across Asia by utilizing the Saiki Ash Center in Saiki City, Oita Prefecture, which has newly installed facilities for producing and shipping FA blended cement.

Topics

Renewal of production line at Taiheiyo Cement Philippines, Inc.

In November 2020, we decided to renew the production line at Taiheiyo Cement Philippines, Inc. Despite the challenges posed by the COVID-19 pandemic, construction progressed steadily, and a completion ceremony was held in July 2024. Approximately 80 attendees participated in the ceremony, including senior officials from the Philippine government and representatives from the Embassy of Japan.

The Philippines is experiencing remarkable economic growth, with infrastructure investment advancing under the Marcos administration's "Build Better More" initiative. The renewal of the production line has increased annual cement production capacity to 3 million tonnes and introduced state-of-the-art technology, enabling the stable supply of high-quality cement made with Japanese technology while also contributing to reducing environmental impact.

Furthermore, Taiheiyo Cement Philippines, Inc. is constructing a new cement terminal on Luzon Island to strengthen its market presence in the Philippines.



Taiheiyo Cement Philippines, Inc. – Cebu Plant
(Philippines)

Business Strategies

[Special Feature: Dialogue] Global Business



Shinji Fukami

Vice President and Director
Senior General Manager of
Global Business Division

Yoshiko Koizumi

Independent Director

Strengthening the Foundations of Global Business through Defensive and Proactive Governance

Strengthening “Defensive” Governance through Trust

Fukami:

In our global strategy, we reinforce governance from both defensive and proactive perspectives. On the defensive side, we regard bribery as the most significant risk in overseas operations. We have benefited from the advice of Director Koizumi, who has long worked as an attorney in corporate law and international transactions. As a group initiative, in January 2017 we established our Anti-Bribery Policy, and since then we have strictly enforced compliance and the prevention of violations.

Koizumi:

There are countries—some where we are already operating—that require particular caution with respect to bribery. When we once considered entering a certain region, I advised the management team to exercise the utmost care. Even suspicions of bribery can result in project suspension, delays in material delivery, and other significant impacts. Regarding internal whistleblowing systems, it is also essential to enhance operations with attention to language and other considerations.

Fukami:

We set up a global whistleblowing system in April 2025. From the perspective of strengthening compliance, such systems are extremely important. We are enhancing the framework for handling whistleblowing reports, including multilingual support. At our overseas bases, risk management is carried out under the “three lines of defense” concept, with the business execution unit, risk management unit, and internal audit unit each playing their roles. Together with statutory auditors, internal audit departments, and subsidiary-specific initiatives, we have built multilayered audit mechanisms.

Koizumi:

That is extremely important, and our company has established the right structures.

Fukami:

On the other hand, if we only focus on setting up the framework, the audit tends to become merely a formality. Both sides must avoid falling into an authoritative stance or a sense of being forced. I always emphasize that it is the communication between the auditors and the local staff, and the trust built on that basis, that makes it possible to speak up and address the issues that truly need to be raised.

"Proactive" Governance for Growth

Fukami:

On the growth and proactive side, our global business aims to maximize corporate value by enhancing competitiveness and profitability, underpinned by the development of global structures and talent cultivation. In this sense, proactive governance is about managing the risks that inevitably accompany growth. Each country presents its own risks when entering new markets, but new businesses cannot be created without taking on some risk. Governance must enable us to take on challenges while minimizing risks.

Koizumi:

The company discloses information on overseas entry and retreat decisions to independent directors, which ensures transparency and also places heavy responsibility on us. As an international lawyer, I routinely exchange information with overseas attorneys. When important contracts with foreign companies are brought forward, I examine them in light of each country's latest legal and business updates. Since such information is likely to affect the choice of schemes and other transaction methods, I believe that information sharing is essential.

Fukami:



In overseas M&A and contracts, even when the execution side believes internal discussions are sufficient, revisions and adjustments are often required in the final stages. To further reduce risk, I look forward to continued advice from Director Koizumi on corporate law and international business matters.

Koizumi:

Entering new countries or regions involves significant risks due to differences in language, religion, law, culture and so on. At the same time, these regions may offer attractive opportunities such as high profitability or strong economic growth potential. Proactive engagement is necessary. I also try, as much as possible, to go out into the world at international conferences and interact with people from various countries. From what I have observed, companies that have successfully expanded abroad often start by building trustworthy local relationships and networks, and by steadily working from there. Even if such processes may seem indirect, I would recommend

going through them as well.

Human Resources that Support Governance

Koizumi:

Building communication and trust is crucial for the growth and success of global business. When I spoke with a local subsidiary president, I was impressed by their active efforts—frequently organizing gatherings and engaging closely with employees to genuinely understand their sentiments and individual circumstances, thereby strengthening mutual trust. Even when dispatching executives from Japan to overseas subsidiaries, it is vital to consciously develop and send individuals who will be trusted and respected locally.



Fukami:

In observing employees dispatched overseas, I find that engineers in particular can build trust even without advanced language skills, because they convey clear technical messages grounded in their expertise. When such professional respect is combined with communication skills, they are able to demonstrate genuine leadership.

Business Strategies

[Special Feature: Dialogue] Voices of Local Leaders

(Taiheiyo Cement U.S.A., Inc.* and CalPortland Company)

on "Growth Strategy for the U.S. Business"

* Taiheiyo Cement U.S.A., Inc. is a wholly-owned subsidiary of Taiheiyo Cement Corporation, holding 100% of the shares of CalPortland Company



We aim to deepen collaboration with Taiheiyo Cement and maximize profitability in the U.S. market.

Strategy and Corporate Culture with a 100-Year Perspective

Hara:

Taiheiyo Cement (TCC) entered the U.S. market in 1990 and, in 2005, consolidated its local subsidiaries to establish CalPortland (CPC). Since then, the company has expanded through various M&As as well as capacity enhancements and new facilities construction. In 2023, CPC surpassed the record profits achieved in 2006, with revenues now double that level. I would like to ask CPC's top management about the factors behind this growth.

Hamblen:

Over my 15 years as CEO, we have focused on our core strengths—cement, ready-mixed concrete, and aggregates—while actively pursuing investment opportunities that generate synergies. At the same time, it is "people" who ultimately turn investments into results. CPC has attracted some of the most outstanding talent in the industry, and M&A also provides opportunities to acquire new talent. Furthermore, support from TCC, both financially and in terms of human resources, has been essential and indispensable. The fusion of these elements has enabled us to achieve the growth we see today.

Hara:

Over the past 15 years, CPC has become one of the most

active investors among cement producers on the West Coast. In particular, I believe that we have been successful in M&A by effectively taking advantage of the timing of other companies' restructuring.

Hamblen:

Reputation is the key in M&A. For sellers, what matters is not only the purchase price but also whether they can entrust the future of their valuable business to the buyer. This naturally involves considerations such as quality and service. In our case, thanks to our market reputation, we have often been given the "first opportunity to engage".

We have invested great effort into building relationships—whether with suppliers, customers, or employees. At the core of our corporate culture is the belief that "our people and long-term trust are the most important assets." The support we receive from TCC further strengthens this foundation. CPC has a history of 135 years, and TCC's history stretches back even further. The reason both companies have endured so long is that we evaluate investments not merely on short-term profit, but with a long-term horizon. We act not only for the present but with an eye to the next 100 years. I believe that this long-term perspective is one of the reasons we have been able to achieve significant growth in the market.

Hara:

What aspects do you focus on in M&A, and what do you

think have been the main factors behind your success so far?

Hamblen:

There are two points we emphasize when considering M&A. The first is whether there is truly a “synergy” within our business model. The second, of course, is profitability.

Hara:

From the standpoint of synergy, I believe a strong match between cement supply bases and ready-mixed concrete locations has generated substantial results.

Hamblen:

The current business foundation did not come together overnight. It is the result of a carefully designed, long-term strategy combining large-scale M&A with reinforcements to existing operations, each executed step by step. For example, the acquisition of the aggregates and ready-mixed concrete business at the end of last year took nine years from the start of our evaluation before it finally materialized.

Hara:

Our combined strengths have also been a key driver of synergy. At the Redding plant, which we acquired in 2022, the operating rate improved from around 70% at the time of acquisition to over 90% within two years. This demonstrates the synergies not only between CPC and TCC, but also across CPC's existing plants.

Mullen:

We worked hand in hand with TCC on equipment and operational improvements. In terms of transforming employee mindsets, our management team built trust directly with frontline employees, while CPC personnel also took on responsible positions. This helped achieve cultural change—improving awareness of safety and health, environmental responsibility, and work practices. This outcome is a clear demonstration of the synergies created through our collective strength.

Hara:

Let us now discuss your strengths. One of them is surely your solid customer base. What do you consider essential in building and maintaining such a customer base?

Mullen:

The most important point is to always deliver on promises. In particular, “quality commitments” are critical. Of course, stability and high quality are fundamental, but so is delivering products at the promised time and to the promised location. For ready-mixed concrete—the final product—this is especially vital. While it may sound obvious, achieving it requires coordination across all aspects of the business—processes, people, production, logistics, sales, and IT. Another key element is long-term relationships maintained by consistent personnel. By understanding customers' perspectives and values over decades, we have built relationships of trust. Only then can we deliver products that are valuable and competitive for customers.

Hara:

So “long-term” is indeed a critical keyword. Could you now tell us about more direct business strengths?

Hamblen:

First of all, our network. CPC has wide coverage across the entire West Coast, with particularly dense coverage in key metropolitan areas. In the U.S., cement and aggregates are sold on an ex-works basis, so customers naturally prefer to procure from the closest supply point. To meet this need, CPC not only operates cement plants and quarries but also strategically located terminals and aggregate yards, particularly in major demand areas. In the Los Angeles area we have two cement plants and two terminals, while in the San Francisco Bay Area we have one cement plant and three terminals. This allows us to provide reliable and convenient supply to customers.

Second is profitability. As I mentioned earlier, our integrated business model—linking cement, aggregates, and ready-mixed concrete—creates powerful synergies that support a highly profitable structure.

And third is stability. By operating in multiple states with different economic bases, we ensure a stable management foundation.

Mullen:

Technology is also a major strength. CPC operates one of the premier central research laboratories in the U.S. cement industry. We develop new products and technologies in line with market needs, and we also provide technical support for customers when launching new products. This capability is an important factor that gives customers reassurance and earns us strong support. In research, too, we collaborate with TCC, and this partnership provides a solid foundation for our technological strength.

Characteristics and Appeal of the U.S. Cement Industry

Hara:

What unique characteristics, roles, and appeals do you see in the U.S. cement industry?

Hamblen:

Here in Las Vegas, where CPC's headquarters is located, we have the famous Hoover Dam—one of the world's largest and most notable multi-purpose dams, built between 1931 and 1936 during the Great Depression and straddling the Arizona-Nevada border. Across the country, there are also massive facilities such as stadiums. Most of these long-lasting structures are made of cement. I believe the appeal of this industry lies in the exciting opportunity to build new



structures that endure for generations.

Hara:

Indeed, I understand that the Hoover Dam was built using cement shipped from CPC's former Colton plant. Cement supports everyday life, entertainment, and the U.S. economy itself. In fact, U.S. construction material companies are trading at high levels of PBR and EV/EBITDA, which makes sense given the industry's growth potential. What is your outlook for the cement industry and the U.S. economy going forward?

Hamblen:

The United States is one of the countries with the greatest prospects for population growth and the accompanying economic expansion. Cement demand will increase in line with that. In terms of the quality of demand, new opportunities are also emerging from structural changes in society—for example, the construction of data centers driven by advances in AI. Data

centers require large volumes of cement to ensure disaster resilience. Furthermore, to secure adequate power supply, there may also be demand for new small modular reactors (SMRs). In fact, leading IT companies such as Microsoft and Google are supporting SMR construction. Such investments in new technologies present tremendous opportunities for the cement industry.

Mullen:

While there is some uncertainty regarding the impact of tariff policies, the foundation is the 'Made in America Agenda'—a policy of reviving and reshoring domestic manufacturing. We believe they will have a positive impact on cement demand. Particularly for CPC, with the largest cement production capacity on the West Coast, this policy framework offers significant long-term advantages.

Future Strategy: Continuing Growth as a Sustainable Enterprise

Hara:

Under its group management philosophy, TCC has set forth the "Taiheiyo Vision 2023" and the "Desired State for 2050" as long-term goals. How does CPC envision its own future?

Mullen:

To achieve sustainable long-term growth we focus on how best to utilize our existing assets, but also pursuing strategies that include entry into new markets. For example, securing limestone reserves is a task we view on a 50- to 100-year horizon, and we are actively developing new mining areas.

In terms of new markets, we see opportunities for expansion

into other states in the U.S. as well as into Canada. Mexico remains a market of interest, but cultural differences with CPC present challenges.

Hara:

Culturally, in some of the regions TCC is considering for expansion, the local cultures may in some cases align more closely with the U.S. than with Japan.

Hamblen:

In such cases, CPC would be actively involved from the early consideration stage.

Hara:

Carbon neutrality (CN) is also a highly prominent theme. As a short-term strategy, you are working to promote blended cement. In California, adoption lags behind Oregon and Washington. How are you planning to encourage its use?

Mullen:

The key to new products uptake lies in sufficient testing and the sharing of information with customers. CPC has conducted R&D and testing at our central research laboratory and our own ready-mixed concrete plants, with support from TCC, and we have achieved quality at the ready-mix level comparable to existing products. By sharing these results with customers we have built understanding and trust. As a result, the number of projects opting for blended cement in California is growing, and demand will continue to expand.

Hamblen:

Marketing is another important factor. We have launched blended cement products under the "Advancement" brand to highlight them as innovative next-generation cements that create new value.

Mullen:

We are also researching new cementitious materials, alternative fuels, and renewable energy utilization.

Hamblen:

From a longer-term perspective, we are pursuing capture, utilization, and storage of CO₂ while leveraging government subsidies, though these initiatives are extremely costly. We are exploring approaches in collaboration with TCC.

Hara:

CPC is taking the lead within the group in blended cement initiatives. When blended cement is introduced in Japan, we expect to share know-how across the group.

Human Capital

Hara:

I believe one of the major challenges you face is securing human resources.

Hamblen:

Yes, the outflow of talent due to retirement is a significant challenge. To address this, several years ago we introduced succession planning and employee development programs.



In addition, we are evolving these initiatives further by working to establish an in-house educational institution, the Advancement Institute. Retirees will be invited to serve as instructors so their experience and expertise can be passed on to future generations. As a long-term goal, we also aim to provide educational services to customers and local communities, as well as to develop degree programs in collaboration with universities. We hope to deliver value that strengthens relationships with customers, local stakeholders, and employees.

We are also focusing on improving employee engagement. Our management team makes a point of visiting worksites, speaking directly with employees at all levels, shaking their hands, and telling them "We care about you and your families." We want employees to understand that we are not just a corporation, but people. One of the values the Advancement Institute provides is to demonstrate our commitment to employees' futures and career paths.

Safety, Environment, and Governance Initiatives - Safety and Environment as Top Priorities

Hara:

CPC has achieved remarkable results in safety, which is a cornerstone of sustainable management. Could you share some of the key initiatives behind this success?

Hamblen:

Safety must be the top priority across the organization. Protecting "people," our most important asset, requires nothing less. The key is not to leave safety to the worksites alone but to foster a culture in which headquarters and all employees work together. Another important point is to continually send the message from top management that "safety is the highest priority," for example by making it the first agenda item at every meeting. We also emphasize that the company is not solely responsible for employees' safety, but that each individual must also take responsibility for their own safety. Ultimately, it is also vital to acknowledge and celebrate employees' achievements.

Hara:

At TCC as well, we always communicate that "safety leads to employee happiness." Ultimately, this ties directly to higher plant operating rates, improved employee retention, and increased profitability. Could you now tell us about your environmental initiatives?

Hamblen:

The environment is also a top priority. While meeting regulatory requirements is a given, we go beyond compliance to emphasize environmental stewardship and contributions to local communities. We want CPC to be recognized as a responsible steward in the community. To this end, we have appointed environmental managers who report directly to

headquarters and work closely with worksites, providing training opportunities, strengthening support, and ensuring strict compliance with standards.

Hara:

Next, let us discuss governance. CPC has now expanded to a scale comparable to TCC alone, and you have been strengthening your auditing functions. What results have you seen so far?

Hamblen:

In 2023, we established an internal audit department reporting directly to the CEO and integrated it with our existing J-SOX team to strengthen our auditing functions. We have also enhanced communication with TCC's audit department as well as with external auditors. Already, we have achieved many improvements, such as better process flows and management data. We believe it is vital to establish a governance structure that ensures safety, environmental initiatives, and internal auditing all function properly, thereby strengthening confidence in CPC's business operations in the U.S.

Message to Readers

Hara:

Finally, could you share a keyword that represents your vision for 2025, and what you think is necessary to achieve it?

Hamblen:

The keyword we have chosen is "Focus."

Mullen:

We believe we must focus on the areas we can control—such as sales, production, and logistics. Factors like interest rates and certain economic variables are beyond our control. We must focus on the things that help us achieve our goals.

Hamblen:

In other words, we focus on understanding and leveraging our strengths, and on recognizing and controlling our challenges. For example, while we are focusing on blended cement, we also focus on the import of slag, and on individual bidding projects. By focusing on the many small things, executing them one by one, and steadily building on them, we can maximize profits. That is why COO Mullen and I selected "Focus" as our keyword.



Business Strategies – Revitalization of Domestic Business



As Japan's leading cement supplier with a long history, we recognize our mission is to maintain the ability to provide a stable supply of cement across the country, including for disaster recovery and measures to strengthen social resilience. In addition, we accept not only waste and by-products generated by local communities and other industries but also waste resulting from natural disasters as raw materials and fuel for cement production, thereby

contributing to the creation of a circular economy and the recovery of affected areas.

Under the 26 Medium-Term Management Plan, we will continue working to optimize cement prices and enhance our presence in the domestic market. By shifting our focus from market share to profitability, we aim to revitalize our domestic cement business with a target operating profit margin of 10% or higher.

Market environment

- Domestic cement demand continue to decline while there is steady demand from major projects such as the Hokkaido Shinkansen extension to Sapporo, large-scale urban redevelopment, and new semiconductor plant construction, factors such as a chronic labor shortage, the wider adoption of a five-day work week, soaring construction costs, and shortages of lightweight aggregates have combined to suppress demand.
- Adverse weather conditions – including torrential rain caused by typhoons and linear precipitation bands, and heavy snowfalls along the Sea of Japan coast – have also weighed on demand.
- Due to an imbalance between supply and demand, although order backlogs on the supply side are accumulating, progress in completing them has been slow.

Risks

- Decline in domestic demand
- Rising manufacturing costs, environmental protection expenses, and soaring labor costs
- Population decline and labor shortages
- Aging production facilities
- Decarbonization challenges and volatile energy prices

Opportunities

- Maintenance and renewal demand for aging infrastructure
- Contribution to a circular economy (e.g., environmentally conscious products)
- Introduction of new technologies (such as C2SP kiln)
- Increased operating profit through revisions to cement sales prices
- Advancement toward a more resilient society
- New investments resulting from reshoring of supply chains

Strengths

- As a leading cement supplier with a long history, the Company provides a stable supply of cement.
- There are no alternative materials that can replace cement.
- By accepting not only industrial and community-generated waste and by-products but also disaster-related waste as raw materials and fuel for cement production, the Company contributes to solving social issues such as promoting a circular economy and supporting disaster recovery efforts.

Initiatives and Progress under the 26 Medium-Term Management Plan

Fundamentally revise pricing policy

Outline of Strategy	Progress Status
<ul style="list-style-type: none"> As domestic cement demand has continued to decline year by year, rising costs and soaring coal prices could not be reflected in product prices, resulting in continued losses during the previous Medium-Term Management Plan period. From the perspectives of disaster response and waste treatment, maintaining the domestic cement business remains essential. Under the 26 Medium-Term Management Plan, we are shifting our focus from market share to profitability and promoting a review of our pricing policy. 	<p>In FY2025, the effect of a total price revision of ¥5,000 per tonne was realized, resulting in a significant improvement in profit and loss. However, profits have since been squeezed by factors such as further increases in transportation costs, maintenance and renewal expenses for aging facilities, and rising labor costs. Effective from shipments in April 2025, an additional price revision of ¥2,000 per tonne was implemented, which has been well received and is quickly gaining acceptance among users.</p>

Provide total solutions

Outline of Strategy	Progress Status
<p>We will shift from the conventional sales approach in which multiple representatives independently relied on their own knowledge and expertise, to a sales model that offers total solutions to customers through a one-stop service and sales DX. This transition aims to enhance customer satisfaction, reduce expenses, and revitalize our domestic business.</p>	<p>We have launched the development of a platform to share information between the Cement Business and the Resources Business, where overlapping customers exist.</p>

Optimize production systems

Outline of Strategy	Progress Status
<p>While domestic demand for cement continues to decline, demand for blended cement is increasing, particularly in Southeast Asia. We aim to maintain the operating rate of domestic plants through the production and export of blended cement.</p>	<p>Along with upgrading fly ash export facilities at the Saiki Ash Center, we have also advanced efforts to enhance logistics efficiency by introducing AI-based ship allocation optimization as part of our DX strategy. The AI-assisted vessel allocation system began operation in May 2025 to support optimal scheduling and logistics efficiency.</p>

Topics

Introduction of environmentally friendly transport vessels

We are promoting the construction of new ships with excellent energy-saving performance, while also working in collaboration with shipping companies to develop additional energy-efficient vessels that use existing fuels.

Shift to AI-driven operations

To improve the efficiency of vessel allocation we have implemented AI-based scheduling, which has reduced fuel consumption and port charges. In addition, we are upgrading the AI engine to adapt to changes in the operational environment surrounding vessel allocation.

Launch of Blast Furnace Cement Type C

In September 2025, we began sales of "Blast Furnace Cement Type C", a low-carbon blended cement that with reduced CO₂ emissions during manufacture of by approximately 65%.



Launching ceremony for a newly built vessel

Business Strategies

[Special Feature: Dialogue]

– Revitalization of Domestic Business as the Driving Force for Growth



Naoyuki Kira

Director, Senior Executive Officer
Senior General Manager
of Cement Business Division

Shingo Tsutsumi

Independent Director

Domestic Business Strategy and Future Outlook of Taiheiyo Cement – A Conversation with Senior Executive Officer Kira and Director Tsutsumi

Outlook for the Domestic Business Environment and Taiheiyo Cement's Role

Kira:

In recent years, the domestic cement market has continued to face severe conditions, with demand posting year-on-year decreases for over 30 consecutive months. The main causes are the contraction in demand due to population decline, the erosion of profitability from soaring material and labor costs, and a serious shortage of workers. In addition, restrictions on working hours stemming from work-style reforms have caused bottlenecks, slowing project progress.

Tsutsumi:

I also come from the materials industry, and Japan's equipment industries as a whole are facing aging facilities, shrinking domestic demand, and increasingly fierce competition in exports due to factors such as the economic slowdown in China. Although some degree of industry consolidation has already taken place, I believe

there is potential for another wave of restructuring in the future. Amid these circumstances, I believe our Group is positioned to

play a leading role in the industry as a top supplier moving into the future. One of our major strengths lies in our well-balanced network of plants across Japan, which enables us to make significant contributions not only to the maintenance of social infrastructure, but also to disaster response when emergencies occur. Although the market environment remains challenging, there are indeed opportunities for demand, such as in national resilience projects and the restoration of aging infrastructure. It is our mission to address the causes of stagnant demand—for instance, through innovations in construction methods—while fulfilling our social roles in maintaining infrastructure and accepting waste and by-products.

Achieving Fair Pricing

Kira:

A major factor behind the recent recovery in earnings has been our decisive price revisions totaling ¥7,000 per tonne over the past three years. These adjustments were essential to offset rising costs. In particular, the price increase of ¥2,000 per tonne effective April 2025 was announced a full year in advance, giving users time to prepare for the pass-through, resulting in smooth negotiations. Going forward, we will continue to emphasize a collaborative approach, ensuring that price increases are understood and accepted across the entire supply chain rather than imposed unilaterally.



Tsutsumi:

I believe that achieving fair pricing was largely driven by President Taura's own efforts to personally visit the front lines of sales operations and ensure that the principle of "profit over market share" was thoroughly instilled and put into practice at the operational level. In the past, maintaining market share had been the top priority, but I sense a real shift in mindset recognizing that fair pricing is essential for reinvesting in aging facilities and revitalizing our domestic operations. This is the cornerstone of building a sustainable business, and it is a policy that must be continued going forward.

Business Opportunities in Domestic Operations

Kira:

While there is underlying demand in the domestic market, it is not easily translating into actual orders due to on-site constraints such as labor shortages and the spread of a five-day working week. Going forward, we believe that developing new products that enable labor-saving and greater efficiency at construction sites will be essential. At the same time, solidifying materials for ground improvement represent a promising product area. In the Noto earthquake, for example, land that had undergone ground improvement sustained almost no damage. By strengthening our PR activities and raising public awareness of these materials, we expect to see substantial growth in demand from the perspectives of national resilience and "pre-disaster recovery."

Tsutsumi:

In recent years, the frequent occurrence of natural disasters and accidents involving public infrastructure has prompted society as a whole to recognize the fragility and aging of Japan's infrastructure. To safeguard the infrastructure that supports people's daily lives and safety, investment in maintenance, renewal, and reinforcement is essential. Recently, the government has been promoting national resilience and large-scale disaster prevention and mitigation plans more vigorously than before. Our Group operates plants across Japan, playing an important role in building and maintaining local economic and social infrastructure, as well as in waste management and disaster response. We believe it is also important to further strengthen our communication of these social contributions.

Initiatives for Further Enhancement of Corporate Value

Kira:

We are integrating our sales functions for cement, aggregates, and waste treatment to establish a total solution framework that enables us to provide one-stop solutions to customers' challenges. In anticipation of a future decline in

sales personnel, improving efficiency is also one of our key objectives. However, there are many issues to address—such as system integration and organizational restructuring—and we are currently promoting this initiative on a company-wide basis. Another major strength of our Group is that we own and operate our own limestone quarries, enabling us to produce and supply products not only for cement and ready-mixed concrete aggregates, but also for a wide range of industrial applications. However, in order to make the most of this strength, it is essential to extract and ship limestone—naturally distributed underground in varying grades—while maintaining a proper balance of quality and particle size. Because such mining operations inevitably need to be large-scale, a certain level of investment is unavoidable. Even so, by advancing the profitability enhancement measures mentioned earlier, we aim to generate substantial returns that will enable us to maintain our nationwide network of plants. Through this, our Group can continue to fulfill its social mission by providing unique value in supporting social infrastructure during disasters and other emergencies. Ultimately, we believe these efforts will lead to further enhancement of our corporate value.

Tsutsumi:

Owning Japan's largest domestic source of raw materials within the materials industry and being able to vertically and horizontally expand our business around it is a major advantage. Our Group's business model is built around limestone as the starting point, closely linking the cement, ready-mixed concrete, environmental and resource, and construction materials and civil engineering businesses. This is the source of our ability to provide one-stop solutions that meet the diverse needs of our customers. Moreover, our total-solution capability is not limited to hardware (products) but also encompasses software—our people and technologies—reflecting the comprehensive strength of the Group. Going forward, we intend to communicate these strengths more proactively to external stakeholders and work to further enhance public recognition of our value.

Kira:

Our mission is to "continue producing cement until the very last tonne of domestic demand" and we will remain committed to contributing to social development together with our customers. At the same time, the cement industry as a whole—including our peers—has roles and challenges that must be addressed across the entire supply chain. As a leading company in the industry, we intend to take the initiative in tackling social issues and creating new value.



Business Strategies – Mineral Resources Business



Kenichi Hirata

Managing Executive Officer

Takashi Suzuki

General Manager of Mineral Resources
Business Department

To ensure the long-term and stable supply of limited resources, we are engaged in quarry development with a vision looking 100 years into the future. Utilizing our overwhelming supply capacity and supply chain network from 13 domestic limestone quarries, we continue to maintain our competitive advantage not only in cement production but also in supplying aggregates and raw materials to a wide range of other industries, including ready-mixed concrete, steel, electric power, and lime manufacturing, while promoting higher added value.

Furthermore, we are expanding the sale of solidification and stabilization materials such as "DENITE", processing of surplus construction soil, and the development of functional material businesses such as ultra-high-purity silicon carbide (SiC) and functional hollow particles "CellSpheres". By strengthening the comprehensive capabilities of the Group and maximizing synergies, we aim to establish a resilient earnings structure less affected by fluctuations in cement demand. In addition, we are actively promoting initiatives toward the realization of carbon neutrality.

Market Environment

Aggregates Business

- Limestone is being used in "high-durability concrete" and "high-strength concrete", and the number of projects specifying limestone aggregates continues to rise.
- As high-quality natural resources are becoming depleted, expectations for limestone aggregates are growing.

Mineral Products Business

- Domestic demand for steelmaking and paper manufacturing is declining.
- Conversely, exports of high-quality limestone to Taiwan and other Southeast Asian countries are showing a gradual increase.

Geo - Solutions Business

- The ratio of construction surplus soil being processed for use as cement raw material is decreasing.
- Meanwhile, strong demand continues for neutral solidification materials used in shield tunneling and related construction projects.

Risks

- Rising labor, material, manufacturing, and transportation costs
- The labor shortage problem arising from safety regulations limiting the overtime work of truck drivers, the so called "2024 problem" and compliance with work-style reform regulations
- Shipping and logistics issues: labor shortages and higher costs, as well as reduced fleet size due to aging vessels

Opportunities

- Overseas business opportunities, including the establishment of local resource operations including the acquisition of mining interests abroad
- Quarry development and capacity expansion projects
- New businesses leveraging advanced technological capabilities
- Provision of services in response to new or revised laws and regulations

Strengths

- High-quality limestone supplied for steelmaking, chemical, and paper industries
- Stable supply of aggregates and mineral products
- Strong production capacity supported by 13 limestone quarries in Japan
- Extensive logistics network with numerous distribution bases, including in the Tokyo Bay area
- Development of new markets through the creation of added value from mineral resources

Initiatives and Progress under the 26 Medium-Term Management Plan

Strengthening existing core businesses

Outline of Strategy	Progress Status
Promoting the sustainability of production facilities and the supply chain to ensure a stable supply of mineral products.	The increase in costs are being passed on through price adjustments, while stabilizing production and logistics ensures a steady supply. At the Tosayama Mine, which has high-quality limestone deposits, capacity expansion work for steelmaking products is underway, and once completed, the site will serve as a shipment base for both domestic and overseas markets.

Enhancing profitability of affiliated companies

Outline of Strategy	Progress Status
Strengthen mutual complementarity and reciprocal relationships among group companies to maximize synergy effects.	The Mineral Resources Business Department operates affiliated companies across Japan and seeks to leverage each company's strengths to generate profits through enhanced synergies. To this end, it is promoting integration and consolidation of similar businesses to improve capital efficiency and optimize the supply chain through unified efforts of production and sales.

Establishing a framework for long-term stable supply of resources

Outline of Strategy	Progress Status
Steady implementation of development for the next mining area of limestone quarries	At the Niitsu-Kumi Mine and the Tanoumi Mine, construction work for new mining areas is underway. In addition, at the Niitsu-Kumi Mine, production of fine aggregates is being expanded, and at the Tosayama Mine, facilities are being reinforced to increase production of mineral products – all aimed at building a stable supply framework.

Expansion of new domestic and overseas businesses

Outline of Strategy	Progress Status
Expansion of the functional materials business and growth of local subsidiaries in Vietnam and other countries.	In Vietnam, the company is expanding its gypsum sales business and focusing on sales of solidifying agents. As for functional materials, efforts are underway to expand operations through the full-scale commercialization of the functional hollow particle "CellSpheres" and high-purity silicon carbide (SiC) for power semiconductor applications.

Topics

Full-Scale Operation of the Minamisode Aggregate Yard

In the resources business, we are developing operations tailored to the characteristics of each mine. The Minamisode Aggregate Yard (Chiba Prefecture) was completed in January 2025 and began full-scale operation in April. Going forward, we plan to mix and sell fine Chiba sand with coarser sand from the Niitsu-Kumi Mine (Oita Prefecture) to meet local demand. In addition, a dedicated 7,000-tonne grab bucket vessel is scheduled for construction in January 2027 to strengthen stable supply capacity through regular operations.



Minamisode Aggregate Yard

Business Strategies – Environmental Business



Yutaka Murakami
Managing Executive Officer

Yasushi Tomisako
General Manager of Environmental
Business Development Department

The Environmental Business Development Department contributes to the conservation of natural resources and the extension of landfill life by substituting waste and by-products for natural raw materials and fuels used in cement manufacturing. In recent years, as domestic cement demand has declined, it has become necessary to adjust the intake of raw material-type waste; therefore, the company is also considering effective utilization outside cement plants.

Meanwhile, there remains room for expansion in fuel-type waste, and the company is working with relevant parties to increase its intake. Furthermore, as part of its contribution to carbon neutrality, the company is focusing on expanding exports of FA blended cement, which reduces CO₂ emissions, thereby promoting value creation that balances environmental and economic sustainability.

Market Environment

- While fuel sales and plastic waste processing remained sluggish, coal ash treatment, limestone powder (TANKAR) sales, and biomass fuel sales were steady.
- Following the 2024 Noto Peninsula Earthquake, the company began accepting disaster waste.
 - ➔ In FY2025, approximately 40,000 tonnes of wood waste were accepted at Myojo Cement Co., Ltd.
 - ➔ In FY2026, an additional 20,000–30,000 tonnes are expected to be accepted.
- Competition for alternative heat energy sources intensified due to decarbonization trends.
 - ➔ The company is working to address challenges related to increasing the use of waste plastics and recycled oils.

Risks

- Decrease in the amount of waste that can be accepted due to reduced cement production volume
- Shift of waste plastics toward chemical recycling and material recycling
- Promotion of carbon neutrality leading to a decline in the use of fossil fuels, which in turn reduces the generation of waste oil and recycled oil, while higher fossil fuel prices increase demand for these oils

Opportunities

- Utilization of difficult-to-process waste plastics and newly developed recyclable materials as alternative heat energy waste
- Establishment of business schemes that are not dependent on cement production, such as metal recovery from waste and phosphorus recovery from sewage systems

Strengths

- Advanced waste recycling and resource recovery technologies based on a proven track record of accepting and utilizing approximately 6.75 million tonnes of waste and by-products annually as raw materials and fuel
- Competitive advantage derived from safe and reliable waste treatment utilizing the characteristics of the cement manufacturing process

Initiatives and Progress under the 26 Medium-Term Management Plan

Expansion of Competitive Advantage in Existing Businesses

Outline of Strategy	Progress Status
Further focus on collecting waste that contributes to cost reduction, reinforcement of price reviews for waste treatment, and expansion of acceptance of waste materials as alternatives to thermal energy.	Facing challenges such as rising logistics costs and labor expenses in waste treatment, the company aims to carefully explain and gain users' understanding of the need for higher waste treatment fees as part of its contribution to regional resource recycling.
Maximizing the use of the Ash Center and supporting the expansion of FA blended cement exports.	A new coal ash classification facility has started operation within the Saiki Ash Center. Even low-grade fly ash can now be used as a raw material for FA blended cement for overseas markets through appropriate particle size adjustment.

Creation of New Added Value

Outline of Strategy	Progress Status
Promotion of initiatives to achieve carbon neutrality.	The company is working to secure coal ash, a raw material source for expanding exports of FA blended cement, while continuing to engage in a large-scale dairy farming project in Namie Town, Fukushima Prefecture.
Launch of new businesses contributing to the circular economy.	Started a waste solar panel recycling business at Nacode Co., Ltd.'s Sodegaura Recycling Center. In addition, the company continues its independent research on phosphorus recovery from sewage, conducted jointly with the Tokyo Metropolitan Government and Metawater Co., Ltd.

Topics

Eco-Cement Facility

The company concluded an "Ecocement Facility Core Equipment Improvement and Operation Project Agreement" with the Tokyo Tama Wide-Area Resource Circulation Association. Under this contract, the company was awarded a renovation work contract for the main equipment of the aging Ecocement facility and as well as a new 25-year operation contract starting in FY2027.

New FA Blended Cement Production and Shipping Facility

The company has decided to establish a new FA blended cement production and shipping facility within the Saiki Ash Center, which will serve as an export base for blended cement. Shipment is scheduled to begin during the period of the 26 Medium-Term Management Plan.



Tokyo Tama Ecocement Facility (Overall View)

Business Strategies – Construction Materials Business



Isao Matsui

Director, Senior Executive Officer

Shigeki Nakayauchi

General Manager of Group Business
Strategy Department

The Building Materials and Construction Business consists of the building materials business, which manufactures and sells premixed products, concrete admixtures, repair materials, and building and civil engineering materials including ALC (autoclaved lightweight aerated concrete), and the construction business, which carries out reinforcement and repair work for concrete structures.

Major group companies include Clion Co., Ltd., whose main business is the manufacture and sale of ALC products; Taiheiyo Materials Corporation and Chichibu Concrete Industry Co., Ltd., whose main business is the manufacture

and sale of premixed products; and Taiheiyo Techno Corporation, whose main business is the reinforcement and repair of concrete structures.

Although the business environment surrounding this segment is showing a declining demand trend due to the chronic labor shortage in the construction industry, we will continue to promote business diversification and efficiency while expanding operations through M&A and other means. In addition, we will work to achieve low carbonization of group company products by utilizing the Company's carbon-neutral technologies.

Market Environment

- Although domestic demand is declining, the prices of raw materials, fuel, and labor are rising. To strengthen the earnings base, each group company is steadily implementing appropriate pricing measures.
- As demand for the maintenance and repair of aging social infrastructure increases, the companies are considering expanding services in the infrastructure maintenance business in addition to promoting the sales of products and dissemination of construction methods that meet market needs.
- To expand overseas business areas, preparations are underway to introduce high-performance premixed products to the Southeast Asian market.

Risks

- Rising manufacturing costs due to soaring raw material and fuel prices
- Shrinking domestic demand
- Labor shortages resulting from the declining birthrate and aging population
- Response to decarbonization initiatives

Opportunities

- Increasing demand for maintenance and repair of aging social infrastructure
- Response to national resilience initiatives
- Products and construction methods that promote labor-saving, manpower reduction, and shorter construction periods
- Materials and solutions addressing carbon neutrality and environmental issues

Strengths

- The group companies offer a diverse range of products, covering everything from new structures to maintenance and repair of existing structures
- Development and market introduction of products that meet growing needs for labor-saving, manpower reduction, and shorter construction periods
- Expansion of business domains through group synergy by integrating the technologies and resources of each group company

Initiatives and Progress under the 26 Medium-Term Management Plan

Further strengthening of the earnings base

Outline of Strategy	Progress Status
<ul style="list-style-type: none"> Steadily reflect various rising costs in selling prices Promote DX-related investments (to improve productivity and ensure logistics and construction capacity) Promote M&A in the infrastructure maintenance business 	Group companies are advancing DX investments to address labor shortages and improve business efficiency, while also working to expand operations through M&A and other initiatives.

Expansion into new business domains including overseas markets

Outline of Strategy	Progress Status
<ul style="list-style-type: none"> Develop markets for high-performance premixed products 	Led by Taiheiyo Materials Corporation, group companies have begun full-scale discussions on expanding their business overseas.

Launch of New Products Toward Carbon Neutrality

Outline of Strategy	Progress Status
<ul style="list-style-type: none"> Introduce environmentally friendly products to the market (e.g., grouting materials for offshore wind power generation, low-carbon admixtures) Expand the application of CO₂ utilization technologies, such as CARBOFIX Cement and CARBOCATCH, to existing products 	Taiheiyo Materials Corporation launched a low-carbon grouting material, "Taiheiyo Pre U-LOX GX." The company also announced its participation in the Zero Carbon Island initiative in Yakushima Town, Kagoshima Prefecture, and is promoting the introduction of the Group's low-carbon products as part of this effort.

Topics

Preparing for increasingly severe natural disasters

Chichibu Concrete Industry Co., Ltd. developed a cavity-filling material called "Chichibu Reco Keep" in response to the Great East Japan Earthquake. This product is also used to fill cavities that form beneath roads due to factors such as leakage from aging sewer pipes and has seen growing demand in recent years. Taiheiyo Materials Corporation developed the "Shin-Wall Seismic Reinforcement Method," which can be applied to structures that were previously difficult to reinforce due to site or construction constraints.

Technologies that enable labor savings, manpower reduction, and shorter construction periods

Clion Corporation's factory-embedded "Anchor Panel" reduces the need for on-site anchor installation work, thereby helping to shorten construction periods. Taiheiyo Materials Corporation's "Taiheiyo N-EX neo" shortens the time required for concrete finishing work. Chichibu Concrete Industry Co., Ltd.'s "Repair Finish" enables painting work on residential foundations to be completed in a single process instead of the conventional three-step procedure.

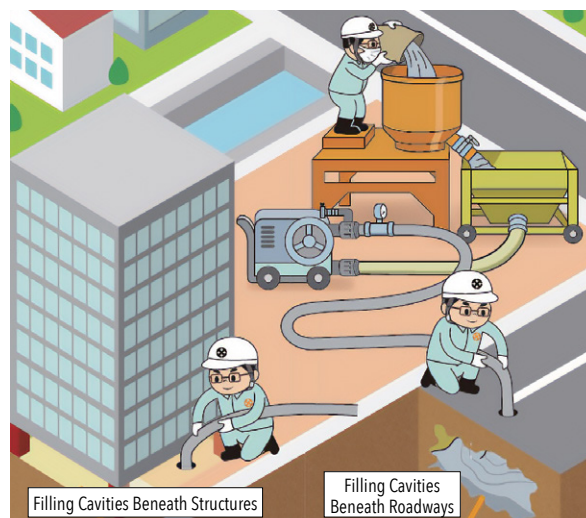


Illustration: Overview of "Chichibu Reco Keep" (Chichibu Concrete Industry Co., Ltd.)

Promotion of Sustainability Management

– Carbon Neutral Strategy



Background to the Establishment of the GX Department

In light of the Japanese government's Green Transformation (GX) policy, the Company newly established the GX Department in April 2025 with the aim of formulating and promoting strategies to achieve carbon neutrality and further accelerating related technological development. Anticipating the full implementation of Japan's domestic emissions trading system (GX-ETS) in FY2027, the department

is engaged in developing strategies that will contribute to the growth of the cement industry and in advocating with the government. It is also advancing the development of fundamental technologies for innovative CO₂ capture and CCUS, while promoting the dissemination of the Company Group's technologies and products as part of disaster-mitigation efforts.

Progress under the 26 Medium-Term Management Plan

Based on the Carbon Neutral Strategy 2050, we are actively pursuing both the maximum utilization of existing technologies and the development of innovative technologies. At the same time, we are engaging with the government and industry bodies by making policy and regulatory proposals, while also working to raise awareness and promote action across society as a whole.

Vision	Carbon Neutral Strategy 2050	<ul style="list-style-type: none"> Under the technological development roadmap, we are steadily promoting R&D aimed at achieving carbon neutrality, and the progress of these initiatives has been smooth.
Predictability of Investment Recovery	Response to the Emissions Trading System (GX-ETS)	<ul style="list-style-type: none"> We are promoting external engagement for rule-making and strengthening our internal framework in preparation for the full-scale implementation starting in FY2027.
	Monetization of Environmental Value (CO ₂ Reduction)	<ul style="list-style-type: none"> Green Cement: We are developing both the mass balance method and the book-and-claim method to monetize environmental value in the form of CO₂ reduction. Definition of Low-Carbon Cement and Concrete: Development of a low carbon rating system under the GCCA (Global Cement and Concrete Association).
Standardization	International Standardization	<ul style="list-style-type: none"> CO₂ Accounting, Measurement, and Reporting: Formulation of the GCCA CO₂ Protocol Version 4.0.
Development and Deployment of Innovative Technologies	Carbon-Neutral Model Plant Initiative	<ul style="list-style-type: none"> Established the C2SP Kiln Project Team as the division responsible for the design and construction of demonstration-scale facilities. The project is progressing smoothly.
	Development of CO ₂ Recovery-type Cement Manufacturing Process	<ul style="list-style-type: none"> Demonstration testing of the C2SP kiln prototype is currently underway, and the set targets have been achieved. Developing methanation technology that converts recovered CO₂ into synthetic methane.
	Advanced CCS Project	<ul style="list-style-type: none"> Participating in the Advanced CCS Project led by JOGMEC (Japan Organization for Metals and Energy Security). Currently conducting basic design work for CCS (CO₂ separation, capture, and storage) systems for cement flue gas.
Response to Extreme Disasters Associated with Climate Change	Dissemination and Deployment of Countermeasure Technologies and Products	<ul style="list-style-type: none"> Produced a PR brochure summarizing the Group's technologies and products useful for extreme disaster countermeasures, and are promoting proposal activities.

Social Environment

- Significant investment and stronger collaboration in transformation policies will be required for the technological innovation and social implementation to achieve a carbon-neutral society. We are enhancing engagement to make maximum use of government subsidy programs and accelerating the process from research and development to social implementation.
- To maximize the value of green products, we are working in collaboration with the Japan Cement Association and other organizations to promote the dissemination and market value enhancement of environmental labels and environmentally friendly products.
- The GX-ETS, to be fully implemented from FY2027, is a market mechanism that fairly evaluates efforts to reduce emissions. Through collaboration and dialogue with industry associations and the government, we are fulfilling our role as a leading company in the GX-ETS framework.

Risks

- Decline in domestic demand
- Population decline and labor shortage
- Addressing decarbonization

Opportunities

- Introduction of new technologies (such as the C2SP kiln)
- Enhancing competitiveness through the development, standardization, and dissemination of products that meet the growing demand for green products
- Strategic response to GX-ETS through collaboration and dialogue with industry associations and the government

Strengths

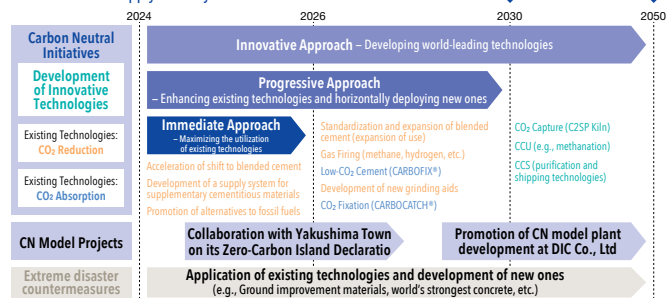
- Proprietary CO₂ separation and recovery technology (C2SP kiln) aimed at setting the global standard in cement manufacturing
- Advanced technological capabilities and proven track record in blended cement both in Japan and overseas
- Strong adaptability for technological deployment in the carbon-neutral field through global business development

Governance

The Vice President and Representative Director oversees all activities related to carbon neutrality. In addition, the company has established the Carbon Neutral Strategy Committee as a cross-functional organization to promote decarbonization strategies in tandem with management strategy. Under this committee, the company formulated the Carbon Neutral Strategy 2050, which outlines the goal of achieving carbon neutrality by 2050, along with medium-term targets for 2030 and a technology development roadmap.

In April 2025, anticipating the full-scale introduction of GX-ETS in 2026, the company established the GX Department to formulate related strategies and further accelerate the development of innovative decarbonization technologies, as well as the C2SP Kiln Project Team to ensure the smooth implementation of C2SP kiln modification work at DC Co., Ltd.

Initiatives aimed at achieving carbon neutrality
across the entire supply chain by 2050



Topics

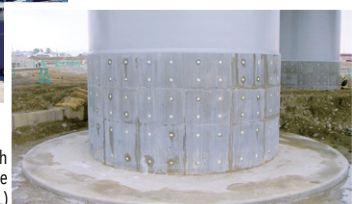
Initiatives to Promote Technologies and Products for Extreme Disaster Response

In preparation for the increasing severity of natural disasters associated with climate change, we have produced a PR brochure that introduces the Group's products and technologies, organized by phase—"Prevention and Mitigation", "Restoration" and "Early Reconstruction." This brochure is being utilized for external technical presentations and proposal activities to local governments and contractors, thereby promoting the wider adoption of our Group's products.



Recycling of Disaster waste
into cement resources
(2024 Noto Peninsula Earthquake)

Ultra-high-strength
fiber-reinforced concrete
(DUCTAL)



[Special Feature] C2SP Kiln

Development of a CO₂ capturing cement production process

Toward establishing innovative technologies to capture the CO₂ generated in the cement manufacturing process and effectively utilize the captured CO₂, we are promoting the development of a CO₂ capturing cement production process (FY2022-FY2031) as part of the NEDO (New Energy and Industrial Technology Development Organization) Green Innovation (GI) Fund project.

Development details of the GI Fund Project

In the cement production process, the raw materials are heated before entering the kiln in a device called a preheater, and then fired at a high temperature in the rotary kiln. Most of the raw material-derived CO₂ is generated in a combustion device called a calciner in this preheater. Focusing on this point, we are developing the "C2SP kiln," which can directly capture CO₂ with compact equipment by increasing the CO₂ concentration in the calciner exhaust gas by using a mixture of oxygen and CO₂ instead of the usual air as the combustion gas for the calciner.

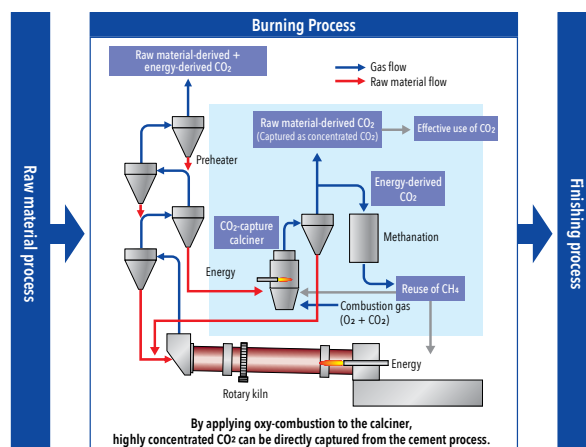
In addition, as one of the methods for effectively utilizing the captured CO₂, we are also promoting the development of technology for producing synthetic methane (methanation) suitable for use in the cement manufacturing process.

Progress of Research and Development

In March 2024, a demonstration test facility was completed in Sanyo Onoda City, Yamaguchi Prefecture, and since then we have been continuously conducting demonstration tests while making improvements to the equipment.

In the development of the C2SP kiln, we have set targets such as the decarbonation rate of raw materials and the CO₂ concentration in the exhaust gas, and this technological development is progressing smoothly, having already achieved results that clear these targets. We are currently acquiring the technical data necessary for the equipment design in

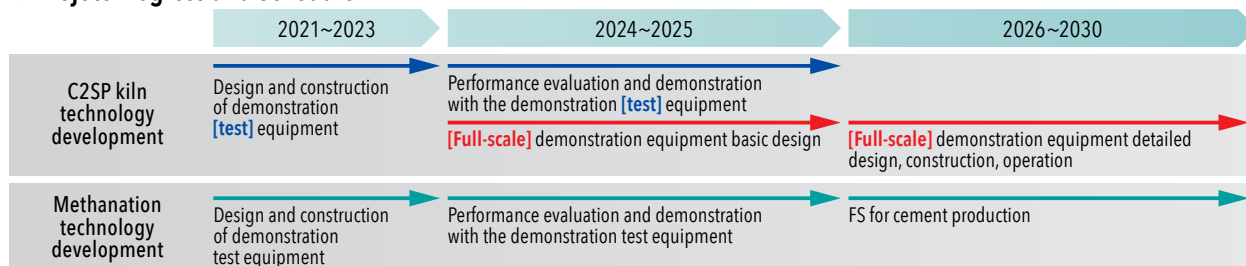
● C2SP kiln flow



preparation for the introduction of full-scale demonstration equipment, which is the next stage.

In the development of methanation technology, the C2SP kiln exhaust gas contains small amounts of impurities that may lead to the degradation of the methanation catalyst, thus requiring pretreatment equipment to remove them. In demonstration tests to date, we have cleared target performance metrics such as the initial methane conversion rate, along with the removal of impurity components by the pretreatment equipment.

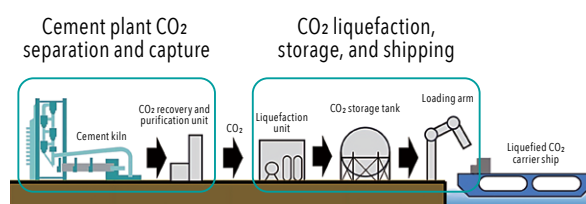
● Project Progress and Schedule



Study for CCS of captured CO₂

We are studying technology for storing CO₂ captured by the C2SP kiln underground (CCS) through JOGMEC (Japan Organization for Metals and Energy Security) / Advanced CCS Projects.

The basic design of these facilities is underway, with the assumption that the purification facility for separated and captured CO₂ will be installed at DC Co., Ltd., and the liquefaction, storage, and shipping facility will be installed at Toyo Wharf & Warehouse Co., Ltd.



Please read right to left.

Further Promotion
of Global Strategies

Revitalization of
Domestic Business

Promotion of Sustainability
Management and Contribution
to Carbon Neutrality

The C2SP kiln, our savior of carbon neutrality, is amazing

"World first technology"

カーボンニュートラルの救世主 C2SPキルンはすごい 技術初の世界

What's your
favorite thing?

Recover CO₂!? How?
Is that even possible?

I'm the C2SP kiln's CO₂ capture calciner!
I capture CO₂!

Amazing
Point

The large amount of CO₂ emitted in the cement
manufacturing process is a major challenge



Let me explain

What!?

CO₂ capture calciner

Ta-da!

We'll take a deep dive into our innovative new system

Amazing Point

Installation just replaces the conventional calciner
The benefits of conventional kilns are retained
when updating the equipment

I see!!
Is it hard
to install?

The CO₂ capture calciner uses "oxygen"
for combustion gas, making the exhaust
gas highly concentrated CO₂!

Conventional calciners use
"air" for combustion gas

"Attention" 70% of CO₂ is
generated in the calciner



Leave it to me

Over to you

Highly
concentrated CO₂

Amazing
Point By separating the exhaust gas system from the kiln,
highly concentrated CO₂ can be captured directly!

We are currently developing
it for implementation

Methane
Hydrogen

Amazing
Point

Highly concentrated CO₂ can be used as a raw
material for methane or stored underground

By the way, what's so great
about highly concentrated CO₂?



I'm excited for the future!!

Amazing!! So, the CO₂ that was
such a headache can be reused.

I'm glad you asked

Promotion of Sustainability Management – DX Strategy



Takaji Kawabe

Managing Executive Officer

Tsutomu Kato

General Manager of DX Department

In April 2025, the Company established the DX Department to advance digital transformation (DX), one of the key strategies under the 26 Medium-Term Management Plan. In August of the same year, the Company announced the full acquisition of Pacific Systems Corporation, a group company engaged in system development. Through this integration, the Company aims to maximize synergies between the two organizations and promote DX across the entire Group.

Through the development of an AI-based ship allocation planning support system, the Company has achieved greater

operational efficiency and faster information sharing, while also improving planning accuracy and reducing operating costs.

Going forward, the Company will continue to integrate advanced technologies with accumulated data to further promote the efficiency and automation of its plants and offices. At the same time, it will foster a culture of transformation throughout the Group and enable all employees to effectively utilize the latest technologies, thereby achieving sustainable growth.

Social Environment

- The Company is focusing on institutional design and human resource development to enhance the organization's overall digital capability.
- With the establishment of the DX Department in April 2025 and the development of an education framework, a foundation has been built to empower all employees to become agents of transformation.
- Efforts are underway to embed DX not merely as a departmental initiative but as an integral part of the corporate culture.

Risks

- Decline in operational efficiency: Continued reliance on manual and paper-based processes hinders productivity and strains human resources.
- Loss of competitiveness: Inability to promptly respond to market and customer needs may result in falling behind competitors.
- Difficulty in securing talent: Challenges in attracting and retaining younger talent who seek digital work environments could impact organizational sustainability.
- Disruption in knowledge transfer: Loss of expertise from veteran employees makes it difficult to pass on skills and know-how to younger generations.

Opportunities

- Serves as a catalyst for structural transformation in the cement industry, enabling the Company to enhance both its competitiveness and social value.
- Accelerates sustainable growth and the development of a highly resilient organization through data-driven decision-making, swift responses to customer needs, and the realization of diverse workstyles.

Strengths

- The Company's strength lies in its ability to balance operational optimization and customer value creation, underpinned by enhanced digital literacy across the organization.
- Through the use of AI and digital tools, it has improved supply chain efficiency, deepened customer relationships, and supported employee retention and engagement, thereby strengthening its overall transformation capability.

Initiatives and Progress under the 26 Medium-Term Management Plan

Production Process Innovation (Smart Factory)

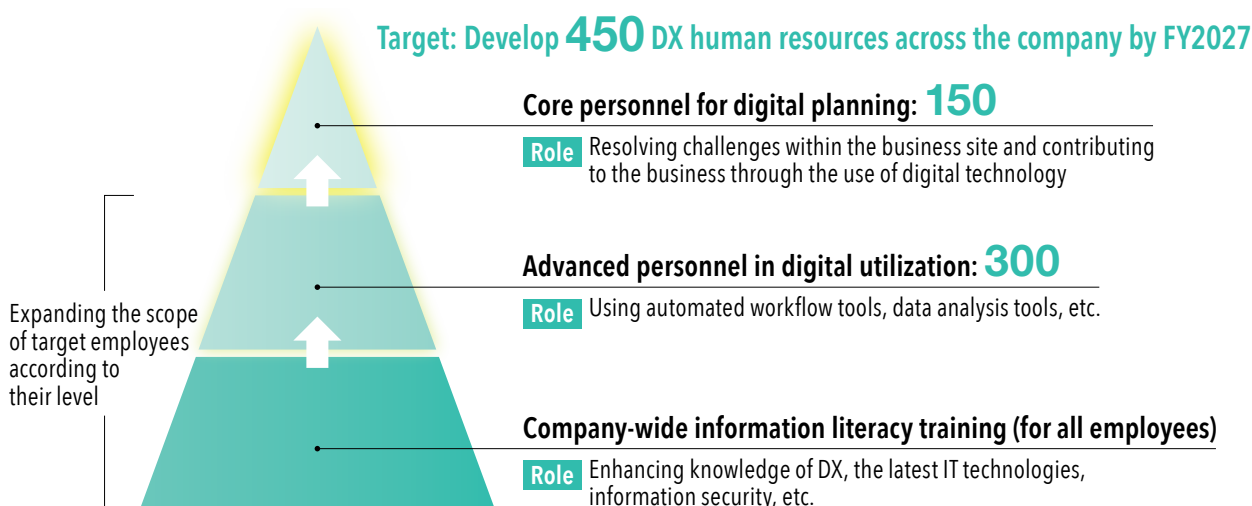
Outline of Strategy	Progress Status
To enhance production processes, the Company is promoting the development of smart factories aimed at labor savings and improved productivity in plant operations.	The Kumagaya Plant has been designated as a model facility, where initiatives include autonomous drone on-site patrols and AI-based equipment management systems. At the Kamiiso Plant, an AI-assisted operation system for production lines has been introduced, and with progress toward automating all three kilns, expansion to the Oita Plant is now under consideration.

Operational Efficiency Reform (Smart Office)

Outline of Strategy	Progress Status
Promote productivity improvement and efficient allocation of human capital by streamlining business processes and centralizing management functions through digital technology.	Generative AI is being utilized for preparing materials and meeting minutes and, through pilot implementation, the Company is verifying its practical applications across various operations. In addition, through "Sales DX", efforts are underway to improve operational efficiency and customer responsiveness using digital tools. The Company is also promoting work efficiency through the use of digital technologies such as RPA and generative AI, while expanding remote work to remove location constraints and promote borderless workstyles.

DX Human Resource Development

Outline of Strategy	Progress Status
Aiming to enhance operational efficiency and productivity in preparation for a declining workforce. The Company plans to develop 450 DX professionals during the 26 Medium-Term Management Plan period, focusing on individuals skilled in generative AI, automation tools, and data analytics.	In FY2025, 170 advanced digital professionals were trained.



Promotion of Sustainability Management

– Human Capital Strategy



Masahiro Ban
Managing Executive Officer

Kunihiro Nakamura
Executive Officer
General Manager of
Human Resources Department

Our basic policy for human capital strategy is to regard our people as “capital” – the driving force behind our growth and the source of our competitiveness – and to create an environment in which each individual can demonstrate their full potential by respecting one another’s individuality and values.

Under the 26 Medium-Term Management Plan, we have identified three key focus areas for developing human resources aligned with our Group’s management strategy: “development of global human resources”, “promotion of

workplace diversity”, and “development of management human resources.” We are steadily advancing various initiatives to achieve these goals.

By advancing smart office initiatives aimed at improving administrative efficiency in anticipation of a labor-constrained society, we are creating new ways of working and enhancing employee engagement. At the same time, through initiatives that help employees balance work and personal life and fully demonstrate their abilities, we strive to maximize the value of our human capital.

Social Environment

- In response to current labor conditions, we have begun to review the restructuring of the personnel system, including reconsidering the transfer system and personnel management systems based on work location.
- As the development of global human resources is an urgent priority for our growth strategy, we are actively expanding our overseas trainee programs and related initiatives.
- To enhance recruitment and retention, we have raised salaries, including for new employees.

Risks

- Outflow of human resources
- Imbalance in employee age distribution (shortage of mid-career personnel)

Opportunities

- Development of global human resources
- Promotion of diversity and inclusion
- Cultivation of management personnel
- Enhancement of employee well-being (flexible work styles and health-oriented management)

Strengths

Enhanced training system

- A variety of OJT/OFF-JT programs, e-learning opportunities, and training courses provide an environment that supports continuous skill development for employees.

Employee engagement score

- In the employee survey conducted in May 2025, items such as “satisfaction with company policies and business strategies”, “work-life balance” and “pay satisfaction” were identified as key strengths.

Support systems for flexible work styles

- Systems such as flextime, telecommuting, and maternity/childcare leave follow-up interviews are well established, creating a comfortable and supportive work environment.

Initiatives and Progress under the 26 Medium-Term Management Plan

Development of global human resources

Outline of Strategy	Progress Status
In addition to expanding the overseas trainee program, the company is implementing overseas language study and internship programs while promoting exchanges with overseas group companies.	Since last fiscal year, the company has resumed in-person overseas internship training in Malaysia. Under the overseas trainee program, employees were dispatched to the Philippines, Thailand, and Vietnam, while the overseas language study program supported language learning through study in the United States and Canada.

Promotion of workplace diversity

Outline of Strategy	Progress Status
Support the career development of female employees while promoting hiring of experienced persons through diverse hiring practices such as the recruitment of foreign nationals, referral hiring, and alumni hiring. In addition, focus on expanding the employment of persons with disabilities and senior personnel.	The ratio of female employees reached the target of 10%, and the ratio of female managers achieved the FY2027 goal of 3% ahead of schedule. Three foreign employees were newly hired. The employment rate of persons with disabilities stood at 2.6%, exceeding the statutory requirement; however, as the statutory rate will rise to 2.7% in July 2026, continuous recruitment efforts will be made.

Development of management human resources

Outline of Strategy	Progress Status
Enhance executive training programs and next-generation leader development training (for women), while promoting reskilling initiatives.	Implemented executive training programs such as the Management Academy and Financial Leadership Program. For next-generation leadership development training, external training sessions were held to provide opportunities for participants to interact with female role models.

Topics

Certified as a "Health and Productivity Management Excellent Corporation 2025 (Large Enterprise Category)"

The company has been certified for the third consecutive year as a Health and Productivity Management Excellent Corporation 2025 (Large Enterprise Category) by Japan's Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi. This recognition demonstrates the outcome of the company's commitment to the annual health management action plan that is part of the company's human capital management. In FY2025, the company organized a walking event in collaboration with its Health Insurance Society. Going forward, it will continue to work closely with related organizations to promote and maintain the health of employees and their families, and to create a workplace environment where all employees can fully demonstrate their capabilities.



Tobitate! (Leap for Tomorrow) Study Abroad Initiative – New Japan Representative Program

In recognition of its support for the Tobitate! Study Abroad Initiative – New Japan Representative Program, a public-private overseas study support scheme, the company was awarded the Medal with Dark Blue Ribbon on March 6, 2025. This program, jointly operated by Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Japan Student Services Organization (JASSO), promotes overseas study opportunities for young people in Japan. The company began supporting the initiative in 2015 and continues to do so as of 2025. Moving forward, it will remain committed to fostering global human resources both within and outside the organization.



Promotion of Sustainability Management - IR Strategy

[Special Feature: Dialogue] Engagement with Investors



Building Long-Term Trust and Sincere Dialogue toward Sustainable Growth and Enhanced Corporate Value

Striving for Fair and Transparent Information Disclosure to Shareholders and Investors



Asakura:

Approximately 40% of our shareholders are overseas investors, which makes global engagement essential. Since last fiscal year, we have been particularly focused on direct dialogue with our major foreign shareholders. During the COVID-19 pandemic we utilized online meetings, but I was reminded of how vital it is to communicate face to

face. Through in-depth discussions conducted on-site, we help participants gain a deeper understanding of our management policies and long-term strategies.

Furikado:

I feel that overseas investors have a strong interest in shareholder returns and medium- to long-term value creation.

Due to changes in the global situation, investors' interests have recently tended to shift from ESG to financial returns and portfolio strategies; however, such focus naturally changes with the times and circumstances. For Taiheiyo Cement, it is crucial to communicate effectively under any circumstances, adapting our messaging to reflect these evolving trends.

Approaching Individual Investors

Asakura:

Our business has long centered on B2B operations, so public recognition among general consumers has been limited. Going forward, however, building relationships with a broader range of stakeholders, including individual investors, will be an important focus. We are currently implementing a public relations strategy aimed at enhancing awareness and strengthening our brand identity.

Furikado:

There is room to explore initiatives that make us more approachable to individual investors, such as plant tours or new shareholder benefit programs. It is also important to make

better use of our 140-year history and achievements to convey the Group's value to a wider audience. For example, I would like individual investors to know that the cement industry also plays a role in waste treatment, and that during large-scale disasters such as the Great East Japan Earthquake, it accepts and processes disaster-related waste.

Direction of Dialogue on the Carbon Neutral Strategy

Asakura:

Although we are seeing some backlash against ESG investing, our Group continues to position the carbon neutral (CN) strategy as a core growth strategy. Our direction remains unchanged—we are steadily advancing initiatives that look toward the future, ensuring that we can clearly explain our strategies and progress to investors at any time. We are also leveraging government subsidies and collaborating with national and local authorities to promote our projects.

Furikado:

Although recent trends surrounding ESG have been shifting, we remain committed to our Future vision targeting 2050 to "Become a leader in the global cement industry" and we look forward to developing carbon-neutral technologies that meet global standards. It is important to continue communicating carefully about such long-term perspectives and the importance of creating social value.

Building Trust and Enhancing Corporate Value through Dialogue with Shareholders and Investors

Asakura:

Our long-term shareholders recognize the growth potential of our Group and tend to show strong interest not only in our business performance but also in the management's philosophy and vision. We strive to ensure sincere communication by having the IR Department report the opinions of shareholders and investors directly to the Board of Directors, without filtering, for open discussion. We believe that accepting candid feedback and reflecting it in management decisions is the foundation of mutual trust.

Furikado:

I feel that discussions on IR at the Board of Directors meetings are becoming more substantial with each passing year. Last year, I visited our Group company in the United States, which helped deepen my understanding of our overseas business and its management challenges. The businesses of

our Group, such as quarry development, are characterized by their extremely long-term nature. As an independent director, my wish is to build partnerships with shareholders and investors who understand these characteristics and share our goal of enhancing corporate value from a long-term perspective.

Asakura:

Engaging in sincere, ongoing dialogue with shareholders and investors who support the Group over the medium to long term is key to achieving sustainable growth and enhancing corporate value. We will continue to communicate our initiatives to improve profitability in domestic operations and our growth strategies for overseas businesses in an easy-to-understand manner, while also enhancing the information disclosure on our U.S. operations, which attract particularly strong interest.

Furikado:

As a Board of Directors, we will continue to firmly oversee the initiatives of the management team while supporting management that remains open and responsive to a diverse range of stakeholders. In addition to sincere engagement activities, we intend for independent directors to also participate in dialogue with shareholders and investors going forward, contributing to the Company's sustainable growth and enhancement of corporate value from diverse perspectives.



Taiheiyo Cement's Strengths

	Strengths and Features	Challenges toward enhancing corporate value
 <p>Financial Capital</p>	<ul style="list-style-type: none"> • Balancing continuous growth investment with maintaining financial soundness 	<ul style="list-style-type: none"> • Strengthening earning power • Appropriate allocation of cash • Reducing the cost of capital
 <p>Manufacturing Capital</p>	<ul style="list-style-type: none"> • Global network incorporating the growth markets of the Pacific Rim • Plant locations covering the entire country • Accumulation of production, quality, and waste treatment technologies • Advanced environmental technologies that enable the promotion of the carbon neutrality strategy 	<ul style="list-style-type: none"> • Chronic decline in domestic demand • Aging production facilities • Declining working population • Stricter GX-related regulations • Soaring energy prices
 <p>Intellectual Capital</p>	<ul style="list-style-type: none"> • World-class cement production and waste recycling technologies • Carbon neutral technologies throughout the value chain • Intellectual property activities linked with business and R&D strategies to ensure the competitive superiority of developed technologies 	<ul style="list-style-type: none"> • Decline in domestic cement demand • Responding to carbon neutrality • Labor shortages in the concrete and construction industries, progression of infrastructure aging
 <p>Human Capital</p>	<ul style="list-style-type: none"> • Highly diverse human capital • Comprehensive, company-wide education system • Support systems for flexible work styles 	<ul style="list-style-type: none"> • Difficulty in reducing occupational accidents • Need to improve employee engagement to increase profitability • Need to secure human resources and improve retention rates due to an increase in mid-career retirees and a declining working population
 <p>Natural Resources Capital</p>	<ul style="list-style-type: none"> • Leading supplier of cement and limestone supporting a safe and secure society • Number of limestone quarries owned (19 in Japan and overseas) • Contribution to extending the life of final disposal sites through the use of waste and by-products (412.6 kg/tonne-cement) 	<ul style="list-style-type: none"> • CO₂ emissions reduction • Biodiversity conservation • Water resources conservation
 <p>Social and Relationship Capital</p>	<ul style="list-style-type: none"> • Strong commitment to respect for human rights • Abundant engagement with local communities in Japan and overseas • Relations with investors worldwide by top management 	<ul style="list-style-type: none"> • Social demand for human rights initiatives, including the supply chain • Fostering understanding of our business model among domestic and overseas investors • Improving recognition among individual investors and consumers • Discovering needs and challenges at domestic and overseas business sites and contributing by leveraging our Group's business characteristics • Improving customer satisfaction

Capital strengthening initiatives

- ROE management
- Financing conscious of net debt/equity ratio (DER)
- Promoting low-interest financing for group companies
- Portfolio restructuring
- M&A strategy (deepening vertical integration)
- Agile bond issuance
- Proactive dialogue
- Thorough profit management
- Stable dividend returns
- Careful information disclosure
- Trinity of strengthening safety, environment, and quality, and thorough compliance
- Improving equipment health and strengthening operational management to continue a stable production system
- Strengthening competitiveness with integrated facilities
- Strengthening on-site capabilities through human resource development
- Promotion of carbon neutrality
- Promotion and strengthening support for global business
- Pursuit of the ideal plant form
- R&D that contributes to business expansion and profit improvement
- R&D aimed at achieving carbon neutrality
- Research and development contributes to the realization of a sustainable society
- Evolution into a group comprehensive research center that consolidates comprehensive capabilities and promotes innovation
- Occupational accident analysis and countermeasures, promotion of occupational safety education
- Implementation of engagement surveys and data utilization
- Support measures such as introduction of the side job system, expansion of maternity/childcare leave systems
- Health and Productivity Management (H&PM) PDCA
- Promotion of women's advancement, promotion of alumni/referral hiring
- Carbon neutral strategy
- Promote the use of alternative raw materials and fuels
- Development of quarry rehabilitation plans
- Management of water resources
- Strengthening supply chain management initiatives
- Proactive IR activities targeting overseas and individual investors
- Proactive communication with local communities
- Establishment and operation of various user societies and industry associations

26 Medium-Term Management Plan

Taiheiyo Vision 2030

Our Vision for 2050

Financial Capital – Financial Strategy



Masahiro Ban
Managing Executive Officer

Hiroshi Onoue
General Manager of Accounting
& Finance Department

Review of FY2025

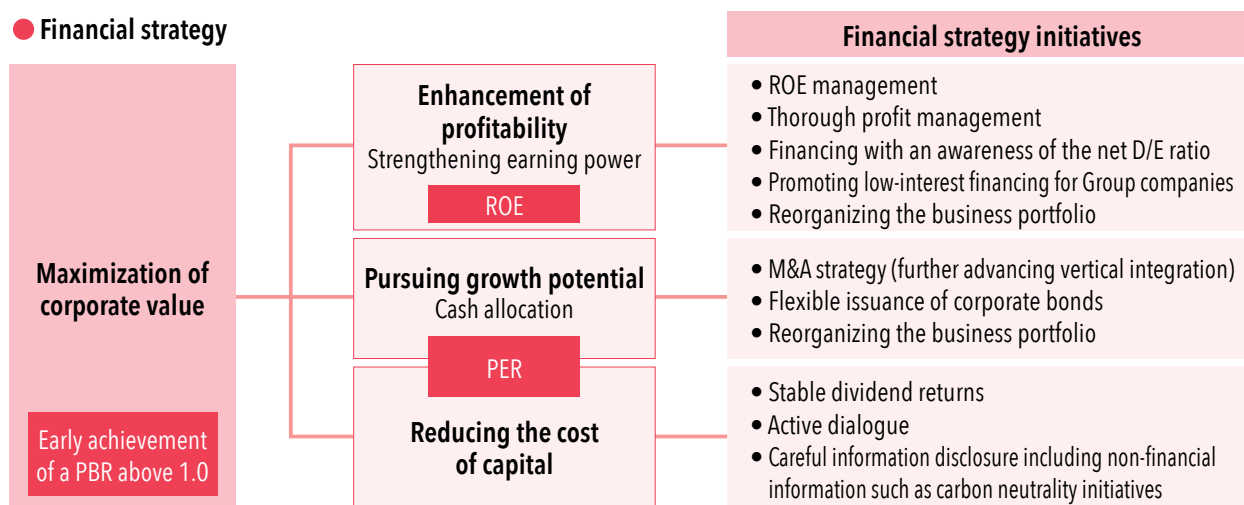
In FY2025, we posted the highest operating income since the Group's formation in 1998. Although consolidated net sales increased only 1.1% year on year to ¥896.3 billion, operating income rose 37.7% to ¥77.7 billion, substantially exceeding the prior year. The main drivers were the successful price revisions in domestic cement and lower production costs due to a decline in coal prices. Return on equity (ROE) improved to 9.5%, and the operating income margin reached 8.7%, demonstrating better capital efficiency. Overseas, despite a demand slowdown in the U.S. and the delayed commissioning of the new line in the Philippines, our focus on appropriate pricing and cost reductions led overseas subsidiaries to achieve higher sales and profits: net sales of ¥344.8 billion and operating income of ¥38.4 billion.

Amid these results, we steadily executed growth investments, including acquisitions of aggregates and ready-mixed concrete businesses in the U.S., while maintaining financial soundness with a net D/E ratio (net DER) of 0.49x.

Outlook for FY2026

For FY2026, we forecast net sales of ¥950.0 billion, operating income of ¥85.0 billion, and net income of ¥60.0 billion, a second consecutive year of record earnings. While domestic cement demand is assumed to decline to 31.0 million tonnes, we expect to absorb higher fixed costs in our domestic cement business through continued realization of appropriate prices. Production volume will also be supported by the cement sales business acquired from Denka Co., Ltd. (to be reflected from 1H FY2026) and by higher exports of blended cement that help maintain high plant utilization, leading to higher sales and profit in domestic cement. In overseas cement business, we project higher sales but lower operating income year on year, taking into account the demand slowdown in the U.S. and tariff risks. Although U.S. nationwide demand is expected to edge down slightly, we anticipate higher sales volumes for both cement and ready-mixed concrete, reflecting the year-end acquisitions of aggregates/ready-mixed concrete businesses and related synergies. At the same time, we are mindful of the risk that U.S. tariffs on exports from Indonesia, Vietnam, and South Korea under the U.S. Trump administration could weigh on markets; in the Philippines, this may invite cheaper Vietnamese products and worsen conditions. That said, cement production at the new line in the Philippines, which began operation in 2024 after some delays, is now on track, and manufacturing costs are expected to decline.

● Financial strategy



Progress on the 26 Medium-Term Management Plan and Probability of Achievement

■ Progress of the Medium-Term Management Plan

We view the first year (FY2025) as a solid start. Operating profit for FY2026, the second year of the plan, is projected at ¥85.0 billion, representing a shortfall of ¥15.0 billion from the FY2027 guideline of ¥100.0 billion. To achieve the ¥100.0 billion target, we aim to benefit fully in the next fiscal year from the realization of appropriate domestic cement prices (equivalent to a price increase of ¥2,000/tonne), together with the full-scale launch of blended cement exports, by the final year of the plan.

■ Financial Strategy to Enhance Corporate Value

To enhance corporate value we will focus on improving ROE, primarily through increasing our operating profit margin. While we recognize that reducing capital through share buybacks and dividends can also be effective in improving ROE, we believe it is important to maintain financial soundness, using a net D/E ratio of 0.5 as our benchmark. For a capital-intensive equipment-based industry such as ours, it is extremely important to maintain a sound financial structure in order to secure flexibility in financing, including the issuance of corporate bonds. Accordingly, we believe that ROE should be improved by increasing profits while also increasing capital—namely, by enhancing the operating profit margin. To this end, we intend to maintain a high operating rate at our domestic cement plants and continue to pursue appropriate pricing.

■ Toward a PBR Above 1x

Although ROE for the fiscal year ending March 2025 improved significantly to 9.5%, the price-to-book ratio (PBR) remained around 0.6 as of July 2025. One possible reason behind this is a higher-than-expected increase in the cost of capital. Contributing factors may include the fact that cement manufacturing is a “hard-to-abate” industry, one in which CO₂ emissions are difficult to reduce, as well as a valuation discount stemming from structural characteristics of the industry, such as declining domestic demand for cement. Given the structure of our business, we recognize the importance of clearly conveying through our IR activities that profitability and growth potential in our overseas operations serve as major drivers of our corporate value. On the other hand, further initiatives are needed to improve the operating profit margin. As part of our global strategy, we are promoting the export of blended cement, which uses less clinker. This initiative is aimed at capturing strong overseas demand. Establishing a structure to generate earnings through the export of blended cement will also help raise the operating rate of our domestic plants, making it one of the key strategies for enhancing profitability and moving closer to achieving a PBR above 1.0.

Financial strategy to support enhanced profitability

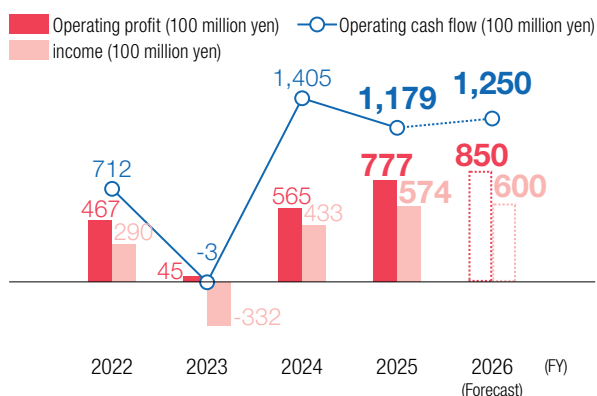
To enhance profitability we position the improvement of the operating profit margin and ROE as our top priorities. However, as we pursue human capital-focused management, personnel expenses are expected to continue rising, leading to higher fixed costs. Accordingly, it is essential to build an effective and efficient organizational structure and workforce allocation that ensure such investments in people contribute to the enhancement of corporate value. From the perspective of profit management, we see room to consider integrating administrative and sales functions across business segments and reallocating human resources to our overseas operations, which represent a growth area. In addition, to reduce financing costs across the Group, we are shifting the funding sources of Group companies from external institutions to our financial subsidiary, Taiheiyo Accounting & Financial Services Corporation (TAF). Specifically, through the Cash Management System (CMS), approximately 80% of the loans extended from TAF to Group companies are funded by surplus cash within the Group. In addition, we launched an accounting service business this fiscal year to handle accounting operations for Group companies. Going forward, we aim to enhance productivity by promoting greater operational efficiency across the Group.

Financial strategy for pursuing growth

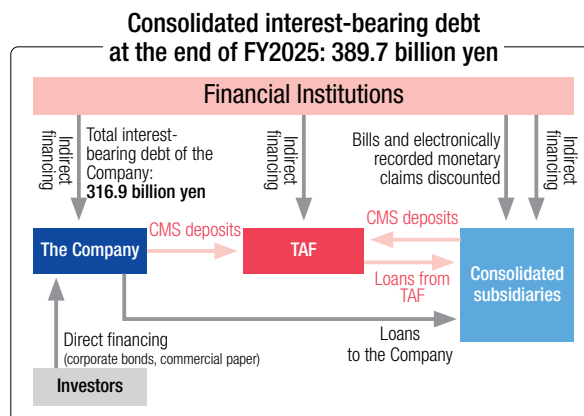
In FY2025, as part of our growth strategy investments, we acquired assets for the aggregates and ready-mixed concrete businesses in the United States and carried out a plant renewal project in the Philippines. Our investments in the United States are aimed at expanding our stable and highly profitable aggregates business, and further strengthening our foundation through vertical integration, such as reinforcing the supply chain. With strong demand expected to continue alongside population and economic growth in the U.S., we anticipate steady returns on these investments. Investments in the Philippines and Indonesia are expected to have a somewhat longer medium- to long-term payback period compared with those in the United States, partly due to the impact of current U.S. tariffs. Meanwhile, with respect to carbon-neutral technology development, we are currently advancing investments mainly through national projects, utilizing government subsidies. In the practical application stage going forward, we plan to make proactive capital investments while engaging with other industries and countries.

In managing the effectiveness of these investments, we will continue to place importance on return on invested capital (ROIC) as a key management guideline. A distinctive feature of our business model is that our domestic cement, resources, and environmental businesses are interconnected along the supply chain and operate in an integrated manner. Accordingly, it is appropriate to view them collectively in ROIC management. Looking ahead, one possible approach is to manage our business portfolio using ROIC indicators across three categories: domestic cement-related businesses (including resources and environmental operations), global businesses, and others (non-cement-related operations).

Operating profit, net income, and operating cash flow



CMS utilizing financial subsidiary TAF



Reducing the cost of capital

To reduce the cost of capital we first aim to uphold strict financial discipline as a company trusted by investors. Specifically, we will manage our finances with a focus on maintaining a net D/E ratio of around 0.5. Enhancing our corporate recognition is also an important factor in lowering the cost of capital. Although our Group operates primarily in B2B businesses, we recognize the need to strengthen engagement with individual stakeholders, including consumers who use products made with cement and our employees. Furthermore, to improve our undervalued stock price, it is essential to communicate our business model accurately and work to raise market evaluations, particularly for our domestic operations.

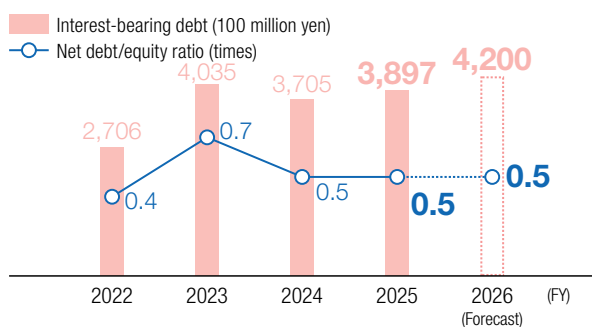
Shareholder return policy

Under the 26 Medium-Term Management Plan, we aim for a total shareholder return ratio of 33% or higher over the three-year period. As for dividends, we increased the annual dividend for FY2025 to ¥80 per share, including an interim dividend of ¥40, and plan to raise it further to ¥100 per share for FY2026, including an interim dividend of ¥50. In addition, we will actively repurchase our own shares while timing our growth investments appropriately, with the goal of enhancing shareholder value. While maintaining a balance between growth investment and shareholder returns, we are also working to strengthen our financial base to support sustainable growth.

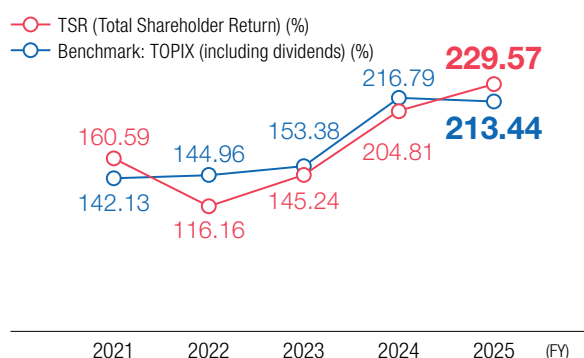
In conclusion – Message from the Executive Officer responsible for Finance

To enhance corporate value, it is essential to strengthen all forms of capital—manufacturing, financial, and human. To make timely and appropriate investments in each, we will maintain a sound financial foundation and a framework that enables agile financing. By advancing full-scale ROIC-based management to improve performance transparency and by enhancing capital efficiency, we aim to achieve our Medium-Term Management Plan while keeping an ROE level above 10% in sight.

Interest-bearing debt and net D/E ratio



Trends in TSR (Total Shareholder Return)



Manufacturing Capital



Amid the aging of many facilities that have been in operation for over half a century, we are working to strengthen equipment resilience to establish a stable production and supply system, while also advancing equipment upgrades that incorporate functional improvements leading to energy savings and cost reductions. In addition, we are promoting factory automation through smart factory initiatives, including autonomous drone patrols of the plants and the development of AI-based equipment

management systems.

In quality assurance, we will continue to operate our existing quality management systems while applying the technologies we have cultivated since our founding to ensure that our customers are fully satisfied with the quality of our products. This commitment extends to our new initiatives in promoting the production and shipment of blended cement and low-carbon blended cement.

Market Environment

- Declining domestic demand due to factors such as the shrinking labor force and the maturity of social infrastructure, contrasted with strong demand in Southeast Asia and North America driven by economic growth.
- Full-scale progress toward decarbonization, including the introduction of GX-ETS in Japan.
- Advancement of waste treatment sophistication aimed at establishing and expanding the circular economy.
- Need for measures to address the increasing incidence of industrial accidents.

Risks

- Prolonged decline in domestic demand
- Aging of production facilities
- Disruption of technology transfer due to workforce decline and generational turnover
- Stricter regulations related to GX
- Rising energy prices

Opportunities

- Establishment of a shipment framework for blended cement (kiln allocation)
- Strengthening of operations through automation and promotion of smart factory initiatives
- Expansion of waste acceptance capacity through investment in waste treatment facilities
- Enhancement of industrial competitiveness through decarbonization efforts, including energy-saving equipment, fuel conversion, and revisions to cement standards

Strengths

- Accumulated expertise in production, quality, and waste treatment technologies gained through experience in both domestic and overseas plants
- Factory locations (enabling exports through use of coastal plants and stable production volumes)
- Development of technical personnel via programs such as Techno School and overseas training assignments
- Company-wide promotion of carbon-neutral (CN) strategies led by the Carbon Neutral Strategy Committee
- Expansion of operations as an "Integrated Plant" combining capabilities to accept aggregates in the resources business, and waste and by-product in the environmental business

26 Medium-Term Management Plan – Initiatives for Enhancing Corporate Value and Strengthening Capital

Issue	Initiative:
Accelerating the shift to blended cement	To shift to a production system suitable for the stable supply of blended cement, which is in high demand overseas. The company has decided to construct new manufacturing and shipping facilities for blended cement using classified fly ash at the Saiki Ash Center, positioning it as an export hub for fly ash-blended cement to Southeast Asia.
Maximizing Waste Processing Capacity	Competition for waste collection has intensified with both industry peers and other sectors. To enhance the ability to process waste that is difficult for other industries to accept, the company is installing sewage sludge co-processing facilities at the Kumagaya Plant and the Fujiwara Plant.
Elimination of Industrial Accidents	With the goal of eradicating industrial accidents—including those within the supply chain—and ensuring a safe working environment, the company is systematically implementing safety, security, and hygiene initiatives across the Group. Each business site is promoting: <ul style="list-style-type: none"> • Enhancement of safety management systems / • Reform of safety awareness / • Awareness of relevant laws and regulations / • Instruction on safety rules / • Implementation of 4S and secure walkways / • Visualization of hazardous areas / • Safety improvements of equipment To ensure that lessons learned from past accidents are not forgotten and that safety rules are strictly observed, the company also posts on-site incident information at accident locations.
Reinforcement of Plant Facilities	In addition to renewing aging equipment, the company is implementing functional improvements aimed at energy conservation and cost reduction. The waste heat power generation and in-house power generation facilities at various plants have become outdated; therefore, the Kumagaya and Saitama plants have completed their transition to gas power generation systems, while construction is currently underway at the Fujiwara Plant.
Knowledge and Skills Transfer	Experienced elder employees re-hired after retirement are passing on their expertise and know-how, while core maintenance technologies are being handed down through initiatives such as the “Maintenance Dojo” launched at the Kumagaya Plant. Under the “Overseas Trainee Program” employees are dispatched for short-term assignments to overseas plants, not only to acquire technical skills but also to foster personal growth through interaction with local staff.

Topics

At the Kumagaya Plant, in our efforts to enhance the equipment management system, the company is establishing AI-based lifespan prediction technologies utilizing sensors, drones, and image processing techniques. Meanwhile, at the Kamiiso Plant, the company is developing AI-driven operation support systems and remote operation technologies.



Equipment inspection using drones

Intellectual Capital



Hiroyuki Takano
Managing Executive Officer
Senior General Manager of Research & Development Division

Hiroshi Hirao
Executive Officer
General Manager of Cement & Concrete Research Laboratory, Research & Development Division

Takaaki Oogami
General Manager of New Technology Research Laboratory, Research & Development Division

Akira Eriguchi
General Manager of Research & Development Department, Research & Development Division

In April 2025, the Company established the Research & Development Division by integrating the former Central Research Institute and the Intellectual Property Department, in order to support the "3D Approach for a Sustainable Future" set forth in the "26 Medium-Term Management Plan" from a technological perspective. The new Division comprises three organizations – the Cement & Concrete Research Laboratory, the New Technology Research Laboratory, and the Research & Development Department – thereby building a cross-

functional R&D structure that includes intellectual property. This enables the enhancement of technological innovation and the efficiency of intellectual property activities across the Group. The Division also collaborates with the GX Department and the C2SP Kiln Project Team, both established at the same time, to develop innovative technologies for achieving carbon neutrality. Through these efforts, the Division aims to fulfill its role as a comprehensive research institute that contributes to the Group's business expansion and improved profitability.

Social Environment

The business environment surrounding our Group is undergoing a major transformation due to structural changes in society, diversification of market needs, and the accelerating pace of technological innovation. While such rapid changes present unpredictable risks, they also create opportunities to explore new possibilities in research and development. Our Company embraces these changes with a positive outlook and continues to advance initiatives aimed at future-oriented value creation.

Risks

- Decline in domestic demand for cement
- Response to carbon neutrality
- Labor shortages in the concrete and construction industries, and advancing deterioration of infrastructure

Opportunities

- Further utilization of R&D capabilities cultivated over many years to expand the blended cement business in overseas markets
- Cement chemistry and concrete technologies that meet the needs of decarbonization
- Growing demand for productivity improvement and labor-saving measures in cement and concrete manufacturing, as well as in construction and maintenance management

Strengths

- Integrated R&D capabilities covering the entire process from cement design and manufacturing to concrete and ground improvement products
- Carbon-neutral technologies spanning the entire value chain from cement production to concrete manufacturing
- Effective utilization of waste and by-products, and valuable material recovery technologies that contribute to realizing a resource recycling society
- Intellectual property activities aligned with business and R&D strategies to secure competitive advantages in technological development

Governance

- Establish a framework that enables research and intellectual property activities to be promoted in alignment with management and business strategies, contributing to business expansion and improved profitability.

26 Medium-Term Management Plan**Aiming to Advance to World-Class Research and Development Capabilities and Contribute to Management****Further Promotion of
Global Strategies**

To meet the growing overseas demand for blended cement and supplementary cementitious materials, our Group is developing new blended cement products that utilize locally available resources. In particular, in the U.S. market where demand remains strong, we have enhanced our presence by developing and marketing limestone blended cement.

In addition, we are promoting the development of a “ternary blended cement” (containing 7% limestone and 11% natural pozzolan), which allows for a higher proportion of supplementary materials and offers improved profitability and durability compared with conventional limestone blended cement (containing 11% limestone). We have recently established a manufacturing formulation that addresses practical challenges such as flowability during placement and cracking during construction.

**Revitalization of
Domestic Business**

As domestic demand for cement continues to decline, we are actively promoting technological development aimed at exporting fly ash blended cement to the fast-growing markets of Southeast Asia, while maintaining the production capacity of our domestic plants in order to continue to play their role as waste and by-product processing facilities. As part of this effort, we established a production formula for Taiheiyo Cement Philippines, Inc. that achieves both profitability and low carbon emissions through maximum utilization of fly ash, leading to the successful shipment of 10,000 tonnes in February 2025. Looking ahead, with a view to further expanding our market presence in Southeast Asia, we will continue to develop formulations and products that comply with the standards and specifications of each country, and will enhance our competitiveness in the global market.

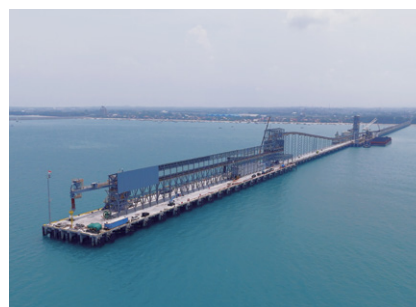
**Promotion of
Sustainability
Management and
Contribution to Carbon
Neutrality**

To help realize a sustainable society, we are advancing technological development that contributes to solving social challenges such as achieving carbon neutrality and addressing labor shortages. In pursuit of carbon neutrality, the cement industry as a whole is working to revise the JIS standards to raise the upper limit of minor additional components in ordinary Portland cement from 5% to 10%. Currently, we are in discussions with relevant authorities to simplify various approval and certification procedures in order to reduce the burden on users after the revision.

To address labor shortages, we are promoting the development of DX technologies that contribute to labor-saving across the entire process – from cement and concrete manufacturing to construction and maintenance of infrastructure structures. As part of these efforts, our “PreSLump AI” technology, a concrete slump prediction system that supports quality control at ready-mixed concrete plants, has secured 14 contracts since its launch in April 2023, contributing to labor-saving at ready-mixed concrete and precast product plants.

Topics

To expand our blended cement export business to the U.S. market, we are developing products tailored to local needs through technical collaboration with partners in Southeast Asia. Specifically, we have developed and proposed manufacturing formulations for blended cement to PT Solusi Bangun Indonesia Tbk in Indonesia and Nghi Son Cement Corporation in Vietnam, drawing on our expertise gained in the U.S. market, and both companies have produced trial products. These formulations are designed to meet the quality standards required for public construction projects in the State of California, and some products have already obtained certification. Once export conditions are in place, we plan to begin product supply. This initiative represents one of the tangible achievements under the “Further Promotion of Global Strategy” in our 26 Medium-Term Management Plan and contributes to strengthening the competitiveness of our blended cement business in overseas markets.



PT Solusi Bangun Indonesia Tbk
Shipping pier under construction

Human Capital

We believe that enhancing and maintaining the voluntary motivation of diverse human resources to contribute to business performance will lead to the enhancement of corporate value over the medium to long term, and we are promoting investment in people by considering human resources as "capital." We will implement human capital management by developing initiatives that are conscious of the linkage between our management strategy and human resources strategy, providing employees with opportunities to continue working with peace of mind, achieve self-growth, and feel a sense of contribution.





Please click or scan the 2D Barcode to refer to our website.






Initiatives to Enhance Corporate Value

Occupational Health & Safety	Policy	Materiality Goals/KPIs and Other Goals/Targets	FY2023	FY2024	FY2025
Occupational Health & Safety	We recognize that ensuring the safety, security, and health of our employees is the foundation of our company's existence, and in accordance with the Industrial Safety and Health Act and the Mine Safety Act, we are continuously promoting organizational safety, security and health activities as a Group to prevent occupational accidents and work-related illnesses.	Accident prevention Zero fatalities	2	1	4
		Company-wide Health & Safety Committee Objectives			
		① Zero fatalities across the group	2	1	4
		② 30 or less lost-time injuries across the group	49	53	46
		③ 80 or less total occupational accidents across the group	120	133	128
		(1) Elimination of Accidents Caused by Breaking Workplace Rules	31	31	54
		(2) Eliminating Heatstroke-related Accidents	7	11	8
		(3) Preventing the Recurrence of Similar Accidents	93	97	89
		④ Absence rate of company employees: 0.5% level	0.935%	0.689%	0.701%

Human Capital Management	Policy	Materiality Goals/KPIs and Other Goals	FY2023	FY2024	FY2025
Human Resource Development	We aim to develop human resources who can demonstrate their individual abilities to the fullest and be successful both inside and outside the company.	Education hours per employee: at least 20 hours	14.8 hours	23.3 hours	28.0 hours
		Education expenditure per employee: at least 80,000 yen	60,000 yen	74,000 yen	100,000 yen
Initiatives to Improve Engagement	Based on the belief that understanding and empathy with the values of the Taiheiyo Cement Group, including its mission and future vision, and increasing the willingness of employees to contribute to the company will contribute to sustainable corporate growth, we are promoting the creation of a vibrant and comfortable workplace that respects human rights and diversity.	Taiheiyo Cement's engagement scores	66.8	67.8	67.1
		(Benchmark score*) * Average overall score of companies using Wevox in all industries and with 1,001 to 5,000 employees	(69.4)	(69.3)	(69.5)
Promotion of Work-Life Management	To promote work-life management by introducing various systems to realize flexible work styles.	Raising ratio of annual paid leave taken: At least 70%	77.5%	83.6%	79.1%
		Raising ratio of male employees taking childcare leave, etc.: At least 80%	60%	54%	76%
Promoting Health and Productivity Management (H&PM)	Under the Taiheiyo Cement Group Commitment to Health, we are working to maintain and improve the health of our employees and their families, and promoting the creation of workplaces where employees can work with a sense of fulfillment and demonstrate their abilities to the fullest.	Ratio of employees receiving periodic health examinations: 100%	99.9%	99.9%	100%
		Secondary checkup participation rate: 100%	72.0%	96.2%	96.4%
Promotion of Workplace Diversity and Inclusion	We consider the promotion of workplace diversity and inclusion as one of the important challenges for creating an innovative workforce, and aim to be a company where diverse human resources can play an active role.	Ratio of female recruits: At least 30%	14.3%	22.0%	20.8%
		Ratio of female employees: At least 10%	9.6%	9.9%	10.6%
		Ratio of newly appointed female managers: At least 10%	13.6%	11.4%	14.3%
		Ratio of female managers (2030) At least 5% (2026) (3% or more)	2.0%	2.5%	3.2%

	Details	Web
[Feature] Labor Union	The Taiheiyo Cement Labor Union is a labor union established through the organizational integration of the Nihon Cement Labor Union, the Zen-se Onoda Cement Labor Union, and the Chichibu Onoda Labor Union, and it consists solely of employees of Taiheiyo Cement. Since its establishment, its mission has been to achieve happiness and improved social status of working people, to protect the employment and treatment of its members, and to support the lives of its members and their families, and it carries out various initiatives while maintaining close communication with Taiheiyo Cement.	P.68-69
[VOICE] Opinions of System Users	To create a workplace where each employee can work with a sense of fulfillment and make an active contribution, we have introduced various systems to realize flexible work styles and promote work-life management for our employees. Here are the opinions of employees who have used our various systems.	

	Initiatives	Web
	<p>[Company-wide Health & Safety Committee] The committee oversees the promotion activities of each business site and provides guidance across departments for the safety of group companies, including data collection. The committee also conducts a review every quarter in accordance with the Health & Safety Policy and its regulations, and utilizes the PDCA cycle throughout the company. By utilizing the PDCA cycle, we set annual goals that are appropriate for the situation of the entire company.</p> <p>[Recurrence prevention measures (activities to pass on lessons learned from disasters)] We are promoting activities to pass on lessons learned from accidents by posting accident information at accident sites so that accidents are not forgotten. The "visualization" activities raise awareness of rules and encourage mutual attention, leading to improved safety awareness.</p> <p>[Sensory Safety Training] In order to boost the safety awareness of our employees we hold safety training where they experience risks inherent in familiar operations.</p>	<p>Occupational Health & Safety</p> 

	Initiatives	Web
	In order to realize our Human Resource Development Policy, we provide training across the entire company. Regarding on-the-job training, which is the foundation of human resource development, we have clearly indicated skill maps for each area of work in which employees are engaged and utilize them in on-the-job training in the workplace. For off-the-job training, which complements on-the-job training, we provide various training programs and support for the development of individual skills. We provide individual learning opportunities that foster autonomy and self-reliance, thereby creating a corporate culture that motivates employees to grow and proactively identify the pillars of their careers.	<p>Human Resource Development</p> 
	In June 2023, we introduced a employee engagement survey to visualize challenges related to improving employee engagement from the perspectives of whether the workplace environment and ease of work are improving, whether there are changes in awareness regarding work styles, and how we compare with other companies, and to link this to the review and implementation of various measures.	<p>Initiatives to Improve Engagement</p> 
	<p>[Support for side jobs both inside and outside the company] We have introduced a system that allows employees to work side jobs, both inside and outside the company. The system is designed to promote the autonomous formation of diverse careers and improve engagement.</p> <p>[Support for balancing work and childcare/nursing care] To help employees balance work with life events such as childcare and nursing care, we support work-life balance by providing a shortened working hour system, shortened working hours under the flextime system, leave systems for childcare and nursing care, and a long-term leave system (work-life management leave) for reasons such as accompanying a spouse to a new assignment.</p>	<p>Promotion of Work-Life Management</p> 
	<p>We establish a Health and Productivity Management (H&PM) activity plan every fiscal year and promote H&PM in a PDCA cycle, which includes implementing measures, verifying their effectiveness, and reflecting them in the next fiscal year's measures.</p> <p>[Main Health and Productivity Management (H&PM) activities] Employee health management, health literacy education, preventive measures against lifestyle-related diseases, preventive measures for sleep disorders, measures to reduce the smoking rate, mental health measures, holding health-related seminars, etc.</p>	<p>Promoting Health and Productivity Management (H&PM)</p> 
	<p>[Promoting Women's Participation and Advancement in the Workplace] We believe that continuing to promote women's participation and advancement in the workplace, who are a minority in our company, will lead to the creation of an organizational culture in which all employees, not just women, can maximize their potential, and we are engaged in education and awareness-raising activities to achieve workplace diversity and inclusion.</p> <p>[Expanding recruitment of experienced persons] In recent years we have been actively hiring experienced personnel, which ensures immediate workforce strength while also leading to diversity in our core human resources. To further diversify our workforce, we have also introduced "referral (employee introduction) hiring" and "alumni (former employee) hiring."</p>	<p>Promotion of Workplace Diversity and Inclusion</p> 

Human Capital

[Feature] Labor Unions

The Taiheiyo Cement Labor Union is a labor union established in March 2002 through the organizational integration of the Nihon Cement Labor Union, the Zen-se Onoda Cement Labor Union, and the Chichibu Onoda Labor Union, and it consists solely of employees of Taiheiyo Cement. Since its establishment, its mission has been to achieve happiness and improved social status of working people, to protect the employment and treatment of its members, and to support the lives of its members and their families, and it carries out various initiatives while maintaining close communication with Taiheiyo Cement.

Initiatives

Based on mutual trust and mutual understanding "Labor-Management Councils" and "Labor-Management Briefings" are held as needed as a forum for consultation and exchange of opinions between labor and management. The aim is to develop constructive discussions, with the company and the union communicating with each other, on a wide range of topics starting with the spring negotiations, and including revisions to systems and regulations affecting union members. In addition, five "Central Labor-Management Specialized Committees" have been established, and an active exchange of opinions is conducted on topics such as the remuneration system, employment formats, working hours, workplace diversity, and Health and Productivity Management (H&PM). In addition, in January 2025, a dialogue was held with Taiheiyo Cement's President Taura regarding the situation surrounding the company and initiatives of the 26 Medium-Term Management Plan aimed at realizing "Our future vision and direction" and the details were published in the union's official newspaper.



Cover of the union's official newspaper "Asuka" 2025 New Year Special Issue

Central Labor-Management Specialized Committees

Name	Objectives
Committee on human resources and the treatment of employees	The purpose is to review and consider the overall human resources and remuneration systems.
Committee on employment and employment formats	The purpose is for labor and management to organize their views in order to efficiently advance human resources and personnel management amidst diversifying employment and work formats.
Committee on work hours	The purpose is to exchange opinions on cross-organizational issues, themes, and responses to labor time legislation concerning working hours, working hour management, etc.
D&I Promotion Specialized Committee	The purpose is for labor and management to proactively discuss various measures necessary to accept diverse human resources and allow them to demonstrate their abilities.
Health Promotion Specialized Committee	The purpose is to proactively discuss initiatives with labor and management to enhance corporate value by maintaining and promoting the health of employees, who are "human capital" and also to cooperate closely.



Design and Demonstration of CO₂-Recovering Cement Production Process (C2SP Kiln) in Sanyo Onoda City
Union headquarters executives and group company union executives tour the demonstration test facility



Briefing for company executives on the union's policy

A word from Chairman Asami

Our top priority is "ensuring a workplace where everyone can work safely and healthily."

We aim to foster a workplace environment where everyone "arrives at work healthy and smiling, and goes home healthy and smiling" while continuing to maintain open organizational management.

The economic and social environment surrounding us is changing rapidly, and there are many diversifying and complex issues, but we have continued to maintain open organizational management by holding thorough and frank discussions with union members and connecting with each and every individual. In particular, we are actively communicating with the younger generation, whose numbers have been increasing in recent years, and are also focusing on developing human resources who will lead the next generation.



FY2026 Union Headquarters Executives

In addition, based on the spirit of "mutual help and support", which is the mission of the labor union, and the basic principles set forth in our vision, we are actively working to realize a society where union members can lead meaningful daily lives with peace of mind while balancing their work and private lives, based on the labor-management relationship of "mutual trust and mutual understanding" built by our predecessors. We are confident that employees who can work with vitality will also contribute to the company's performance by increasing their motivation and improving their competencies (the behavioral characteristics of high performers). This spring, the company agreed to raise wages, including a starting salary of ¥300,000 for university graduates (non-area specific positions). We are grateful for the company's understanding and efforts in this regard. And the top priority in carrying out our various initiatives is "ensuring a workplace where everyone can work safely and healthily." To this end,

Toru Asami, Chairman of the Central Executive Committee
Taiheiyo Cement Labor Union

Chairman's Career Summary

1993 Joined Taiheiyo Cement Corporation
Assigned to the manufacturing section at the Kumagaya Plant
2015 Full-time official of the Taiheiyo Cement Labor Union
2023 Appointed Chairman of the Central Executive Committee of the Taiheiyo Cement Labor Union



we would like to continue to work together as labor and management to ensure safety, security, and health and to eradicate occupational accidents, and we want each and every one of us workers to raise our awareness and foster a workplace culture where we "arrive at work healthy and smiling, and go home healthy and smiling," and we would like to ask the company to make further efforts in this regard.

Finally, the 7R plus 1T (seven risks and one threat: declining domestic cement demand, unstable fuel prices, increasing environmental costs such as climate change-related regulations, declining supply capacity of raw materials for construction materials, aging facilities, labor shortages at construction and transportation sites, and growing geopolitical risks, plus the threat of increasingly severe disasters) that Taiheiyo Cement's President Taura also mentioned are risks and threats that could bring calamity to the cement industry, but at the same time, there are business opportunities there. We would like to actively develop various activities, including requests for industrial policy to relevant government ministries, agencies, and political parties through our parent organization, to invigorate the entire cement industry.











Chairman Asami in a dialogue with President Taura

Natural Resources Capital

Natural Resources Capital	Policy	
Environmental Management	Based on our environmental management policy, we comply with environmental laws and regulations and engage in business activities that consider the environment. Each plant maintains emergency response plans in preparation for possible environmental accidents. They also conduct periodic fire-fighting drills in cooperation with local fire departments. Other training includes how to reduce environmental impact when an environmental accident occurs, and how to report it to local governments. In addition, as we increasingly utilize ever more diverse forms of waste and by-products, the number of environmental issues we need to consider also increases. We are implementing various environmental measures and striving to reduce our environmental impact.	
Circular Economies	We are promoting the recycling of waste and by-products into alternative raw materials and fuels for cement. This promotes the formation of circular economies from the perspective of suppressing the depletion of natural resources, and also contributes to extending the life of final disposal sites.	
Climate Change (Preventing Global Warming)	A significant amount of CO ₂ is emitted during the cement manufacturing process. While it is possible to reduce energy-derived CO ₂ emissions to zero by switching to clean energy, there is a major challenge in that CO ₂ emissions from raw materials cannot be reduced to zero as long as limestone is used. To contribute to the prevention of global warming and achieve sustainable growth, we have set forth our "Carbon Neutral Strategy 2050" which includes 2030 interim targets, and are promoting CO ₂ emission reduction measures from a medium- to long-term perspective.	
Biodiversity	In addition to the conservation of rare animals and plants and the greening of mining areas and sites that we have traditionally carried out at our quarries, etc., we are participating in the "30by30 Alliance for Biodiversity" and the "Keidanren Nature Conservation Council" promoted by the Ministry of the Environment from FY2024 to promote more proactive activities.	
Water Source Conservation	We have positioned proactive efforts toward natural resources capital, such as the conservation and recovery of water resources, as an important management challenge in our environmental management policy and are aiming to achieve a nature-positive society. In addition, regarding our materiality, we are conserving water sources by managing water resources based on the GCCA guidelines.	



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	Materiality KPIs, Targets, and Results				Web
					Environmental Management System (EMS) 
	KPIs and targets	FY2023	FY2024	FY2025	Reducing Environmental Impact 
	Promote the use of alternative raw materials and fuels Maintain waste usage intensity of 400 kg/tonne-cement or more	409.6kg/t-cement	421.9kg/t-cement	412.6kg/t-cement	
	Waste emissions Maintain volume of waste to landfill at or below 40 tonnes	1.9tonnes	2.0tonnes	13.9tonnes	Circular Economies 
					Disclosure Regarding Recommendations of the TCFD 
	KPIs and targets	FY2023	FY2024	FY2025	Climate Change 
	Achieving carbon neutrality (2030 Interim Target) Reduce specific CO ₂ emissions* ¹ by at least 20% or more (compared to 2000)	10.5%	11.6%	10.7%	
	Reduce domestic CO ₂ emissions* ² by 40% or more (compared to 2000)	42.7%	46.8%	46.1%	
*1 Scope 1 (excluding fossil energy substitution) + Scope 2 + Scope 3 (Categories 1, 3) *2 Scope 1 (excluding fossil energy substitution) + Scope 2					
					Disclosure Regarding Recommendations of the TNFD 
	KPIs and targets	FY2023	FY2024	FY2025	
	Develop quarry rehabilitation plans Rate of developing quarry rehabilitation plans: 90% or more	94%	95%	95%	
					Biodiversity 
	(Unit: thousand m ³)	FY2023	FY2024	FY2025	
	Surface water	5,346	4,374	4,974	
	Ground water	17,673	16,740	18,117	
	Industrial water	1,630	2,289	2,756	
	Total fresh water withdrawal (I)	24,649	23,403	25,847	
	Total seawater withdrawal	145,476	145,758	138,724	
	Water withdrawal	170,125	169,161	164,570	Water Source Conservation 
	Total fresh water discharge (O)	12,792	13,021	14,414	
	Total seawater discharge	145,639	145,927	138,724	
	Total water discharge	158,431	158,948	153,138	
Total fresh water used (I-O)	11,857	10,382	11,432		

Social and Relationship Capital

Respect for Human Rights

In order to practice business activities in which respect for human rights is regarded as the most important challenge for the entire supply chain, we promote human rights awareness activities for the entire group.

In May 2022, we signed the United Nations Global

Compact and endorsed its ten principles relating to human rights protection, the elimination of unfair labor practices, environmental protection, and the prevention of corruption, and we are engaged in various initiatives to realize these principles.



Human Rights Due Diligence

We recognize that respect for human rights not only means not being complicit in human rights abuses ourselves, but also taking responsibility for preventing and mitigating negative impacts on our suppliers. In addition, we believe that respect for human rights is our responsibility as a global company and is essential for our business activities.

In FY2024, we conducted our first human rights due diligence, focusing on suppliers related to the cement

manufacturing business, which is the core of our business.

We plan to design the system for the second human rights due diligence in FY2025 and implement it in FY2026. We aim to enhance our corporate value by expanding the scope of our investigations, conducting them regularly, identifying potential human rights risks in the Taiheiyo Cement Group, and taking appropriate measures to prevent or mitigate them in advance.



Corrective measures for key challenges in FY2024 and progress in FY2025

Formulation of the Taiheiyo Cement Group Human Rights Policy

Based on the "Mission of the Taiheiyo Cement Group" and "Business Principles", the Group formulated the "Taiheiyo Cement Group Human Rights Policy" in March 2025. Based on this policy, we will promote human rights initiatives throughout the Group.



Access to legal remedies

Regarding the Whistleblower Program, which previously covered our company and domestic group companies, we began considering the introduction of a system for overseas group companies in FY2025, and in April 2025, we formulated the "Taiheiyo Cement Group Global Whistleblower Regulations." The overseas group companies covered are proceeding with the formulation of individual company regulations and the establishment of contact points linked to these regulations, and the rollout to overseas group companies is scheduled to be completed within FY2026.

Harassment and abuse

In FY2025, the total number of reports to the internal harassment hotline was 17, which is an increasing trend compared to previous fiscal years. The Human Rights Awareness Promotion Office is strengthening its awareness activities to further disseminate internal regulations on harassment and to prevent it.

Occupational health and safety <Activity results>

In FY2025, there were 128 occupational accidents, including 4 fatalities, and the absence rate was 0.701% due to an increase in mental illness, failing to meet the target. We will revitalize communication with our sites more than ever before and all employees will align their activities toward safety, security and health.

P.66

Bribery and corruption prevention

The Taiheiyo Cement Group positions compliance as the foundation of its business activities, and formulated the "Anti-Bribery Policy" in 2017 and the "Taiheiyo Cement Group Basic Anti-Bribery and Corruption Regulations" in June 2024, and is working to strengthen compliance throughout the Group.



Thorough procurement practices (supplier management)

In March 2025, we formulated the Group's "Procurement Policy" and "Supplier Code of Conduct" to promote responsible actions, including respect for human rights, throughout the supply chain. We plan to develop awareness activities for suppliers in the future.



Future Issues

- Implementation of human rights due diligence (major domestic group companies (other than cement manufacturing) / major domestic primary suppliers (other than those surveyed in FY2024))
- Implementation of a supplier questionnaire to confirm compliance with the "Taiheiyo Cement Group Supplier Code of Conduct"














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Stakeholder Engagement

We are promoting timely and appropriate information disclosure and communication with our stakeholders based on our belief that in order to remain a sustainable company, it is essential for us to fulfill our social responsibility and continue to build good relationships in response to the expectations

and demands of our diverse stakeholders. We will continue to strive to further incorporate the opinions and requests received from stakeholders into our management, and further promote human capital management so that employees, the greatest asset to our company, can work with vitality.

Stakeholders	Stakeholders' Interests	FY2025 results	Web
 Our employees Group Companies	<ul style="list-style-type: none"> Creating a safe and healthy workplace Workplace Diversity and Inclusion Human resource development Respect for human rights Group governance DX promotion 	<ul style="list-style-type: none"> Safety promotion activities with KPIs set by the Company-wide Health & Safety Committee Promotion of initiatives based on the "General Employer Action Plan" in accordance with the Act for Promotion of Women's Participation and Advancement in the Workplace Promotion of employment of people with disabilities: Exceeded the statutory employment rate (18 consecutive years) Continued support for the United Nations Global Compact Promotion of work-life management Promotion of Health and Productivity Management (H&PM), including receiving periodic health examinations Discussion with the Executives (Total of 10 times as of the end of August 2025) 	Our employees 
	<ul style="list-style-type: none"> Information sharing Promoting group management through one-stop services, etc. Synergy creation 	<ul style="list-style-type: none"> The 26th Taiheiyo Cement Group Resource Technology Presentation The 24th Taiheiyo Cement Group Technical Presentation Intellectual property training including group companies International contract training including group companies 	Group Companies 
 Shareholders, Investors	<ul style="list-style-type: none"> Business performance trends Medium- to long-term management strategy Delivering carbon neutrality Shareholder returns policy Think behind capital cost 	<ul style="list-style-type: none"> IR activities - Financial results briefing (online live broadcast): 2 - Individual investor meetings: 271 - Investor conference: 3 - Facility tours: 2 - Sustainability briefings: 1 	Shareholders, Investors 
 Customers, Business Partners	<ul style="list-style-type: none"> Achieving carbon neutrality Corporate ethics and compliance Risk management (crisis management) Contributing to the realization of a recycling-based society Popularization of environmentally sound products Sustainable supply chain Product quality 	<ul style="list-style-type: none"> Efforts Related to CO₂ Emissions Reduction in the Cement Production Process Business activities based on our Basic Compliance Policy and Anti-Bribery Policy Resource recycling with industry and local communities Disclosure of maintenance and management information on our six directly-controlled domestic plants pursuant to the Waste Disposal and Public Cleaning Law: monthly Acquisition of ISO 14001 certification through our company-wide environmental management system (including plants, headquarters, branches, and Central Research Laboratory) Acquisition of ISO 9001 certification: 100% in Japan, 100% in overseas cement production sites in countries where ISO is the mainstream standard Various user societies <ul style="list-style-type: none"> - National Taiheiyo Cement Ready-mixed Concrete Society: Individual activities in 10 regions in Japan - Taiheiyo Cement Association for the Paving Block Industry - SPLITTON Association Japan 	Customers, Business Partners  Quality Assurance 
 Local Communities	<ul style="list-style-type: none"> Engagement with local communities Biodiversity Reducing environmental impact Contributing to national resilience Water resources conservation 	<ul style="list-style-type: none"> Engagements with local communities: 2,665 - Global environmental conservation activities: 1,409 - Revitalization of local culture and exchange: 1,016 - Regional development: 111 - Education and human resources development: 103 - Disaster relief: 11 - Other: 15 	Local Communities 
GCCA	<ul style="list-style-type: none"> Promotion of decarbonization, biodiversity, and resource recycling Report on key performance indicators such as climate change, health and safety, etc. Popularization of low-CO₂ cement 	<ul style="list-style-type: none"> Participation in the GCCA Annual General Meeting (June 2024) Publication of our activities in the Cement Industry Net Zero Progress Report Support for research and development activities and human resource exchange (GCCRN) 	GCCA 

Social and Relationship Capital

[Feature] Employee Engagement "Discussion with the Executives"

Since April 2025, we have been holding a series of events called "Discussion with the Executives," in which executives of managing director level and above visit business sites throughout the country to talk directly with employees.

The objectives are to align employee efforts and motivation by directly conveying the thoughts of management to enhance the driving force of our business strategy, and to have employees get to know the personalities of the managers they rarely meet, in addition to explaining management strategies, so that they feel a sense of affinity for the managers and, by extension, the company. On the other hand, it is also a valuable opportunity for managers to confirm the actual situation at the forefront of manufacturing and sales. This year's "Discussion" is being held at each business site in three parts: a lecture, a Q&A session, and a social gathering.

The following is a description of the "Discussion" events, including other occasions when management visited business sites and interacted with employees.

Chairman Fushihara in the Chugoku Branch

In September 2025, a discussion with Chairman Fushihara was held at the Chugoku Branch in Hiroshima City. Drawing on his own on-site experience, the Chairman explained the importance maintaining prices, the importance of understanding operations from a site-oriented perspective through diverse experience, policy trends related to greenhouse gases and related investments, and technological developments, citing specific examples such as the response to the earthquake disaster and circular agriculture in Fukushima. He then answered questions such as "What is the secret to becoming chairman?", "How do you overcome a major failure?" and "What is your advice to young people?" A social gathering followed, where employees, including those from nearby affiliated companies, had frank conversations and deepened their relationships. Chairman Fushihara took this opportunity to visit our group-related facilities in Kitakyushu and Yamaguchi Prefecture.



President Taura in the Kansai Shikoku Branch

In July 2025, President Taura and Senior Executive Officer Kira visited the Osaka office of the Kansai Shikoku Branch to explain the company's policies to employees. President Taura spoke about the progress of the Medium-Term Management Plan and future goals, the theoretical background and mindset for price optimization, trends in the global cement industry, and public trends related to greenhouse gases. In the subsequent Q&A session he answered questions such as "How do you make your work enjoyable?", "What should you do in your 20s?" and "What was the most difficult experience you have had in the past?" Employees working at the Takamatsu office of the same branch also participated remotely.

President Taura in the Kamiiso Plant

In August 2025, President Taura and Managing Executive Officer Kawabe visited the Kamiiso Plant to explain the company's policies. President Taura spoke to the employees about the future of the cement industry, the importance of safety, future cement demand forecasts for Japan, the company's mission in responding to severe disasters, the importance of DX (digital transformation), and our company's initiatives and their significance towards GX (green transformation). President Taura illustrated his talk with memorable anecdotes such as the relationship between Hokkaido, where the plant is located, and cement and concrete, and his interactions with famous people. He then answered questions such as "What are the measures to prevent the turnover of young employees?", "What are your thoughts on business diversification?" "the current status of DX?" "What is our public relations strategy?" and "What knowledge should new employees acquire?"



Vice President Asakura in the Research and Development Division

In June 2025, in order to revive the "Discussion with the Executives" at regional business sites for the first time since the COVID-19 pandemic, Vice President Asakura took the lead in visiting the Research and Development Division in Sakura City to engage in dialogue with employees. In his first lecture, he spoke about his own work history, describing the conditions at each workplace and what he learned there, and also about the type of research work he would like to see in the research and development department. During the Q&A session he answered questions such as "What kind of person and skills do you want in an employee?", "What skills are suitable for young employees to progress?", "What is necessary for Japanese people to be successful overseas?" and "What are your thoughts on PR for the company's initiatives?" A social gathering was then held in the cafeteria, where Vice President Asakura interacted with many employees as he visited each table.



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Senior Executive Officer Matsui in the Tosa Office

In July 2025, Senior Executive Officer Matsui visited the Tosa Office and deepened his interaction with the employees. In his lecture he introduced himself, talked about his work history including his assignment in Vietnam and his involvement with the Tosa Office, his current responsibilities, workplace safety and, finally, the company's performance. In the Q&A session, he answered questions about the circumstances that led to his assignment to Vietnam and the differences between working overseas and working in Japan. Afterward, a social gathering was held, where he interacted and deepened exchanges with employees, including those from nearby affiliated companies. Senior Executive Officer Matsui also energetically inspected nearby affiliated company facilities.



Senior Executive Officer Matsui in the Tokyo Branch

In August 2025, Senior Executive Officer Matsui visited the Tokyo Branch and spoke with employees. In his lecture, he introduced himself, his career history, and the departments he has been in charge of since becoming an executive, and then spoke about company's current situation, the national cement market, the performance and future prospects of the overseas division, and strategies regarding secondary cementitious materials. In the Q&A session he answered questions such as "How are executives using IT?" and "How can we prevent employees from leaving the workplace?". He continued to interact with employees at the social gathering that followed.

Managing Executive Officer Ban in the Tohoku Branch

In July 2025, Managing Executive Officer Ban visited the Tohoku Branch in Sendai City and spoke with employees. He gave many anecdotes about what he had learned in various departments at the head office, branches, and the ready-mixed concrete company where he was seconded. He then spoke frankly about the company's future challenges and the direction it should take. During the Q&A session, questions were asked about matters such as "industry reorganization", "future hiring policies", "overseas accounting standards" and "criteria for investment decisions". Finally, a social gathering was held, where he was able to deepen his interaction with branch employees.



Managing Executive Officer Takano in the Ofunato Plant

Managing Executive Officer Takano took the stage at a talk session held at the Ofunato Plant in July 2025. After introducing himself, his career history and his involvement with the Ofunato Plant, he spoke forcefully about the R&D department he is in charge of, explaining its structure, key implementation items and human resource development policy, as well as the importance of cooperation with the plant, and the future direction of research regarding plant operations. This was followed by a lively Q&A session with questions such as "What tips do you have for getting cooperation within the company?", "How to become a reliable employee?" and "How to collaborate with people who have no experience at a plant?". After the session, a social gathering was held to deepen interaction with the plant's employees.

Managing Executive Officer Hirata in the Kanto Branch

In August 2025, Managing Executive Officer Hirata's "Discussion" was held at the Kanto Branch in Takasaki City. After humorously sharing his career history since joining the company, including his time at the quarry and at Chinese subsidiaries, he spoke enthusiastically in plain language about new topics that the employees at the Kanto Branch (who specialize in cement sales) rarely come across, focusing on the quarry and mineral resources business division that he is in charge of, such as the investment strategy for quarries and the sales strategy of the Mineral Resources Business Department. In the Q&A session, he answered questions on topics such as "the future vision of the sales system", "quarrying at overseas subsidiaries", "maintaining quarry safety" and "multi-skill development". He also deepened his interaction with employees at the social gathering that followed.



Managing Executive Officer Murakami in the Kumagaya Plant

In July 2025, Managing Executive Officer Murakami held a discussion session at the Kumagaya Plant. He spoke in a lighthearted manner, starting with his own background and his career and experience at the company, the company's performance, the efforts of the Environmental Business Department he is in charge of, and the role of the Kumagaya Plant, while conveying the management's thinking. During the Q&A session, he answered questions on matters such as "communication with foreigners", "transfers", "the difficulty of price revisions" and "the vision that employees should share". The employees unanimously commented that they were impressed by the phrase "seeing the same picture" which illustrates the importance of unity of purpose. On the same day, President Taura also accompanied him and gave a similar lecture and Q&A session.

More than 10 "Discussion with the Executives" sessions are being prepared for September 2025 and beyond.

Our Directors and Corporate Auditors

Yusuke Nemoto
Corporate Auditor
(Standing)

Shingo Tsutsumi
Independent Director

Naoyuki Kira
Director,
Senior Executive Officer

Isao Matsui
Director,
Senior Executive Officer



Yoshiko Koizumi
Independent Director

Yoshifumi Taura
President and
Representative Director

Shinji Fukami
Vice President and Director

Hideyuki Furikado
Independent Director

Masahiro Karino
Corporate Auditor
(Standing)

Toshihito Aoki
Independent Corporate Auditor



Masafumi Fushihara
Chairman and Director

Hideaki Asakura
Vice President and
Representative Director

Wakako Mitani
Independent Corporate Auditor

Our Directors and Corporate Auditors

Directors



Masafumi Fushihara
Chairman and Director

Career Summary	
Apr. 1978	Joined Taiheiyo Cement Corporation
Apr. 2007	General Manager of Business Promotion Department of Environmental Business Company
May 2009	General Manager of Sales Department of Environmental Business Company
Oct. 2010	General Manager of Environmental Business Development Department
Apr. 2012	Executive Officer General Manager of Environmental Business Development Department
Apr. 2015	Managing Executive Officer
June 2015	Directors, Managing Executive Officer
Apr. 2016	Directors, Managing Executive Officer Senior General Manager of Cement Business Division
Apr. 2017	Directors, Senior Executive Officer Senior General Manager of Cement Business Division
Apr. 2018	President and Representative Director
Apr. 2024	Chairman and Director (to present)



Yoshifumi Taura
President and Representative Director

Career Summary	
Apr. 1983	Joined Taiheiyo Cement Corporation
Apr. 2013	General Manager of Sales Department of International Business Division
Apr. 2017	Executive Officer General Manager of Sales Department of International Business Division
Apr. 2019	Managing Executive Officer Senior General Manager of International Business Division
June 2019	Director, Managing Executive Officer Senior General Manager of International Business Division
Aug. 2019	Director, Managing Executive Officer Senior General Manager of International Business Division Chairman of Taiheiyo Cement (China) Investment
June 2020	Managing Executive Officer Senior General Manager of International Business Division Chairman of Taiheiyo Cement (China) Investment
Apr. 2022	Managing Executive Officer Senior General Manager of International Business Division
Apr. 2023	Senior Executive Officer Senior General Manager of International Business Division
June 2023	Directors, Senior Executive Officer Senior General Manager of International Business Division
Apr. 2024	President and Representative Director (to present)



Hideaki Asakura
Vice President and Representative Director

Career Summary	
Apr. 1982	Joined Taiheiyo Cement Corporation
Apr. 2011	President of Nghi Son Cement Company
Apr. 2016	Executive Officer, President of Nghi Son Cement Company
Apr. 2018	Executive Officer, General Manager of Sales Department of Cement Business Division
Apr. 2019	Managing Executive Officer
June 2019	Directors, Managing Executive Officer
June 2020	Managing Executive Officer
Apr. 2022	Senior Executive Officer
June 2022	Directors, Senior Executive Officer
Apr. 2024	Vice President and Representative Director / Assistant to the President Corporate Planning Department, Sustainability Promotion Department and Legal Department
Apr. 2025	Vice President and Representative Director / Assistant to the President Carbon Neutral General Manager, Corporate Planning Department and Sustainability Promotion Department (to present)



Shinji Fukami
Vice President and Director

Career Summary	
Apr. 1986	Joined Taiheiyo Cement Corporation
Apr. 2015	General Manager of Corporate Planning Department of International Business Division
Apr. 2018	General Manager of Environmental Business Development Department
Apr. 2019	Executive Officer General Manager of Environmental Business Development Department
Apr. 2022	Managing Executive Officer
Apr. 2024	Senior Executive Officer
June 2024	Directors, Senior Executive Officer Senior General Manager of International Business Division
Apr. 2025	Vice President and Director, Assistant to the President Senior General Manager of Global Business Division (to present)



Isao Matsui
Director,
Senior Executive Officer

Career Summary	
Apr. 1985	Joined Taiheiyo Cement Corporation
Apr. 2015	General Manager of Construction Materials Business Department
Nov. 2018	General Manager of the Construction Materials Business Department and General Manager of the Business Planning and Administration Department
Apr. 2019	General Manager of Construction Materials Business Department
Apr. 2020	Executive Officer General Manager of Construction Materials Business Department
Apr. 2021	Executive Officer, President of Nghi Son Cement Company
Apr. 2022	Managing Executive Officer Deputy General Manager of International Business Division President of Nghi Son Cement Company
Apr. 2023	Managing Executive Officer
Apr. 2024	Senior Executive Officer
June 2024	Directors, Senior Executive Officer (to present)



Naoyuki Kira
Director,
Senior Executive Officer

Career Summary	
Apr. 1984	Joined Taiheiyo Cement Corporation
Apr. 2017	Kansai-Shikoku Branch Manager
Apr. 2019	Executive Officer General Manager of Sales Department of Cement Business Division
Apr. 2023	Managing Executive Officer Senior General Manager of Cement Sales Department and General Manager of Sales Department of Cement Business Division
Apr. 2024	Managing Executive Officer Senior General Manager of Cement Business Division
Apr. 2025	Senior Executive Officer Senior General Manager of Cement Business Division
June 2025	Directors, Senior Executive Officer Senior General Manager of Cement Business Division (to present)



Yoshiko Koizumi
Independent Director

Career Summary	Apr. 1972	Registered as a lawyer (Daini Tokyo Bar Association)
	Jan. 1980	Masuda and Ejiri Law Office (now Nishimura & Asahi, Foreign Law Joint Enterprise) Partner
	Jan. 2008	Counsel of Nishimura & Asahi Foreign Law Joint Enterprise
	Apr. 2009	Partner of City-Yuwa Partners (to present)
	June 2015	Independent Director of Taiheiyo Cement (to present)
		Independent Director of Dowa Holdings Co., Ltd. (to present)
	June 2016	Independent Corporate Auditor of Sumitomo Bakelite Co.
	Sep. 2017	Independent Corporate Auditor of Nippon Koei Co., Ltd.
	July 2023	Independent Director of Integrated Design & Engineering Holdings Co., Ltd.



Hideyuki Furikado
Independent Director

Career Summary	Apr. 1977	Joined the Ministry of Finance
	July 2004	Deputy Director-General of Financial Services Agency
	July 2010	President of Policy Research Institute, Ministry of Finance, Japan
	Dec. 2013	Retired from Ministry of Finance
	June 2014	Senior Managing Director of Trust Companies Association of Japan
	June 2021	Independent Director of Taiheiyo Cement (to present)



Shingo Tsutsumi
Independent Director

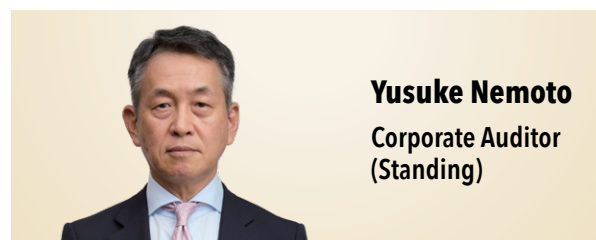
Career Summary	Apr. 1981	Toyo Soda Manufacturing Co., Ltd. (now Tosoh Corporation)
	June 2017	Director, Senior Executive Officer of Tosoh Corporation
	June 2019	Director, Managing Executive Officer of Tosoh Corporation
	June 2020	President and Director of Taiyo Vinyl Corporation
	June 2024	Independent Director of Taiheiyo Cement (to present)

Corporate Auditors



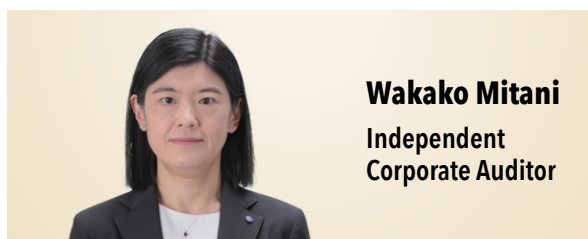
Masahiro Karino
Corporate Auditor
(Standing)

Career Summary	Apr. 1980	Joined Taiheiyo Cement Corporation
	Apr. 2004	General Manager of Legal Department
	Apr. 2013	Executive Officer, General Manager of Legal Department
	Apr. 2016	Managing Executive Officer
	June 2016	Directors, Managing Executive Officer
	Apr. 2019	Directors, Senior Executive Officer
	Apr. 2022	Directors
	June 2022	Corporate Auditor (Standing)(to present)



Yusuke Nemoto
Corporate Auditor
(Standing)

Career Summary	Apr. 1989	Joined Taiheiyo Cement Corporation
	Apr. 2019	General Manager of Business Planning and Administration Department
	Apr. 2022	Executive Officer, General Manager of Human Resources Department
	Apr. 2024	Managing Executive Officer
	Apr. 2025	Advisor
	June 2025	Corporate Auditor (Standing)(to present)



Wakako Mitani
Independent
Corporate Auditor

Career Summary	Apr. 2000	Registered as a lawyer (Daiichi Tokyo Bar Association)
	July 2001	Joined Tanabe & Partners
	Apr. 2012	Partner of Tanabe & Partners
	Feb. 2018	Independent Corporate Auditor of Taiheiyo Cement (to present)
	Apr. 2023	Vice President of Daiichi Tokyo Bar Association
	June 2023	Independent Corporate Auditor of Seikagaku Corp. (to present)
	June 2024	Independent Director of Waseda Academy Co., Ltd. (to present)
	Sep. 2024	Partner of Rodem Law Office (to present)



Toshihito Aoki
Independent
Corporate Auditor

Career Summary	Oct. 1983	Joined Tetsuzo Ohta & Co. (now Ernst & Young ShinNihon LLC)
	Aug. 1987	Registered as certified public accountant
	July 1999	Partner of Ohta Showa LLC (now Ernst & Young ShinNihon LLC)
	Aug. 2014	Retired from ShinNihon LLC (now Ernst & Young ShinNihon LLC)
	June 2023	Independent Corporate Auditor of Taiheiyo Cement (to present)

Board Governance

[Special Feature: Dialogue] Striving Toward Our Vision



Masafumi Fushihara
Chairman and Director

Yoshiko Koizumi
Independent Director

Maximizing corporate value through global group governance and diversity

Evolution of Group Governance

Fushihara:

It has long been a tradition at Taiheiyo Cement that the chairman distances himself from execution and focuses solely on oversight as chair of the board. Last fiscal year was the first year under our new structure, and while there were some uncertainties, President Taura and the executive team achieved solid results. In particular, governance structures, including those covering group companies, became firmly established, and I believe it was a year in which compliance, quality, and safety visibly improved.

Koizumi:

From my perspective as an independent director, I have observed the company's management, and I particularly feel that recently group governance has become firmly established.

Group-level policies and regulations regarding governance and sustainability have been steadily developed, and are promptly revised to reflect legislative changes. Also, since the launch of the company's intranet, highly insightful safety and sustainability slogans created by the employees themselves are displayed on their computer screens at login. I feel that these individual initiatives, taken together, contribute to strengthening governance.

Fushihara:

Our group has more than 200 consolidated subsidiaries, and nearly 400 companies including affiliates. Governance of overseas subsidiaries is a particularly critical issue. At CalPortland, our U.S. subsidiary, we set up an audit department and have dispatched personnel from Taiheiyo Cement headquarters. Last year, we expanded the scope of our whistleblowing system to include overseas subsidiaries, further strengthening compliance.

Koizumi:

When I first visited CalPortland in 2016, I felt a certain distance between our staff and the local employees. But when I revisited last year, I saw both sides working together with the local leadership as true "teammates." Collaboration across the group and onsite exchanges are progressing, creating a virtuous cycle.

Embracing Diversity and Globalization

Koizumi:

As the overseas share of our group's business increases, I believe it is important to appoint foreign nationals and executives with international backgrounds to senior

positions. Incorporating local opinions and perspectives into management improves the quality and speed of decision-making, and enhances competitiveness as a global company. With the advancement of online meetings and interpretation technologies, geographical distance is no longer an obstacle. For example, we might start by appointing such individuals as executive officers and then gradually expand.

Fushihara:

I completely agree. With nearly half of our profits now generated from global business, localization of management and the integration of diversity at headquarters are indispensable. It is time for the board to begin serious discussions on how to incorporate local leaders and experts into management.

Koizumi:

There is also much to learn from overseas in terms of risk and crisis management. For example, global companies not only establish rules for emergencies but also conduct simulation drills in preparation. Our group has conducted similar drills before, but by referencing local practices, we can enhance their effectiveness in times of crisis.

Deepening Supply Chain Management and ESG

Fushihara:

With group governance now on track, our next challenge is supply chain management. We have established a basic purchasing policy that sets out our expectations for responsible conduct in the supply chain. Going forward, we must strengthen governance across the entire supply chain by promoting understanding through ongoing dialogue with suppliers and providing support where necessary.



Koizumi:

Our group has positioned carbon neutrality as a core strategy, and achieving it requires the cooperation of the supply chain. Furthermore, with the enforcement of the Freelance Law, contracts and working conditions for freelancers must be properly managed. Many sole proprietors are part of our supply chain, so this will become an important topic in supply chain management.

Maximizing Corporate Value and the Future of Taiheiyo Cement

Fushihara:

Anticipating long-term declines in domestic cement demand, we began overseas expansion more than 30 years ago. In Japan, we are also exploring new business fields, such as participating in a large-scale dairy farming facility in Fukushima. Under the 26 Medium-Term Management Plan, we aim to achieve “¥1 trillion in net sales, ¥100 billion in operating profit, and 10% ROE,” but this is only the first step. We must not pause there; instead, we aim to sustain our growth trajectory—targeting, for example, ¥2 trillion in net sales and ¥200 billion in operating profit. To achieve this, we must carefully discuss with management what needs to be done both domestically and internationally, and present a 10-year growth strategy to stakeholders as soon as possible.

Koizumi:

I feel that our employees sincerely embody the management philosophy of being “a pioneer in creating a sustainable future for our planet.” Their emphasis not only on economic growth but also on environmental and social contribution is a corporate culture we can proudly share with the world. I hope that, by continuing to cherish this philosophy, we will pursue management that is diverse and open to all stakeholders.

Corporate Governance

We are working to strengthen corporate governance in order to achieve sustainable growth and increase corporate value.

Basic Policy on Corporate Governance

In keeping with the Mission of the Taiheiyo Cement Group, we established the Basic Policy on Corporate Governance with the aim of fulfilling our management responsibility towards all our stakeholders, including shareholders, and helping to achieve sustainable growth while maximizing our corporate value over the medium to long term. We are working to build a sound, transparent, and efficient corporate governance system.



For the "Taiheiyo Cement Corporation Basic Policy on Corporate Governance," please click or scan the 2D Barcode to access our website.

Corporate Governance System

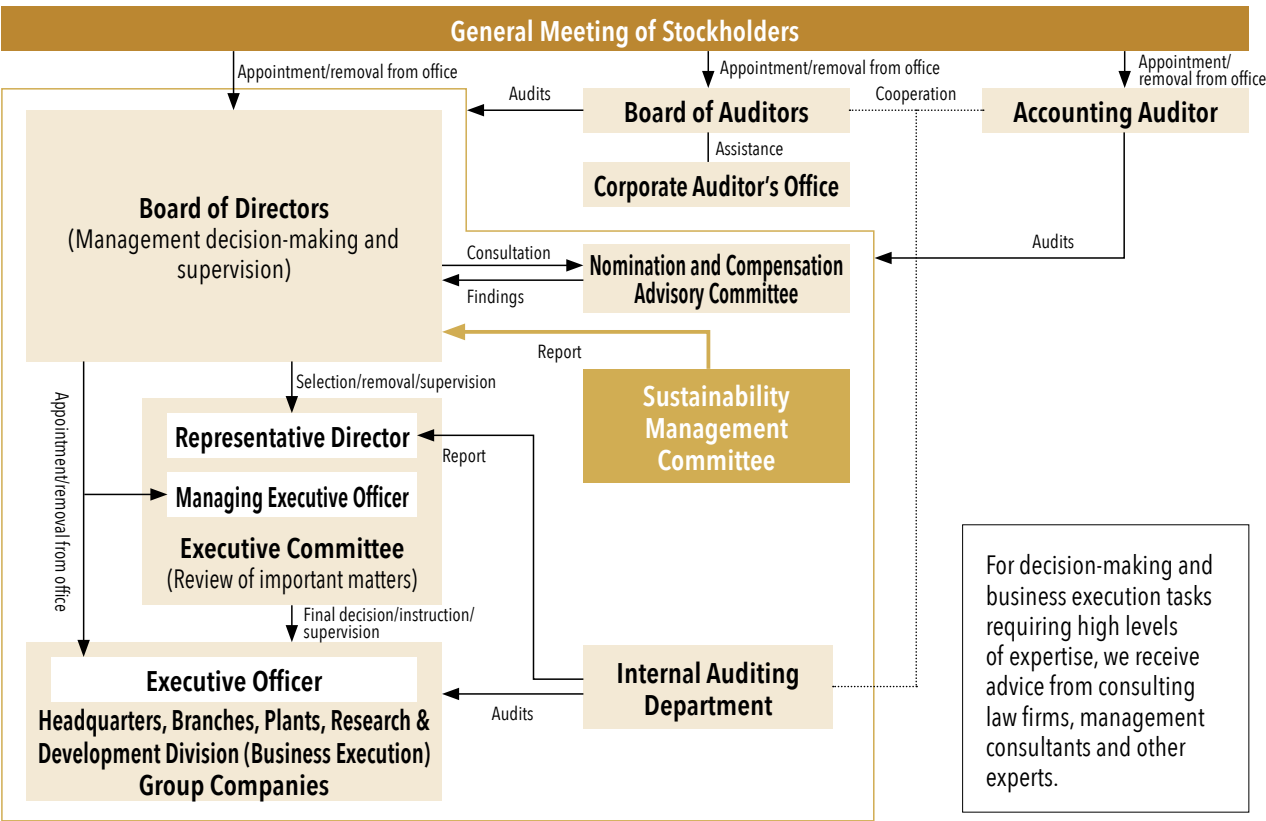
We are building a system that accurately recognizes and addresses corporate governance issues and effectiveness, and governance themes in order to deploy a sustainable business model on a global scale.

Our management structure is based upon the Board of Directors and Board of Auditors. We have also introduced an executive officer system and are endeavoring to separate management decision-making and monitoring/supervisory functions from business execution. Our Corporate Auditor's Office provides comprehensive support for corporate auditors in

the performance their duties. We have set up an internal control system in the Internal Auditing Department and, by means of internal audits, strive to ensure that operations are properly executed in the company and group companies.

We have also established a Sustainability Management Committee to promote sustainability. Specialized sub-committees have also been established to further enhance our corporate governance, including for human rights, labor, environmental management, and quality control.

Corporate Governance System



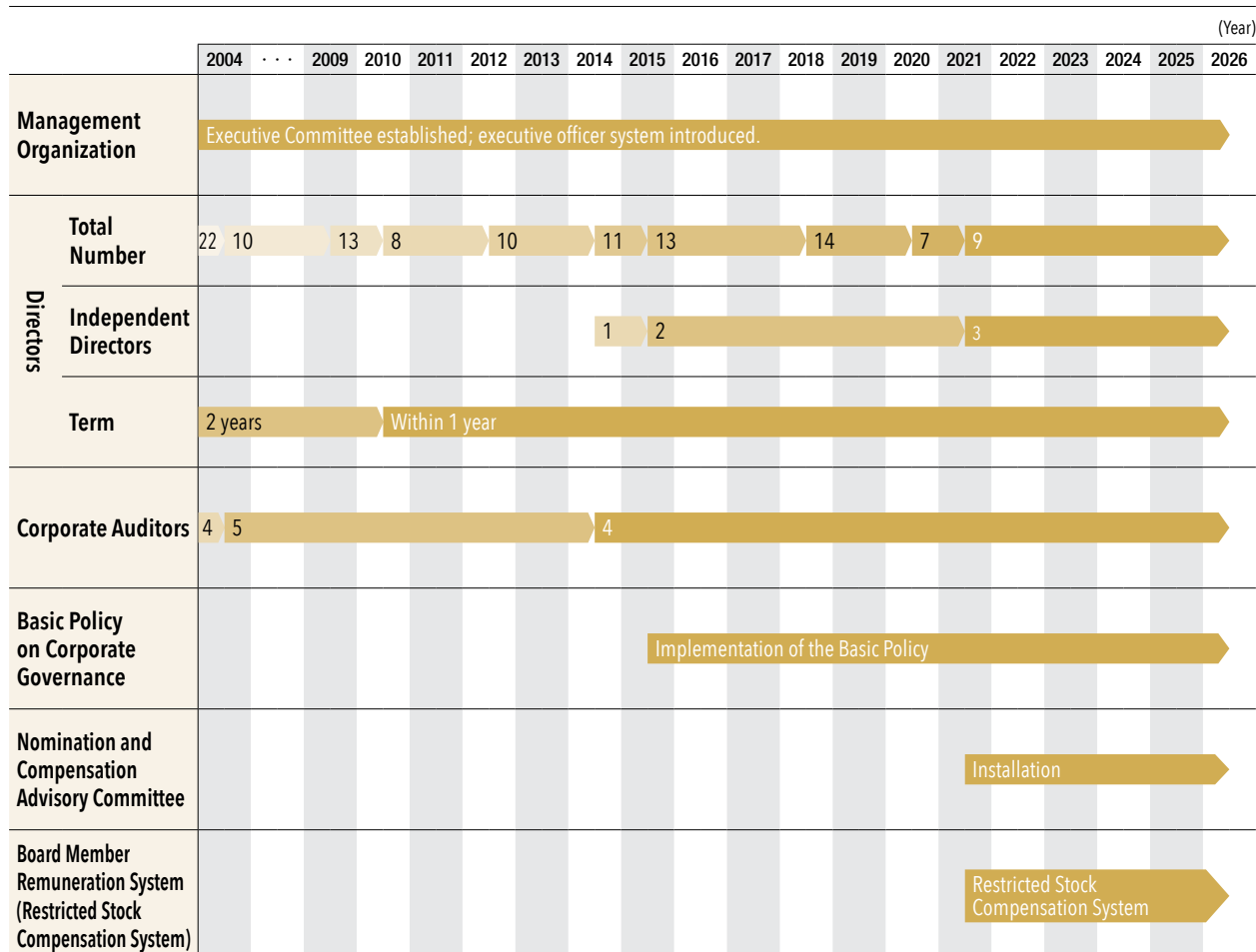
● Outline of Our Governance Structure (As of June 27, 2025)

Item	No. of people etc.
Organizational Structure	Company with a Board of Auditors
Chairman of the board	Chairman
No. of directors (No. of female directors)	9 (1)
No. of outside directors included in that figure	3 (1)
No. of independent directors included in that figure	3 (1)
Tenure of a director	1 year
Executive officer system	Yes
No. of corporate auditors (No. of female corporate auditors)	4 (1)
No. of outside directors included in that figure	2 (1)
No. of independent directors included in that figure	2 (1)

● Major Meetings Held

Committees	No. of times held	Independent Officer Attendance	Overview
Board of Directors	15	100%	In principle, the Board of Directors meets once a month, and at other times when necessary, to make decisions on matters required by law and important matters related to the management of the company. The Board of Directors consists of nine directors, three of whom are independent directors. In addition, all of the corporate auditors attend the Board of Directors meetings. 15 meetings were held in FY2025, with 100% attendance by directors and corporate auditors.
Board of Auditors	12	100%	The Board of Auditors, consisting of two standing corporate auditors and two independent corporate auditors, fulfills its supervisory and auditing function over management by attending the Board of Directors meetings and other important meetings, questioning the directors and others about the performance of their duties, and inspecting important approval documents. In addition, in order to enhance the audits, they visit branches, plants, and group companies, etc., to investigate the status of the business operations. Also, regular corporate auditor liaison meetings are held for the corporate auditors to exchange opinions among themselves (and including those in charge of related divisions when necessary) and share information to build a system that enables fair and appropriate auditing.
Executive Committee	21	—	The Executive Committee consists of all internal directors and managing executive officers, excluding the Chairman, and makes decisions on important matters other than those that are to be decided by the Board of Directors. A standing corporate auditor attends the Executive Committee meetings. Although the independent directors and independent corporate auditors do not attend these meetings, the Corporate Planning Department reports regularly to the independent directors (weekly in principle), and a corporate auditor liaison meeting is held for independent corporate auditors (weekly in principle), where the standing corporate auditors report on the details of important meetings such as the Executive Committee and share information and assist them in the execution of their duties.

Changes in Governance



Overview of Our Directors and Corporate Auditors

Nomination and Appointment of Prospective Directors

The President proposes prospective directors to the Board of Directors, from a diverse pool of talent both within and outside of the company, in accordance with the Basic Policy on Corporate Governance. The Board of Directors deliberates and nominates them as prospective directors, who are then appointed by resolution of the General Meeting of Shareholders. During the nomination of prospective directors, the Nomination and Compensation Advisory Committee deliberates and reports the results of its deliberations to the Board of Directors.

Nomination and Appointment of Prospective Corporate Auditors

After gaining the approval of the Board of Auditors, the President proposes to the Board of Directors prospective

corporate auditors endowed with the ability to fairly audit the overall duties of the directors, suitable experience and skills, and with adequate expertise in financial affairs, accounting and legal affairs. After deliberation by the Board of Directors, nominated candidates are appointed by resolution of the General Meeting of Shareholders.

Nomination and Appointment of Prospective Independent Officers

Prospective independent officers must satisfy the company's Independence Criteria for Independent Officers and be capable of supervising our directors and management from an independent, external standpoint, and of providing proper and appropriate advice based on their experience and insights from careers in professions such as lawyer, corporate manager, certified public accountant and government official.

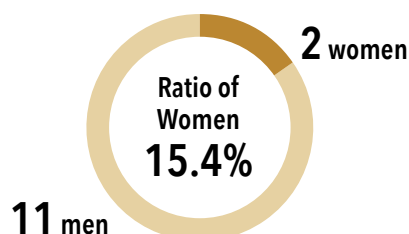


For the "Independence Criteria for Independent Officers," please click or scan the 2D Barcode to access the "Basic Policy on Corporate Governance (Appendix 1)" on our website.

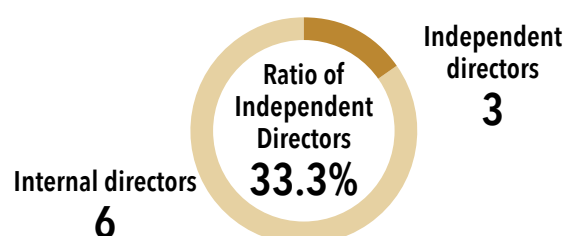
Activities of independent directors

The Nomination and Compensation Advisory Committee met a total of five times in FY2025, with members consisting of three independent directors and one inside director. In addition, two meetings were held exclusively for a total of five independent directors, including independent auditors, to frankly exchange opinions on current issues and the deliberations of the Board of Directors.

Ratio of women in executive positions (July 2025)



Independence of executives (July 2025)



Operation of the Board of Directors

In FY2025, the Board of Directors met 15 times to discuss and decide on important matters stipulated by law and the Articles of Incorporation, as well as to supervise the execution of duties by directors. In order to ensure the efficiency of directors' duties, directors and executive officers who have been assigned duties report on the status of execution of their duties. With respect to management execution, a certain level of authority is delegated to executive officers, who execute operations through a policy deployment system in accordance with the Medium-Term Management Plan and annual management policy (President's Policy), and the Board of Directors reviews the progress of these operations.

Major matters discussed at Board of Directors Meetings (FY2025)

Cement sales price policy	Reports on details and status of sales price revisions
Global Strategy	Capital expenditure and market strategy of overseas subsidiaries
Strengthening plant and mining facilities	Report on the status of safety initiatives Upgrade of manufacturing facilities and limestone quarry development
Carbon neutrality	Confirmation of progress on initiatives
Other	<ul style="list-style-type: none"> Promotion of sustainability management Compliance with the Corporate Governance Code (Evaluation of the effectiveness by the entire Board of Directors) Internal audits and group company audit reports Business efficiency and consolidation status report Dialogue with institutional investors and shareholders Promotion of diversity management Promotion of Health and Productivity Management (H&PM)

Attendance at Board of Directors meetings (FY2025) (Number of meetings attended/number of meetings held)

Full Name	Board of Directors
Masafumi Fushihara	15 / 15 (100%)
Yoshifumi Taura	15 / 15 (100%)
Hideaki Asakura	15 / 15 (100%)
Koshiro Hidaka	11 / 11 (100%)
Shinji Fukami	11 / 11 (100%)
Isao Matsui	11 / 11 (100%)
Yoshiko Koizumi	15 / 15 (100%)
Hideyuki Furikado	15 / 15 (100%)
Shingo Tsutsumi	11 / 11 (100%)
Katsuhide Fukuhara	15 / 15 (100%)
Masahiro Karino	15 / 15 (100%)
Wakako Mitani	15 / 15 (100%)
Toshihito Aoki	15 / 15 (100%)

(Note 1) The Board of Directors met 15 times during the current fiscal year. Of these meetings, 11 were held after Directors Koshiro Hidaka, Shinji Fukami, Isao Matsui, and Shingo Tsutsumi took office.

(Note 2) In addition to the number of Board of Directors meetings held as stated above, there was one resolution in writing that was deemed to be a resolution of the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 24 of the Company's Articles of Incorporation.

Skills matrix

In order to ensure appropriate decision-making and a high level of oversight of our business activities, we review the knowledge, expertise, and experience expected of our directors and officers in conjunction with materiality updates. This year, it is represented as a six-skill matrix covering corporate management, production technologies research, sales and

marketing, financial accounting, legal risk management, and global business.

We make the most of such advanced knowledge, expertise, and diverse experience to manage our business in order to realize our mission, which is based on sustainable growth and sustainability.

● Executive Skills Matrix and Composition of Nomination and Compensation Advisory Committee

Full Name	Position	Independent officer	Years in office	Nomination and Compensation Advisory Committee	Knowledge, expertise and experience					
					Corporate management	Production technologies research	Sales and Marketing	Finance Accounting	Legal Risk management	Global business
Masafumi Fushihara	Chairman and Director		10 years	○	●		●	●	●	●
Yoshifumi Taura	President and Representative Director		2 years		●	●	●			●
Hideaki Asakura	Vice President and Representative Director		3 years		●		●	●	●	●
Shinji Fukami	Vice President and Director		1 year		●	●	●			●
Isao Matsui	Director, Senior Executive Officer		1 year		●		●	●		●
Naoyuki Kira	Director, Senior Executive Officer		-		●		●			
Yoshiko Koizumi	Independent Director	○	10 year	○ (Chairperson)					●	●
Hideyuki Furikado	Independent Director	○	4 years	○				●	●	●
Shingo Tsutsumi	Independent Director	○	1 years	○	●		●	●		●
Masahiro Karino	Corporate Auditor (Standing)		3 years		●				●	●
Yusuke Nemoto	Corporate Auditor (Standing)		-		●			●		●
Wakako Mitani	Independent Corporate Auditor	○	7 years and 4 months					●	●	
Toshihito Aoki	Independent Corporate Auditor	○	2 years					●	●	

Evaluating the Effectiveness of the Board of Directors

We strive to share information among the internal and external officers in order for the Board of Directors to supervise the execution of the business and make appropriate decisions. Efforts are made to enhance the effectiveness of the Board of

Directors by providing timely and appropriate information to independent directors and providing them with opportunities to inspect business sites, including overseas and affiliate companies. Furthermore, all directors and corporate auditors

complete a questionnaire, to analyze and evaluate the effectiveness of the Board of Directors as a whole, including its composition, operation, agenda, and deliberations. The Board of Directors will review the contents of the report and we have made improvements to the structure and operations of the Board of Directors on the basis of the results, ensuring the overall effectiveness of our Board of Directors.

Committee Activities

Activities of the Nomination and Compensation Advisory Committee

We established the Nomination and Compensation Advisory Committee in March 2021 with the aim of further enhancing corporate governance by improving the fairness, transparency, and objectivity of the procedures for nominating directors and managing executive officers and determining their compensation. The Committee consists of four directors appointed by resolution of the Board of Directors, three of whom are independent directors. The Committee is chaired by an independent director appointed by resolution of the Board of Directors.

The Committee deliberates and reports to the Board of Directors on policies regarding the nomination of directors, the appointment and removal of directors, policies for determining the compensation of individual directors, and the details of the compensation of directors.

When selecting directors, the Committee deliberates on candidates proposed by the President from a wide range of diverse candidates, without taking into account gender, nationality, work history, age, etc. For internal director candidates, the Committee reviews whether they possess the knowledge and experience necessary to manage the company accurately and fairly, as well as outstanding character, insight, ability, and a high level of ethics. The findings are then reported to the Board of Directors. Additionally, when selecting candidates for independent directors, the Committee deliberates whether they are capable of supervising the Company's directors and management from an external, independent standpoint, and of providing accurate and appropriate advice based on their extensive experience and broad insight. The findings are then reported to the Board of Directors. Each committee member approaches the discussions with the mindset of thoroughly evaluating the candidates, including requesting additional information if there are any gaps in a candidate's resume or reporting to the Board of Directors on any insufficient qualifications.

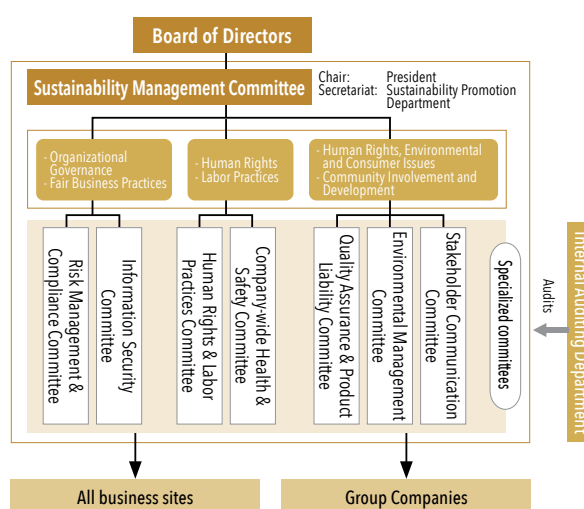
● Challenges and Initiatives (FY2025)

Challenges for FY2025	<ul style="list-style-type: none"> - Review the criteria for submitting proposals - Further enhance IR activities, including those for overseas investors
Initiatives for FY2025	<ul style="list-style-type: none"> - Implemented initiatives to revise approval regulations - Strengthening of dialogue with shareholders and investors
Challenges for FY2026	<ul style="list-style-type: none"> - Promotion of discussions including modification and changes to strategies due to changes in the business environment - Review of training for directors

The System to Promote Sustainability Management

To promote our sustainability management, we have created a cross-departmental Sustainability Management Committee, chaired by the President with all board directors and all managing executive officers as committee members, under the direct oversight of the Board of Directors. Reporting to the Sustainability Management Committee are seven specialized committees for individual subjects, each chaired by the director responsible for that area. The department most closely associated with any given issue acts as the secretariat for the related committee. The Sustainability Management Committee's role is to screen important matters concerning sustainability and the status of activities of specialized committees, and review their progress.

● Sustainability Management Committee Structure



● Sustainability Management Committee Meetings (FY2025)

Date		Main Content
First	May 14, 2024	<ul style="list-style-type: none"> Challenges in preparing the 2024 Integrated Report
Second	September 24, 2024	<ul style="list-style-type: none"> Interim report on the activities of four specialized committees Report on policy and system trends related to carbon neutrality and the direction of corporate response
Third	December 24, 2024	<ul style="list-style-type: none"> Interim report on the activities of three specialized committees GCCA (Global Cement and Concrete Association) Activity Report Looking back on the 2024 Integrated Report Report on trends surrounding nature-positive management
Fourth	March 25, 2025	<ul style="list-style-type: none"> Report on the FY2025 activities of seven specialized committees Planning of FY2026 activities of seven specialized committees GCCA (Global Cement and Concrete Association) related reports Formulation of the Taiheiyo Cement Group Human Rights Policy General evaluation of this fiscal year's sustainability activities

Activities of independent directors (Number of meetings attended/number of meetings held)

Full Name	Board Meeting Attendance	Details of Contribution
Yoshiko Koizumi	15 / 15	Providing appropriate comments mainly based on her extensive experience as an attorney and broad insight into corporate legal affairs.
Hideyuki Furikado	15 / 15	Providing appropriate comments mainly based on his extensive experience and broad insight as a national public servant.
Shingo Tsutsumi	11 / 11	Providing appropriate comments mainly based on his extensive experience and broad insight as the manager of a business corporation.

(Note 1) The Board of Directors met 15 times during the current fiscal year. Of these meetings, 11 were held after Director Shingo Tsutsumi took office.

(Note 2) In addition to the number of Board of Directors meetings held as stated above, there was one resolution in writing that was deemed to be a resolution of the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 24 of the Company's Articles of Incorporation.

Cross-shareholdings

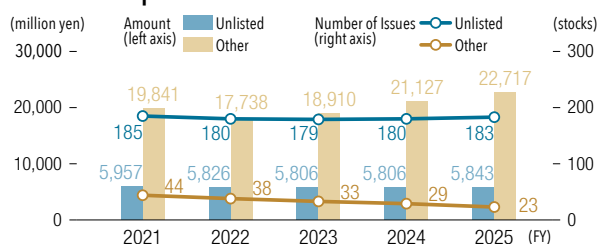
From the perspective of maintaining and strengthening stable and long-term business relationships with our business partners, we acquire and hold shares in such business partners as cross-shareholdings when it is determined that it will contribute to the enhancement of our medium- to long-term corporate value.

Further, the Board of Directors confirms the necessity of such holdings each year by examining the medium- to long-term economic reasonableness and future prospects of each individual cross-shareholding, based on whether the purpose of holding the shares is appropriate and whether the benefits and risks associated with holding the shares are commensurate

with the capital costs.

We do not hold any investment securities where the purpose is purely investment.

● Amount reported on balance sheet and number of issues



Board Member Remuneration

Determining Board Member Remuneration

In the process for determining the compensation for directors, the Nomination and Compensation Advisory Committee, the majority of which consists of independent directors and is chaired by an independent director, deliberates and reports its findings to the Board of Directors, which respects those findings. The decision is then entrusted to the representative directors, within the scope decided at the

General Meeting of Shareholders and determined by our company regulations.

The compensation system for directors (excluding outside directors) consists of fixed compensation, share-based compensation and performance-based compensation, while the compensation system for the independent directors consists solely of fixed compensation. The compensation system for auditors also consists solely of fixed compensation.

- Fixed compensation is set according to position.
- Performance-based compensation is calculated by multiplying profit attributable to owners of parent company shares for the fiscal year under review by 1% (up to ¥400 million) and a coefficient according to position.
- Share-based compensation is calculated according to position and issued yearly in the form of share options with restrictions on transfer. In principle, the restrictions on transfer are rescinded on the day the director retires.
- The reason for the introduction of the share-based compensation system and the adoption of profit attributable to owners of parent as an indicator for performance-based compensation is to promote further value sharing with our shareholders.

Composition of Compensation

● Directors (excluding independent directors)

Fixed compensation	Performance-based compensation	Share-based compensation
--------------------	--------------------------------	--------------------------

* Fixed compensation: Approximately 90% to 45%
 Share-based compensation: approximately 10% to 15%
 Performance-based compensation: 0% to approximately 40%

Annual Remuneration of Board Members

Remuneration for directors was decided at the General Meeting of Shareholders on June 29, 2021, and after said meeting, there are nine directors (of whom three are independent directors), for whose annual compensation there is a maximum of ¥1.2 billion (of which ¥100 million is for independent directors). Included in that is a maximum annual sum of ¥200 million (200 thousand shares) as transfer-restricted share-based compensation.

Remuneration for corporate auditors was decided at the General Meeting of Shareholders on June 29, 2000. Since the meeting, there have been four corporate auditors, for whose monthly compensation there is a maximum of ¥13 million.

● Independent Directors, Corporate Auditors

Fixed compensation

● Total amount of compensation for directors and corporate auditors (FY2025)

Category	Total amount of compensation, etc. (million yen)	Total amount of compensation by type (million yen)			Number of officers covered (persons)
		Fixed compensation	Performance-based compensation	Non-monetary compensation, etc.	
Directors	569	329	194	46	13
Corporate Auditors	72	72	—	—	4
(independent directors)	(67)	(67)	(-)	(-)	(6)

* The above count of directors and corporate auditors who received compensation includes four directors who retired at the conclusion of the 26th Ordinary General Meeting of Stockholders held on June 27, 2024

Internal Control System

We follow the Basic Policy for Building an Internal Control System to ensure suitable and efficient operations at the company and group companies. Our basic approach is to improve and strengthen systems that are currently in operation, and to review and reappraise essential matters. Regarding internal audits, under the direction of the officer in charge, we collaborate with auditors to formulate an internal audit plan that is approved by the company's directors. In FY2025, we audited four of our offices and 10 domestic group companies. During the audits, we check the effectiveness, efficiency, and compliance with regulations of the Taiheiyo Cement Group's corporate operations, identify areas for improvement, and provide advice and recommendations. We also comply with the

Companies Act and the Financial Instruments and Exchange Act, and handle matters related to internal control evaluations and disclosure systems associated with financial reporting.

Additionally, auditors are dispatched from the relevant business divisions or management departments to group companies as necessary to conduct audits. For companies to which we do not dispatch auditors, we require them to periodically conduct self-diagnoses of the status of internal controls. Additionally, we regularly hold online meetings with the auditing divisions of key overseas group companies to review their internal control systems. Any issues raised in internal audits are presented at a meeting attended by management of Group companies to prevent recurrence.

Risk Management and Compliance

Towards Value Creation

In our Business Principles we declare “we will strive to anticipate the changing business environment to assess new opportunities for growth.” We consider risk management to be a foundation for reducing management uncertainties and achieving management objectives. Based on our basic risk management policy, we manage risks that make the achievement of management goals uncertain, such as social change, changes in the global environment, natural disasters, accidents and

Basic Risk Management Policy

- ① We prevent and reduce risks in order to ensure the quality and safety of our products and services, protect the lives and safety of our permanent employees and their families, and earn greater trust from our stakeholders.
- ② We create a system to appropriately manage a wide range of risks associated with our business activities.
- ③ We promote risk management through a plan-do-check-act cycle.
- ④ We quickly and appropriately deal with risks as they are identified.
- ⑤ In collaboration with the Taiheiyo Cement Group companies we build a system for immediately detecting new risks arising from changes in our business environment and for quickly and appropriately dealing with risks at the group level.
- ⑥ Through risk communication with stakeholders, we gain an understanding of the opinions of stakeholders necessary for risk management.
- ⑦ We openly disclose risk-related information, such as risk assessments and mitigation outcomes, fostering a trusting relationship between our company and stakeholders.

scandals. In addition, we have established “Risk Management Regulations” to ensure that the Basic Risk Management Policy is deployed in specific risk management activities.

In April 2025, we established the Risk Management & Compliance Office within the General Affairs Department with the aim of establishing a risk management system based on an independent and preventive perspective and strengthening the whistleblower system.

Basic Compliance Policy (Summary)

- Compliance with our Mission, Business Principles and social norms
- Maintaining internal systems and rules and ensuring broad-based awareness of them
- Cooperation with all group companies and promotion of educational and enlightenment activities
- Establishing appropriate responses and policies for when problems occur
- Timely and appropriate disclosure and communication of necessary information
- Compliance with international standards and rules, and respect for local cultures and customs
- Rejection of illegal and unwarranted demands from antisocial forces or organizations



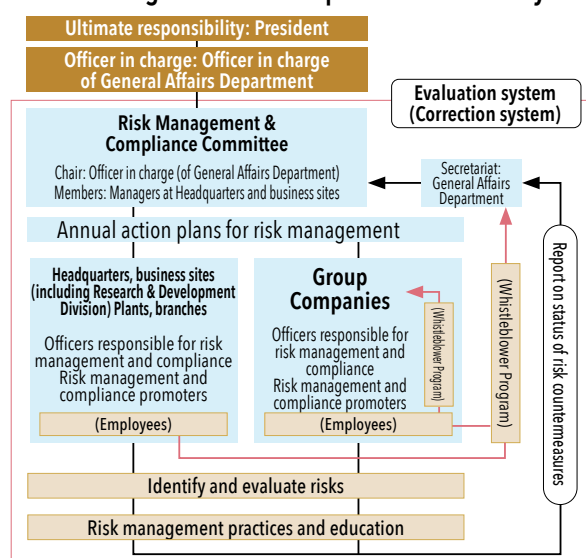
For “Risk Management and Compliance,” please click or scan the 2D Barcode to access our website.

Operational Structure

Our president has ultimate responsibility for risk management and compliance promotion. The officer in charge of both areas (officer in charge of the General Affairs Department) is appointed by the president to preside over and run the Risk Management & Compliance Committee and systematically promote organized activities.

The committee plays a core role in our risk management and compliance promotion for the entire group. It deploys the policy, identifies, evaluates and specifies company-wide risks, implements risk management activities based on PDCA cycles and promotes compliance. Moreover, it creates and revises rules for risk management and compliance, and provides instructions for advancing the awareness and education of employees. Four meetings were held in FY2025.

● Risk Management and Compliance Promotion System



(note) Subject to risk management: 94 group companies (Japan and overseas) (as of March 31, 2025)

Roadmap for Achieving this Goal

Compliance Enforcement

Companies are expected to actively fulfill a useful role in society, not just from an economic perspective. In order for our company and each of our group companies to live up to the trust and expectations of society, and achieve continuous and stable development, we are working to promote compliance management that "recognizes the rules that must be followed in society and acts in accordance with them" and continue to be a trusted corporate group.

Risk Management

If a significant risk were to materialize, it not only undermines our management resources but can also adversely affect the stakeholders surrounding the Taiheiyo Cement Group, potentially leading to a breakdown of trust and a loss of social credibility. In order to continue our business and achieve sustainable development, we are working to develop a risk management system and promote effective risk management activities in order to reduce serious risks and minimize losses caused by actualized risks. We will also strive to properly handle, protect, and manage information assets.

FY2025 results	Plan for FY2027	Our Vision (2030)
<ul style="list-style-type: none"> Implemented risk countermeasure plans using the PDCA cycle at all business sites and group companies Created manuals for responding to major plant accidents and for crisis management public relations Established an external whistleblower hotline available to overseas group companies 	<ul style="list-style-type: none"> Implement effective measures against risks that could impede the achievement of the Medium-Term Management Plan and materiality initiatives, and which could have a significant impact on the uncertainty of the management of the Taiheiyo Cement Group 	<ul style="list-style-type: none"> By improving and expanding the risk management system and continuing effective risk management and compliance activities, we will contribute to the continuity of the Taiheiyo Cement Group's business and its sustainable development.

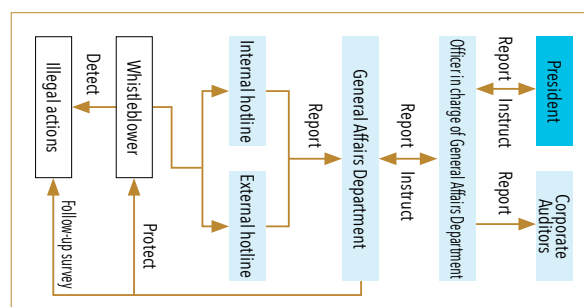
Materiality KPIs, Targets, and Results

KPIs, Targets	FY2023	FY2024	FY2025
Coverage of the Whistleblower Program in Group Companies (Japan and Overseas): 90% or more (FY2031)	81.1%	88.3%	95.7%
Standards of Conduct Training (e-learning) Participation Rate: Maintain at 90% or more	91.7%	97.3%	96.3%

Whistleblower Program

We have set up whistleblower hotlines to receive reports directly without the need for the usual company procedures. Whistleblowers have the option of either disclosing their identity, or reporting anonymously to mitigate any potential psychological constraints. We have whistleblower hotlines both internally (Compliance Hotline) and externally (at a law firm) in order to safeguard the privacy of those submitting reports. These hotlines are also available to all permanent employees of group companies in an effort to strengthen group governance, improve program effectiveness and reduce the burden on individual companies. We established an external hotline available to overseas group companies in FY2025, and began sequential operation from FY2026. In addition, we created the Whistleblower Program Regulations so whistleblowers using the program are not subject to unfavorable treatment.

Whistleblower Program



Results of the Whistleblower Program (FY2025) *

Hotline	No. of cases
Internal (whistleblower hotlines)	5
External (law firm)	0

Cases that should be regarded as "reports" according to the "Whistleblower Program Regulations"

* Taiheiyo Cement Corporation and group companies subject to risk management by the Risk Management & Compliance Committee are subject to aggregation.

Risk Management and Compliance Promotion Activities

1

Identifying, Evaluating, and Specifying Company-wide Risks

We collect, evaluate, and identify company-wide risks, including those of group companies, every three years and conduct an annual review of those risks. In the comprehensive review of company-wide risks conducted in FY2023, we performed a thorough inventory of risks considering the environmental changes over the past three years. We identified those risks that have a heightened concern for materialization and those with insufficient countermeasures as "company-wide risks" and decided to promote effective responses under the oversight of the Risk Management & Compliance Committee.

Summary of the Collection, Evaluation and Identification of Company-wide Risks

Step 1	Identification of risks that may hinder materiality initiatives
Step 2	Identification of company-wide risks that could have a significant impact on uncertainties in the management of the Taiheiyo Cement Group
Step 3	Review company-wide risks
Step 4	Determine company-wide risks

Specified Company-wide Risks

- Risk of increase in the number and severity of natural disasters and aging facilities and equipment
- Risk of business fluctuations in the supply chain
- Human resource-related risks

2

Examples of Overseas Risk Countermeasures

We have created and regularly revise the Riot and Terrorism Response Manual. In addition, with regard to high-risk countries to which our employees are dispatched, we clearly state the procedure for deciding on local evacuations, have created a tool for evaluating the emergency evacuation level according to changes in local situations, and provide training using the tool. We also list and secure supplies (food, clothes, hygiene supplies, and medicines), as well as cash and other resources needed, in the event of evacuation or an emergency at our overseas business sites.

3

Emergency Task Force

If an event such as a disaster, accident or misconduct has occurred, the affected business site informs the general manager of the General Affairs Department. The general manager considers the severity of the event and determines if the response to the event can be delegated to the site management or if an emergency task force should be established. Appropriate action is then taken by local management or the emergency task force.

As preparation for responding to disasters and accidents, we also conduct disaster/fire preventions and Shake Out earthquake drills that assume a large-scale earthquake at each business site.

4

Risk Management and Compliance Promotion Training

We provide risk management and compliance training for managers and promoters working at the company's business sites and group companies to ensure effective risk management and compliance. In November 2024 we invited an outside lecturer to give a talk to the managers at our group companies on "Toward Creating a Harassment-Free Workplace" and "What Sustainability Information is Required of Japanese Companies", which was attended by managers from 96 companies. Led by an outside lecturer, in November we held a risk management training session for promoters.

5

Compliance Training

We have created and distributed to all our employees, as well as all those of our main group companies, the Standards of Conduct (Casebook), which describes specific examples on how to act in line with the Standards of Conduct. We regularly revise the Standards of Conduct (Casebook) to reflect the latest information.

In addition, for all company employees, including those on loan to group companies, we conduct monthly quiz tests as part of e-learning programs to provide education on the Standards of Conduct (Casebook) and other materials so they learn how to act in individual situations. In FY2025, 96.3% of employees participated in the program.



For the "Standards of Conduct [Casebook]," please click or scan the 2D Barcode to access our website.

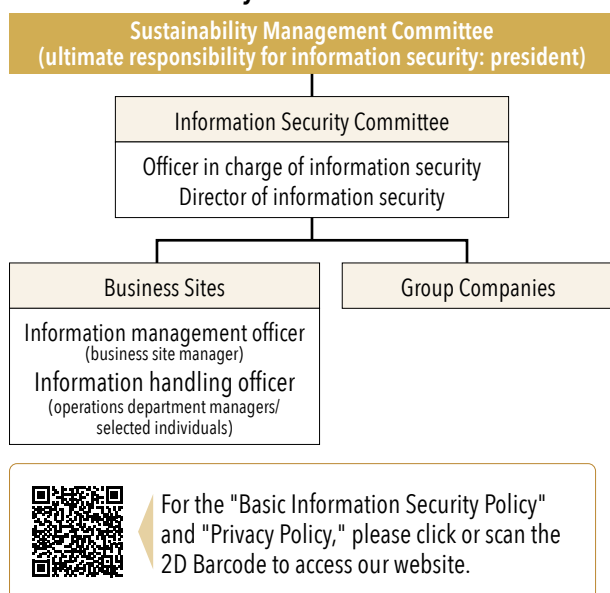
Information security

System to Promote Information Security

To ensure and maintain the security of information assets we have established the Basic Information Security Policy and the Information Security Management Regulations. Under the management system in accordance with these regulations, we are actively working to maintain information security.

Our president has ultimate responsibility for information security. The president appoints the officer in charge of information security (officer in charge of the DX Promotion Department), who presides over and runs the Information Security Committee in order to advance systematic, organized activities to promote information security.

Information Security Structure



Activities to Promote Information Security

We continuously conduct tabletop exercises assuming security breaches from external sources and recovery drills assuming natural disasters. We also conduct drills for responding to suspicious emails, security surveys, and distribute security news on our internal portal.

In addition, we hold networking events and lectures for the information system personnel of each group company, serving as a forum to share information from our company and discuss the challenges faced by each company.

Leveraging the knowledge and issues gained through these activities, we will continue our efforts to improve the security level of the Taiheiyo Cement Group in order to ensure the safety of information assets and minimize the impact on stakeholders in the event of an incident.

No serious incidents related to information security occurred in FY2025.

Risk Management for Intellectual Property

To prevent the infringement of intellectual property rights owned by other companies, we regularly monitor patent applications in relevant fields. For applications from other companies that warrant attention, we are implementing risk management measures. This includes verifying that we are not infringing on any rights and, in collaboration with related departments, monitoring the examination status as needed and considering appropriate responses.

To address intellectual property risks in the various foreign countries where we do business, we leverage our network of

external organizations and experts to gather the latest local information and implement response measures equivalent to those in Japan to mitigate these risks.

In addition to these risk management measures, we are expanding awareness-raising activities within the Taiheiyo Cement Group on the importance of respecting the rights of other companies and, to date, we have not experienced any business disruptions related to intellectual property. We will continue to promote risk management for intellectual property and strive to ensure a safe business environment.

ESG Data

Scope of Data

Non-consolidated : Taiheiyo Cement Corporation (non-consolidated)
 Group 1: Group companies that are business sites required to submit accident reports under the Taiheiyo Cement Group's Health and Safety Management Regulations
 Group 2: Taiheiyo Cement Corporation, 184 subsidiaries, and 104 affiliates
 Group 3: Group companies subject to risk management by the Risk Management & Compliance Committee
 GCCA: Cement plants (9 domestic plants, 7 overseas plants) and quarries owned by group companies that own cement plants

E Environment

	Scope of Data	Unit	FY2023	FY2024	FY2025
Cement Production*1	GCCA	thousand t	27,228	25,939	26,526
Cementitious Product Production in Japan		thousand t	17,229	16,150	16,052
Cementitious Product Production Overseas		thousand t	9,999	9,789	10,474
CO ₂ emissions	GCCA				
Annual CO ₂ emissions					
Scope 1 Emissions (raw material-derived and fuel-derived direct emissions)		thousand t	20,065	19,007	19,790
Japan		thousand t	13,036	12,127	12,325
Overseas		thousand t	7,029	6,880	7,465
◎ Gross Emissions (raw material-derived and fuel-derived direct emissions (excluding on-site power generation))		thousand t	19,017	18,277	18,831
Japan		thousand t	11,989	11,397	11,365
Overseas		thousand t	7,028	6,880	7,465
◎ Net emissions (raw material-derived and fuel-derived direct emissions (excluding alternative fuels and on-site power generation))		thousand t	17,997	17,228	17,806
Japan		thousand t	10,983	10,391	10,403
Overseas		thousand t	7,014	6,837	7,403
CO ₂ emissions per tonne of cement produced					
◎ Specific gross emissions		kg-CO ₂ /t-cementitious	698	705	710
◎ Specific net emissions		kg-CO ₂ /t-cementitious	661	664	671
Scope 2 Emissions (indirect emissions from purchased electricity)		thousand t	868	854	755
Japan		thousand t	373	397	309
Overseas		thousand t	495	457	446
Scope 3 Emissions (indirect emissions other than Scope 1 and 2)		thousand t	1,700	1,578	1,186
Category 1 (purchased goods and services)		thousand t	827	880	442
Category 3 (fuel- and energy-related activities not included in Scope 1 and 2)		thousand t	873	698	744
Reduction rate of specific net CO ₂ emissions (compared with FY2001) CSR Objectives for 2025: 10% or more		%	10.2	9.8	8.8
Reduction rate of specific CO ₂ emissions across the supply chain (compared with 2000)*2		%	10.5	11.6	10.7
Reduction rate of total (Japan) CO ₂ emissions (compared with 2000)*2		%	42.7	46.8	46.1
◎ Clinker/cement ratio		%	83.0	83.3	83.0
Total energy consumption for clinker production	GCCA				
Energy consumption		TJ	76,291	74,459	76,691
Fossil energy		TJ	61,111	59,056	61,711
Alternative energy		TJ	13,393	13,758	13,452
Biomass energy		TJ	1,787	1,645	1,528
◎ Specific heat consumption		MJ/t-clinker	3,375	3,443	3,448
Rate of alternative fuel use		%	19.9	20.7	19.5
◎ Alternative energy rate		%	17.6	18.5	17.5
◎ Biomass energy rate		%	2.3	2.2	2.0
Use of alternative raw materials	GCCA				
◎ Alternative raw materials rate		%	15.5	15.1	14.8
Main air pollutant emissions	GCCA				
◎ Ratio of clinker produced in kilns with monitoring systems for all air pollutants		%	57	53	52
◎ Ratio of clinker produced in kilns with continuous measuring equipment for NO _x , SO _x , and dust		%	93	93	93
◎ Ratio of clinker produced in kilns with monitoring systems		%			
NO _x		%	100	100	100
SO _x		%	100	100	100
Dust		%	100	100	100
Organic volatiles		%	77	77	76
Dioxins		%	91	92	90
Mercury		%	100	100	100
HM1*3		%	78	77	77
HM2*4		%	74	71	72

	Scope of Data	Unit	FY2023	FY2024	FY2025
③ Air pollutant emissions					
NOx		t	32,425	32,126	31,036
SOx		t	930	1,014	919
Dust		t	423	367	427
Organic volatiles		t	1,469	643	1,617
Dioxins		mg	2,652	1,214	1,268
Mercury		kg	741	818	734
HM1*3		kg	135	131	197
HM2*4		kg	1,553	1,890	1,533
③ Specific emissions of clinker produced in kilns with monitoring systems					
NOx		g/t-clinker	1,434	1,485	1,396
SOx		g/t-clinker	41	47	41
Dust		g/t-clinker	19	17	19
Organic volatiles		g/t-clinker	84	38	96
Dioxins		ng/t-clinker	129	61	63
Mercury		mg/t-clinker	33	38	33
HM1*3		mg/t-clinker	7	7	10
HM2*4		mg/t-clinker	80	102	80
Water Consumption	GCCA				
Total water withdrawal		1000 m³	170,125	169,161	164,570
Total water discharge		1000 m³	158,431	158,948	153,138
③ Total fresh water used		1000 m³	11,857	10,382	11,432
③ Fresh water withdrawal per unit of production		m³/t-cementitious	0.435	0.400	0.431
Conserving and Restoring biodiversity	GCCA				
③ Ratio of operating quarries with rehabilitation plans		%	95	95	95
Number of quarries located in or near areas of high biodiversity value			2	2	2
③ Ratio of quarries with high biodiversity value that have biodiversity management plans in place		%	50	50	50
Amount and intensity of waste and by-products used	Non-consolidated				
Amount of waste and by-products used		thousand t	5,771	5,476	5,437
Intensity of waste and by-products		kg/t-cement	409.6	421.9	412.6
Volume of waste to landfill	Non-consolidated	t	1.9	2.0	11.8
Total investment amount	Non-consolidated	million yen	25,386	18,784	27,001
Global environmental conservation	Non-consolidated				
Environmental conservation investment		million yen	10,707	5,829	3,266
Business area costs		million yen	7,998	4,822	3,077
Details Pollution prevention		million yen	2,068	997	1,304
Global environmental conservation		million yen	5,861	3,673	845
Resource recycling		million yen	69	153	928
Upstream and downstream		million yen	2,176	974	0
Administrative		million yen	221	30	21
R&D		million yen	310	344	161
Social activity		million yen	0	0	0
Environmental remediation		million yen	2	2	7
Environmental conservation expenses		million yen	17,394	18,631	18,570
Business area costs		million yen	9,909	10,886	16,990
Details Pollution prevention		million yen	5,111	4,781	4,109
Global environmental conservation		million yen	4,282	5,571	6,925
Resource recycling		million yen	516	534	5,957
Upstream and downstream		million yen	6,102	6,318	386
Administrative		million yen	311	158	119
R&D		million yen	912	1,127	927
Social activity		million yen	58	67	74
Environmental remediation		million yen	102	75	74
Total R&D amount	Non-consolidated	million yen	1,305	1,538	1,359

③ KPI based on GCCA Sustainability Guidelines

S Social

	Scope of Data	Unit	FY2023	FY2024	FY2025
Occupational Health and Safety	Group 1				
Fatalities	CSR Objectives for 2025: Zero fatalities	Cases	2	1	4
Lost-time injuries		Cases	49	53	46
Total occupational accidents		Cases	120	133	128
Absence rate		%	0.935	0.689	0.689
Number of employees (consolidated)	Group 2	Persons	12,720	12,540	12,586
Our employees	Non-consolidated				
Number of employees (excl. seconded employees, etc.)		Persons	1,841	1,821	1,733
Number of female employees		Persons	210	214	217
Ratio of female employees		%	11.4	11.8	12.5
Ratio of women in management positions		%	2.4	3.4	4.2
Average age		Years old	40.1	39.7	39.8
Number of employees (Total)		Persons	2,284	2,263	2,243
Number of female employees		Persons	219	223	237
Ratio of female employees	CSR Objectives for 2025: 10% or more	%	9.6	9.9	10.6
Ratio of women in management positions	26 Medium-Term Management Plan Sustainability Targets (2030) 5% or more	%	2.0	2.5	3.2
Ratio of women in new management positions	CSR Objectives for 2025: 10% or more	%	13.6	11.4	14.3
Average years of service (overall)		Years	17.8	17.3	17.3
Average years of service - men		Years	18.4	17.8	17.9
Average years of service - women		Years	13.3	13.3	13.2
Number of graduates hired (non-area specific positions)		Persons	49	59	53
Number of women		Persons	7	13	11
Ratio of women	CSR Objectives for 2025: 30% or more	%	14.3	22.0	20.8
Number of graduates hired (area specific positions)		Persons	33	30	34
Number of women		Persons	4	4	6
Number of experienced hires		Persons	11	20	20
Number of women		Persons	2	1	6
Turnover rate within 3 years of employment		%	FY2021 recruits 9.2	FY2022 recruits 7.6	FY2023 recruits 12.2
Number of non-Japanese employees		Persons	6	5	6
Ratio of employees with disabilities		%	2.58	2.84	2.63
Total annual hours worked		Hours	1,891	1,895	1,923
Overtime and holiday work hours (monthly average)		Hours	17.6	17.9	19.8
Ratio of annual paid leave taken		%	77.5	83.6	79.1
Days of annual paid leave taken		Days	14.7	15.8	15.0
Ratio of male employees taking childcare leave or leave for childcare purposes		%	89	93	105
Ratio of male employees taking childcare leave		%	60	54	76
Average number of days of childcare leave taken by male employees		Days	28.9	23.4	33.9
Number of employees taking nursing care leave		Persons	2	0	0
Education and training expenditure per employee		Yen	60,192	73,971	99,710
Education and training hours per employee		Hours	14.8	23.3	28.0
Average annual salary		Yen	7,298,214	7,221,167	7,637,821
Ratio of women's wages to men's wages - All permanent employees*5		%	68.2	69.8	70.2
Full-time employees		%	68.5	69.8	69.9
Part-time and fixed-term employees		%	54.4	59.2	67.0
Health and Productivity Management (H&PM) Initiatives	Non-consolidated				
Health examinations					
Ratio of employees receiving periodic health examinations		%	99.9	99.9	100.0
Ratio of employees receiving secondary examination after periodic health examinations		%	72.0	96.2	96.4

	Scope of Data	Unit	FY2023	FY2024	FY2025
Preventive measures against lifestyle-related diseases					
Ratio of smokers among employees 40 years and older		%	29.3	28.1	27.4
Ratio of employees 40 years and older that drink alcohol (occasionally or daily)		%	74.4	75.3	76.5
Ratio of employees 40 years and older that exercise regularly (30 minutes or more of exercise)		%	27.9	30.1	31.0
Ratio of employees 40 years and older that eat breakfast		%	80.5	81.8	82.2
Ratio of employees receiving specific health guidance		%	24.9	30.5	26.9
Walking event participation rate		%	6.79	42.5	53.2
Ratio of employees with BMI greater than 25		%	31.9	30.8	31.2
Mental health support					
Ratio of employees taking stress checks		%	96.4	97.3	97.2
Ratio of employees with high stress		%	9.3	9.9	9.9
Ratio of employees taking e-learning on Health Literacy education		%	83.4	87.9	98.0
Efforts to protect human rights	Non-consolidated				
Number of reports to the internal harassment hotline					
Sexual harassment		Cases	0	0	0
Power harassment		Cases	6	4	10
Other		Cases	3	1	5
Number of reports to the external harassment hotline					
Sexual harassment		Cases	1	0	0
Power harassment		Cases	2	3	2
Other		Cases	2	1	0
Number of human rights slogan submissions		Submissions	1,670	1,752	1,761
IR activities	Non-consolidated	Cases	168	219	281

G Governance

	Scope of Data	Unit	FY2023	FY2024	FY2025
Governance structure	Non-consolidated				
Directors		Persons	9	9	9
Independent Director		Persons	3	3	3
Female directors		Persons	1	1	1
Ratio of female directors		%	11.1	11.1	11.1
Corporate Auditors		Persons	4	4	4
Independent Corporate Auditor		Persons	2	2	2
Female corporate auditors		Persons	1	1	1
Ratio of female corporate auditors		%	25.0	25.0	25.0
Ratio of female board members		%	15.4	15.4	15.4
Annual Remuneration of Board Members					
Directors (persons)		million yen	510(11)	393(10名)	569(13)
Corporate auditors (persons)		million yen	72(5)	72(5)	72(4)
Internal carbon pricing	Non-consolidated	Yen/t-CO ₂	1,500	5,000	5,000
Ratio of employees taking e-learning	Non-consolidated	%	91.7	97.3	96.3
Number of reports to the internal whistleblowing hotline	Group 3	Cases	5	4	5
Intellectual property	Non-consolidated				
Number of new patent registrations in Japan		Cases	156	129	123
Number of patents held in Japan		Cases	1,439	1,509	1,586

*1 Total of clinker and supplementary cementitious materials

*2 2030 Interim Target

*3 Total of cadmium and thallium, and their compounds

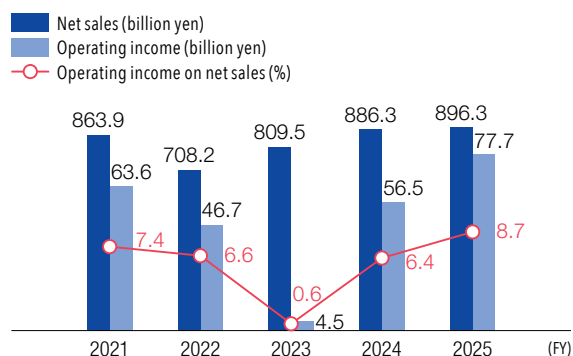
*4 Total of antimony, arsenic, lead, chromium, cobalt, copper, manganese, nickel, vanadium and their compounds

*5 Calculated based on the "Calculation Method of the Gender Pay Gap" in the "General Employer Action Plan (July 2022 Revision)" based on the Act for Promotion of Women's Participation and Advancement in the Workplace.

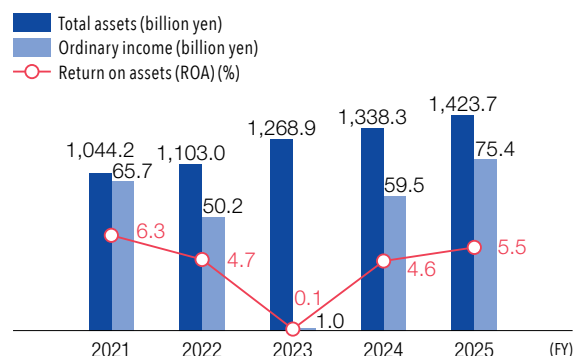
Financial and Non-financial Highlight

Financial Data

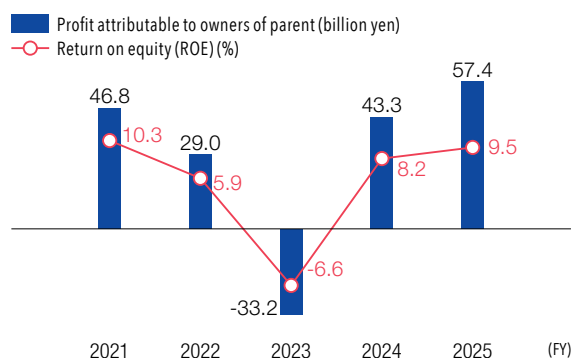
Net Sales, Operating Income and Operating Income on Net Sales



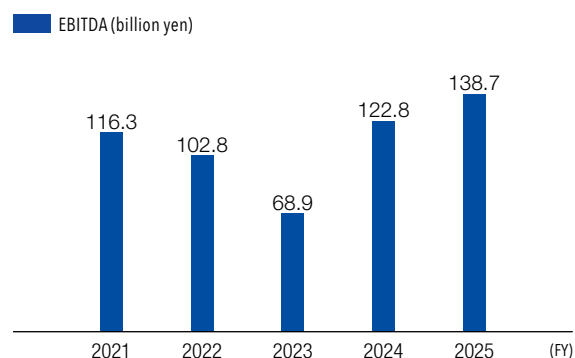
Total Assets, Ordinary Income and Return on Assets (ROA)



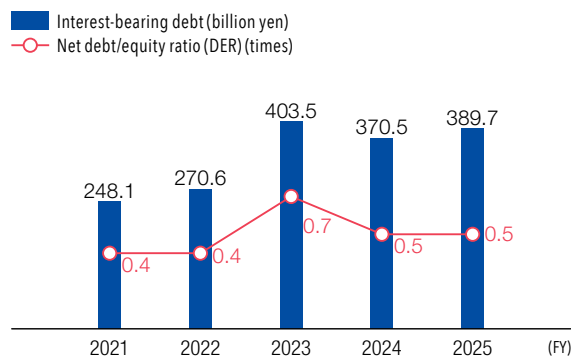
Profit Attributable to Owners of Parent and Return on Equity (ROE)



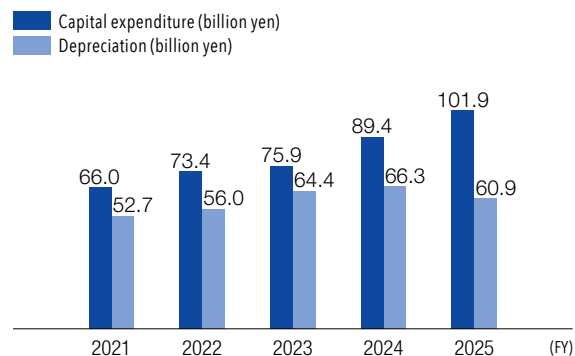
EBITDA



Interest-bearing Debt and Net Debt/Equity Ratio (DER)



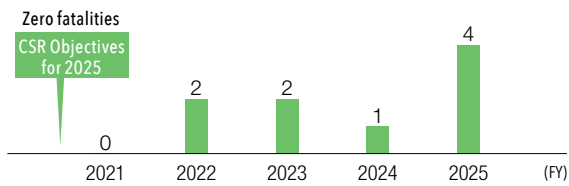
Capital Expenditure and Depreciation



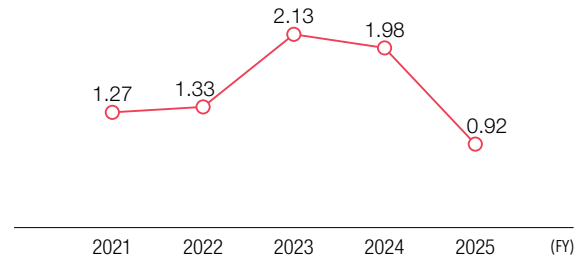
Non-financial Data

Prevention of Accidents

No. of Fatal Accidents

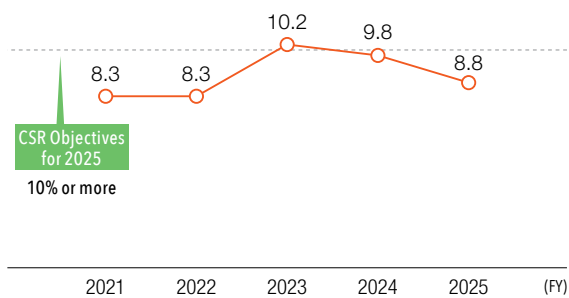


Lost-time Injury Frequency Rate for Directly Employed Personnel (per million working hours) GCCA

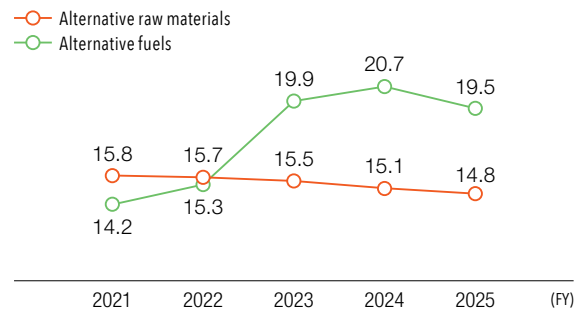


Reduction of Greenhouse Gas Emissions

Reduction Rate of Net CO₂ Specific Emissions (%) GCCA

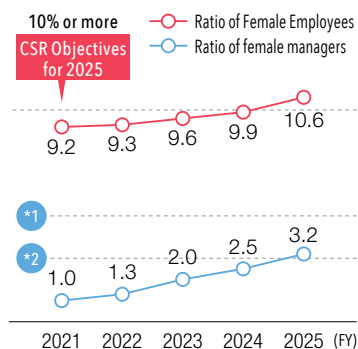


Ratio of Alternative Raw Materials and Fuels (%) GCCA

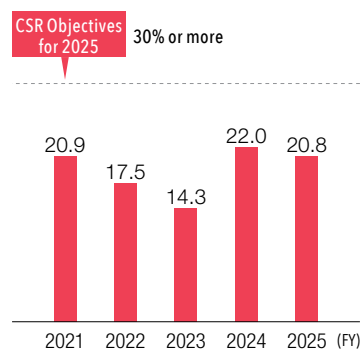


Workplace Diversity

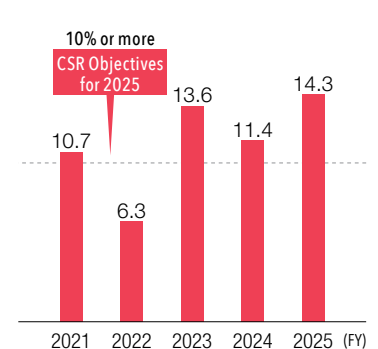
Ratio of female employees and female managers (%) (As of March 31, 2025)



Ratio of female recruits (non-area specific positions) (%) (As of April 1, 2024)



Ratio of newly appointed female managers (%) (As of March 11, 2025)



*1 26 Medium-Term Management Plan Sustainability Targets (2030) 5% or more

*2 26 Medium-Term Management Plan Sustainability Targets (2026) 3% or more

11-Year Summary

	FY2015	FY2016	FY2017	FY2018
Statement of Income (million yen)				
Net sales	842,849	835,360	798,589	871,113
Operating income	65,407	60,434	63,235	65,130
Ordinary income	67,890	60,226	59,803	64,367
Profit attributable to owners of parent	44,115	36,404	47,597	38,526
Financial Condition (million yen)				
Net assets	347,490	357,073	400,035	432,327
Total assets	1,040,603	1,014,075	1,015,416	1,020,112
Interest-bearing debt	399,138	394,498	340,930	288,607
Per Share Data* (yen)				
Book-value per share	2,463.1	2,591.1	2,930.2	3,193.7
Earnings per share	359.1	296.3	383.9	311.4
Closing share price	3,670	2,590	3,720	3,865
Cash Flow (million yen)				
Cash flows from operating activities	77,001	75,627	94,434	107,683
Cash flows from investing activities	△31,378	△71,099	△10,394	△48,461
Cash flows from financing activities	△52,713	△4,028	△81,855	△65,818
Cash and cash equivalents at end of fiscal year	50,646	50,072	51,975	44,977
Financial Indicators				
Operating income on net sales (%)	7.8	7.2	7.9	7.5
Return on assets (ROA) (ordinary income) (%)	6.6	5.9	5.9	6.3
Return on equity (ROE) (%)	16.3	11.7	14.0	10.2
Equity ratio (%)	29.1	31.4	35.6	38.7
EBITDA (million yen)	110,579	107,359	110,213	111,631
Net debt/equity ratio (DER) (times)	1.1	1.1	0.8	0.6
Other (million yen)				
Capital expenditure	42,160	44,076	54,385	58,088
Depreciation	42,401	43,958	44,459	44,004
R&D expenses	4,423	4,229	4,539	4,453

* The Company conducted a 10-for-1 reverse stock split of its common stock effective October 1, 2017. Accordingly, per share data is calculated assuming this reverse stock split was conducted at the beginning of FY2011.

* The "Accounting Standard for Revenue Recognition" (ASBJ Standard No. 29), etc. was applied from FY2022

17 Medium-Term Management Plan FY2016-FY2018

Business Strategies

Enhance existing businesses, and formulate and implement growth strategies
Strengthen management foundations
Strengthening research and development to respond to national projects

FY2018 results

Operating income on net sales 7.5%
ROA (ordinary income) 6.3%
Net DER: 0.6 times

20 Medium-Term Management Plan FY2019-FY2021

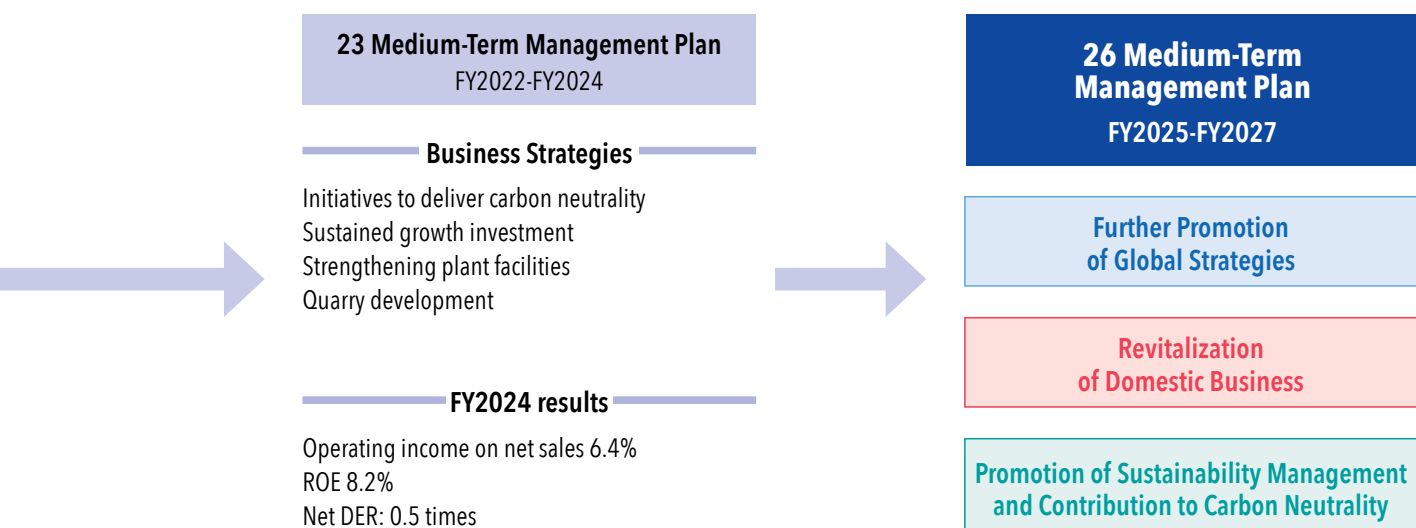
Business Strategies

Strengthen the earnings capacity of existing businesses
Formulate and implement growth strategies
Provide support for national projects

FY2021 results

Operating income on net sales 7.4%
ROA (ordinary income) 6.3%
Net DER: 0.4 times

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
916,072	884,350	863,904	708,202	809,542	886,276	896,295
66,013	61,008	63,611	46,702	4,456	56,470	77,750
64,307	60,542	65,744	50,194	1,016	59,473	75,374
43,453	39,151	46,801	28,972	△33,207	43,273	57,428
450,645	473,241	506,821	544,799	528,857	596,385	676,124
1,034,428	1,032,923	1,044,227	1,103,008	1,268,863	1,338,251	1,423,695
279,615	266,116	248,102	270,587	403,485	370,469	389,688
3,388.4	3,567.6	3,971.3	4,362.2	4,228.5	4,872.9	5,758.9
351.7	319.9	387.8	245.8	△283.7	371.1	502.5
3,690	1,850	2,911	2,019	2,487	3,519	3,897
97,283	90,902	110,403	71,192	△269	140,543	117,874
△58,025	△65,535	△47,809	△83,920	△93,345	△82,139	△106,528
△33,754	△29,437	△43,953	△3,743	112,080	△59,477	△20,611
50,085	45,748	63,820	50,214	70,828	71,147	65,339
7.2	6.9	7.4	6.6	0.6	6.4	8.7
6.3	5.9	6.3	4.7	0.1	4.6	5.5
10.7	9.2	10.3	5.9	△6.6	8.2	9.5
40.1	42.3	45.1	46.3	39.0	42.1	45.1
110,513	109,962	116,347	102,767	68,922	122,816	138,667
0.5	0.5	0.4	0.4	0.7	0.5	0.5
67,797	77,677	66,003	73,373	75,933	89,409	101,887
44,009	48,863	52,684	56,010	64,419	66,305	60,876
4,311	4,432	4,606	5,285	5,903	5,659	5,221



GCCA Key Performance Indicators

The Taiheiyo Cement Group's key performance indicators (KPIs) for FY2025 have been subjected to independent limited assurance by KPMG AZSA Sustainability Co., Ltd.

● FY2025 Key Performance Indicators (KPI)*1 *2

CO ₂ and climate protection (CO ₂ emissions and energy consumption)		FY2023	FY2024	FY2025
Number of facilities using the GCCA "The Cement CO ₂ and Energy Protocol" guidelines for emissions inventory		16	16	16
Ratio of facilities using the GCCA "The Cement CO ₂ and Energy Protocol" guidelines for emissions inventory (%)		100	100	100
Total CO ₂ emissions (thousand tonnes/year)	Scope 1 emissions *3	20,065	19,007	19,790
	Gross emissions *4	19,017	18,277	18,831
	Net emissions *5	17,997	17,228	17,806
CO ₂ emissions per tonne of cementitious product*6 (kg-CO ₂ /t-cementitious)	Specific gross emissions	698	705	710
	Specific net emissions	661	664	671
Emissions from electricity purchased (thousand tonnes/year) (Scope 2 emissions)		868	853	755
Indirect emissions other than Scope 1 and 2 (emissions of other companies related to the activities of the Taiheiyo Cement Group) (thousand tonnes/year) (Scope 3 emissions)*7		1,700	1,578	1,186
Category 1 (Purchased goods and services) *8		827	880	442
Category 3 (fuel- and energy-related activities not included in Scope 1 and 2) *9		873	698	744
Specific heat consumption for clinker production (MJ/t-clinker)		3,375	3,443	3,448
Alternative fuel rate: ratio of alternative fuels used by kilns (%)		17.6	18.5	17.5
Biomass fuel rate: ratio of biomass fuel used by kilns (%)		2.3	2.2	2.0
Clinker/cement (equivalent) factor: ratio of the total clinker consumption and cement produced, calculated according to the GCCA Cement CO ₂ and Energy Protocol guidelines		83.0	83.3	83.0
Emission monitoring and reporting		FY2023	FY2024	FY2025
Percentage of clinker produced by kilns covered by a monitoring system, either continuous or discontinuous, for the main and other pollutants (%)		100	100	100
Percentage of clinker produced by kilns which have adopted continuous measurement for the main pollutants (%)	NOx	97.5	97.6	97.8
	SOx	95.7	95.5	95.7
	Dust	100	100	100
Total emissions (t/year)	NOx	32,425	32,126	31,036
	SOx	930	1,014	919
	Dust	423	367	427
Specific emissions per tonne of clinker produced (g/t-clinker)	NOx	1,434	1,485	1,396
	SOx	41	47	41
	Dust	19.0	17	19
Water		FY2023	FY2024	FY2025
Withdrawal (thousand m ³)	Fresh water	24,649	23,403	25,847
	Seawater	145,476	145,758	138,724
Discharge (thousand m ³)	Fresh water	12,792	13,021	14,414
	Seawater	145,639	145,927	138,724
Health and Safety		FY2023	FY2024	FY2025
Fatalities				
Number of fatalities for directly employed personnel		0	1	0
Fatality rate per 10,000 directly employed personnel		0	1.97	0
Number of fatalities for indirectly employed personnel (contractors and subcontractors)		1	2	3
Number of fatalities involving third parties (not employed)		0	0	0
Lost-time injuries				
Number of lost-time injuries for directly employed personnel		23	21	10
Injury frequency rate of directly employed personnel (per million working hours)		2.13	1.98	0.92
Injury severity rate of directly employed personnel (per million working hours)*10		—	—	61.15
Number of lost-time injuries for indirectly employed personnel (contractors and subcontractors)		12	25	21
Injury frequency rate of indirectly employed personnel (contractors and subcontractors) (per million working hours)		—	—	1.33

*1 CO₂ and climate protection, emissions monitoring and reporting, and water for FY2025 are in accordance with "GCCA Sustainability Guidelines for the monitoring and reporting of CO₂ emissions from cement manufacturing Ver. 0.1", "GCCA Sustainability Guidelines for the monitoring and reporting of emissions from cement manufacturing Ver. 0.1", "GCCA Sustainability Guidelines for co-processing fuels and raw materials in cement manufacturing Ver. 0.1" and "GCCA Sustainability Guidelines for the monitoring and reporting of water in cement manufacturing Ver. 0.1". The data includes cement plants (9 domestic plants, 7 overseas plants) and quarries owned by group companies that own cement plants.

*2 Health and safety for FY2025 is in accordance with "GCCA Sustainability Guidelines for the monitoring and reporting of safety in cement and concrete manufacturing Ver. 1.0". We have aggregated data from the cement businesses of Taiheiyo Cement and 14 domestic and overseas group companies, and from the construction materials, aggregates and ready-mixed concrete businesses of 45 companies out of the group companies that are considered to be business sites required to submit accident reports under our health and safety management regulations.

*3 CO₂ emissions that are not included in the items for disclosure mandated by the GCCA but are derived from raw materials and fuels in the cement manufacturing process (including from on-site power generation) and fall under Scope 1.

*4 CO₂ emissions derived from raw materials and fuels in the cement manufacturing process (excluding CO₂ emissions generated from on-site power generation).

*5 CO₂ emissions derived from raw materials and fuels in the cement manufacturing process (excluding CO₂ emissions generated from alternative fuels and on-site power generation).

*6 Cementitious product: Sum total of clinker and supplementary cementitious materials

*7 For Scope 3, we referred to the "Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.5), Ministry of the Environment" and the "LCI database AIST-IDEA Ver.3.5 Research Laboratory for IDEA, RISS, AIST IPCC 2021 without LULUCF AR6".

*8 Calculated by multiplying the input volume (physical data) of raw materials purchased by the business site subject to the data collection of environmental performance in the GCCA KPI (hereinafter referred to as "business site") from outside the business site by the emission intensity of each raw material.

*9 Calculated by multiplying the amount of electricity, fuel, etc. procured by the business site by each specific emissions unit (excluding transportation of fuel).

*10 In calculating the injury severity rate, "per million working hours" is used as the denominator in accordance with the definition in the GCCA guidelines. In addition, calendar days are used for the number of lost workdays for directly employed personnel.

GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

GCCA Independent Assurance Report

Independent Practitioner's Limited Assurance Report

To the President and Representative Director of Taiheiyo Cement Corporation

Conclusion

We have performed a limited assurance engagement on whether selected environmental and social performance indicators (the "subject matter information" or the "SMI") presented in Taiheiyo Cement Corporation's (the "Company") Taiheiyo Cement Report 2025 (the "Report") have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained in the Report. The SMI subject to the assurance engagement is presented under the following headings in the GCCA Key Performance Indicators section of the Report.

- CO₂ and climate protection (CO₂ emissions and energy consumption)¹
- Emissions monitoring and reporting¹
- Water¹
- Health and safety²

¹ Periodic accounting is based on the fiscal year 2024 for domestic plants and the calendar year 2024 for overseas plants.

² Periodic accounting is based on the calendar year 2024 for domestic and overseas plants.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

Inherent limitations in preparing the SMI

As described in the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Company's management.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- performing site visits at the following four plants out of a total of 16 plants of the Taiheiyo Cement Group, selected on the basis of a risk analysis. (Scopes 1 and 2 CO₂ emissions covered by these four plants correspond to 21% * of the combined total of the Group's Scopes 1 and 2 CO₂ emissions.)

* Based on the amount of absolute gross CO₂ for the fiscal year 2024 for domestic plants and the calendar year 2024 for overseas plants.

Overseas plants	Domestic plants
<ul style="list-style-type: none">- Taiheiyo Cement Philippines, Inc.	<ul style="list-style-type: none">- Taiheiyo Cement Corporation: Kamiiso Plant- Taiheiyo Cement Corporation: Fujiwara Plant- Tsuruga Cement Co., Ltd.

- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

/s/ Kazuhiko Saito

Kazuhiko Saito, Engagement Partner

KPMG AZSA Sustainability Co., Ltd.

Tokyo Office, Japan

November 21, 2025

Notes to the Reader of Independent Assurance Report:

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

Glossary

A

Aggregate

One of the main materials that make up concrete, along with cement and water. This includes gravel (coarse aggregate) and sand (fine aggregate).

AK System

A system in which household waste and general business waste are biodegraded (fermented) in a waste recycling kiln and recycled as raw materials and fuel for ordinary Portland cement.

B

Blast furnace slag

A by-product of the iron and steel making process to remove impurities from steel products, and sometimes referred to simply as slag.

Book and Claim System

A method for decoupling the value of a product or environmental benefit from its physical delivery.

C

C2SP Kiln

A cement clinker kiln capable of directly capturing a high concentration of CO₂ by concentrating the calcination reaction of raw limestone in an oxygen-fired calciner. It inherits the features of the NSP kiln.

CARBOCATCH

A CO₂ mineralization technology that uses carbonation. CO₂ can be efficiently mineralized in concrete by mixing cement slurry that has absorbed CO₂ with water.

CARBOFIX cement

A special cement that cures by absorbing CO₂. CO₂ emissions are reduced by 60% compared to ordinary Portland cement.

Carbon pricing

A policy approach that seeks to change the behavior of emitters by putting a price on CO₂ emissions. Carbon taxes and emissions trading schemes are typical examples.

CCS

A system in which CO₂ captured from the exhaust gases of coal-fired thermal power plants and other factories is stored in depleted oil fields and submarine formations.

CCU

A system in which CO₂ captured from the exhaust gases of coal-fired thermal power plants and other factories is reused as an industrial raw material or for plant cultivation.

CCUS technology

A generic term for a series of technologies for the capture of CO₂ and its utilization or permanent storage.

Cement based high-strength grout

A material injected at construction sites to fill gaps and reinforce joints or the ground. It is required to be non-shrinking and high-strength.

Cement based soil stabilizer

A cement-based ground improvement material that is used to provide long-term, stable strength enhancement to a wide range of soil types.

Cement calcination

In general, synonymous with clinker calcination.

Clinker

An intermediate, nodular cement product produced when the raw materials of cement such as limestone and clay are fired in a kiln.

Clinker calcination

A process in which the raw materials of cement such as limestone and clay are heated at 1,450°C to obtain clinker.

Clinker mineral

The minerals that make up the clinker. The main minerals are alite (C₃S), belite (C₂S), aluminate (C₃A), and ferrite (C₄AF).

Concrete slump

An index that indicates the consistency of multiple loads/batches of the same ready-mixed concrete and helps to identify its workability. One of the control items during concrete production.

Concrete surface repair materials

A cement-based material used to fill pinholes on the surface of concrete and repair formwork gaps.

D

Distribution terminal

An intermediate cement distribution center that connects cement plants and users. It is also called service station or SS in Japan.

F

FA (Fly ash) blended cement

A blended cement that uses fly ash as a supplementary cementitious material, manufactured to comply with the standards of each export destination country.

Fly ash

Ash derived from coal which is generated from a coal-fired thermal power plant and is collected from the exhaust gas air stream by an electrostatic precipitator.

Functional hollow particles

Minute, lightweight ceramic spheres which provide weight reduction and thermal insulation/shielding properties for use in coating materials for home appliances, electronic components, resin products etc.

G

GCCA

Global Cement and Concrete Association. An industry association with about 49 cement manufacturing companies worldwide as regular members, covering about 40% of the world's production capacity.

Green Cement

A general term for cement with a low CO₂ emission load during production.

Ground improvement projects

A construction project that uses cement-based soil stabilizers to reinforce weak ground at construction sites, ensuring buildings are safely supported.

GX-ETS

A trading system promoted by the Japanese government for the purpose of reducing emissions, and a mechanism to promote corporate decarbonization.

H

Heavy metal immobilizer

A material for mixing into soil that enables the safer treatment of construction soil by inhibiting the leaching of heavy metals that are specified in the Soil Contamination Countermeasures Act.

K

Kiln

A rotating furnace used for clinker calcination, usually referred to as a rotary kiln. A cylindrical rotary furnace with a diameter of 5-6m and a length of 60-100m is used.

M

Mass Balance System

A method of allocating a characteristic to a portion of a product based on the input amount of raw materials possessing that characteristic.

Methanation

The synthesis of methane from CO₂ and hydrogen. This technology is attracting attention as it is carbon neutral through the use of green hydrogen.

N

Nanolitia

A material used for the positive electrode of lithium-ion batteries, characterized by high thermal stability and not using cobalt.

Nature positive

Being aimed toward halting the loss of biodiversity and moving towards recovery.

NSP kiln

A clinker firing kiln which boasts excellent thermal efficiency and is equipped with a preheater consisting of four to five stages of cyclones and a combustion furnace called a calciner.

O

OSHMS

A framework for reducing potential dangers of occupational accidents at workplaces and promoting comfortable work sites by autonomously practicing continuous, uninterrupted health and safety management.

P

Phosphorus recovery

The process of recovering phosphorus from sewage and sewage sludge. The recovered phosphorus can be used as fertilizer, and is attracting attention as an alternative to natural phosphate rock, which is feared to be depleted.

Portland cement

A generic term for commonly used cement, and primarily refers to ordinary cement.

Power semiconductors

Semiconductors that control motors and lighting or convert power, and are characterized by the high voltages and currents they handle.

Precast concrete

Concrete products such as gutters, pipes, manholes, piles, bridge girders, and components of buildings that are prefabricated in factories.

Premix products

Construction products that contain cement, sand, and other materials in a predetermined ratio and can be mixed with water to make materials such as mortar.

Q

QCC

Quality control circle. Activities where employees and staff working on-site are divided into small groups to engage in continuous quality management and quality improvement efforts.

S

Shake Out drill

An earthquake response drill in which all participants simultaneously take actions for their own safety, such as hiding under a desk, which provides an opportunity to confirm the everyday disaster prevention measures.

Slag

Blast furnace slag.

Sludge

A mixture of dirt and liquid. In particular, concrete sludge is generated during the production and laying of ready-mixed concrete.

Smart factory

A method of managing factory operations using digital technologies such as AI, IoT, and sensor technology, which not only improves productivity but also contributes to enhanced worker safety.

Supplementary cementitious material (SCMs)

Materials used as partial clinker substitutes in cement to lower the carbon footprint of concrete or improve the performance of the concrete. These include by-products like blast furnace slag and fly ash, as well as natural materials such as limestone and pozzolans.

U

Ultra-pure silicon carbide

A compound of silicon and carbon with extremely high purity such as 3N (99.9% or higher). It is used as a raw material for semiconductors that handle high electric power.

United Nations Global Compact (UN Global Compact)

The world's largest sustainability initiative for the UN and the private sector (companies/ organizations) to work together to build a healthy global society.

About Us

Company Outline (as of March 31, 2025)

Company name	TAIHEIYO CEMENT CORPORATION
Established	May 3, 1881
Capital	86.174 billion yen
Headquarters	Bunkyo Garden Gate Tower, 1-1-1 Koishikawa, Bunkyo-ku, Tokyo 112-8503, Japan
Number of employees	Consolidated: 12,586 Non-consolidated: 1,733 (excluding seconded staff)
Net sales	Consolidated: 896.3 billion yen Non-consolidated: 333.5 billion yen

List of Trademarks Registered in Japan of Taiheiyo Cement Corporation Appearing in This Report

Ash Center	Ceraclean
AK System	PFC
ADVANCEMENT	CellSpheres
SFPC	Taiheiyo N-EX neo
CARBOCATCH	Ductal
CARBOFIX	DENITE
C2SP Kiln	Nanolitia
Thin Wall Seismic Resistant Construction Method	PreSLump AI

History of Our Products and Equipment

2000 May Acquired an exclusive license from three French companies for the inorganic composite material Ductal.

2001 July Started operating a municipal waste incineration ash washing system (Ash Washing System) at the Kumagaya plant.

2002 Jan. Expanded the scale of the coal ash treatment business following completion of the Kanto Ash Center.



2002 Nov. Started operating an AK system to recycle municipal waste as a raw material for cement at the Saitama Plant.



2002 Dec. Started operating a facility to recycle wood as a biomass resource at the Oita Plant.

2006 July Developed Silica Fume Premix Cement for ultrahigh-strength cement.

2007 Aug. Commenced selling DENITE, a heavy metal immobilizer.

2007 Dec. Ductal was used in the pier slabs of Haneda Airport Runway D.

2010 Apr. Second production line of Nghi Son Cement Corporation came into operation.



2011 Mar. Suspended operations at the Ofunato Plant due to damage from the Great East Japan Earthquake.

The Kyoto Protocol comes into force

The Global Financial Crisis of 2008

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

History of Business Activities and Corporate Events

1998 Oct. Taiheiyo Cement founded.



1999 May Obtained ISO 14001 certification at six directly operated cement plants in Japan.

2000 Oct. Acquired the management rights to Grand Cement Manufacturing Corporation in the Philippines (currently Taiheiyo Cement Philippines, Inc.).

2000 Nov. Completed construction of Nghi Son Cement Corporation (Vietnam).

2001 July Completed construction of Itoigawa Power Station and launched an electric power supply business.

2002 June Formulated the Mission of the Taiheiyo Cement Group.

2003 Apr. Grand Cement Manufacturing Corporation made a wholly owned subsidiary. June of the same year Company name changed to Taiheiyo Cement Philippines, Inc.

2003 Apr. Launched a business to recycle construction soil as a raw material for cement.

2005 Apr. Launched an electric power supply wholesale business at the Tosa Power Station.

2006 Jan. Formulated the Taiheiyo Cement Environmental Management Policy.

2018 Oct. Marked the 20th anniversary of the company.

2009 Apr. Registered company-wide ISO 14001 integrated certification at six directly operated plants.

2010 Mar. Announced business restructuring for the group.



Website Information

Home Page

<https://www.taiheiyo-cement.co.jp/english/index.html>



IR Information

<https://www.taiheiyo-cement.co.jp/english/ir/index.html>



Sustainability Information

<https://www.taiheiyo-cement.co.jp/english/csr/index.html>



Organizational and Business Information

• About Us

<https://www.taiheiyo-cement.co.jp/english/company/index.html>



• Products and Services

https://www.taiheiyo-cement.co.jp/english/service_product/index.html



• Research and Development

<https://www.taiheiyo-cement.co.jp/english/rd/index.html>



2012 June Resumed full operations at the Ofunato Plant.



2014 Aug. Harumi Onoda Remicon Co., Ltd. completed construction of an environmentally sound (indoor) plant.



2018 May Water purification material Ceraclean obtained ETV mark certification from the Ministry of the Environment.

2019 May Developed AI technology for predicting concrete slump.

2019 Dec. Started operating a municipal waste incineration bottom ash washing system at the Kumagaya Plant.

2020 Jan. Started commercial operations of a biomass power station at the Ofunato Plant.



2021 Feb. Successfully developed Nanolitia, a cathode material for lithium-ion batteries.

2024 Mar. Demonstration testing begins for "CO₂ capture calciner (C2SP Kiln)".



2024 July Completion of new production line at Taiheiyo Cement Philippines, Inc.

The Great East Japan Earthquake

Adoption of the Paris Agreement

COVID-19 spreads

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025

2013 July Their Majesties the Emperor Akihito and Empress Michiko of Japan visited the Ofunato Plant.



2015 May Formulated the CSR Objectives for 2025.

2015 June Acquired the Oro Grande plant (California, U.S.).



2018 May Jointly established the Global Cement and Concrete Association (GCCA) with the world's leading cement companies.



2018 Oct. Marked the 20th anniversary of the company.

2019 June Supported the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

2021 Jan. Concluded the agreement on capital alliance with the Semen Indonesia (SI) Group.

2022 Mar. Established technology development roadmap and 2030 Interim Targets for the Carbon Neutral Strategy 2050.

2022 May Signed the United Nations Global Compact.

2022 June Acquired the Redding Plant and ready-mixed concrete business assets (California, U.S.).

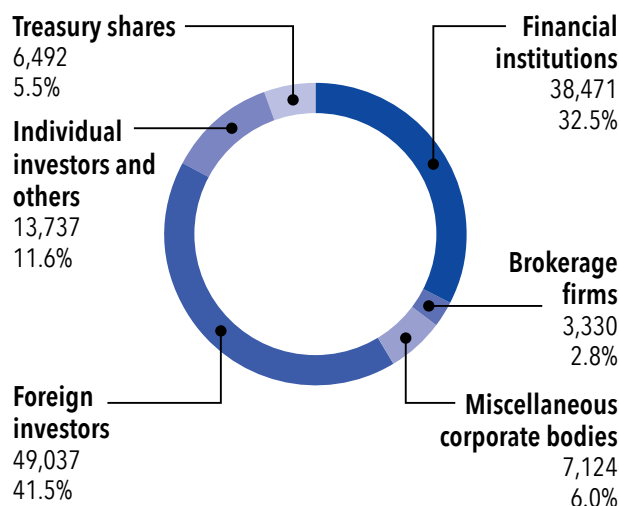


Stock Overview

Stock Overview (as of March 31, 2025)

Fiscal year	April 1 - March 31	
General Meeting of Stockholders	Late June	
Common stock	Authorized shares	197,730,800 shares
	Outstanding shares	118,191,578 shares (including 6,492,245 treasury shares)
	No. of shareholders	43,932
Registrar of shareholders	Sumitomo Mitsui Trust Bank, Ltd.	

The Distribution of Shares (in Thousands) by Owner Category (as of March 31, 2025)



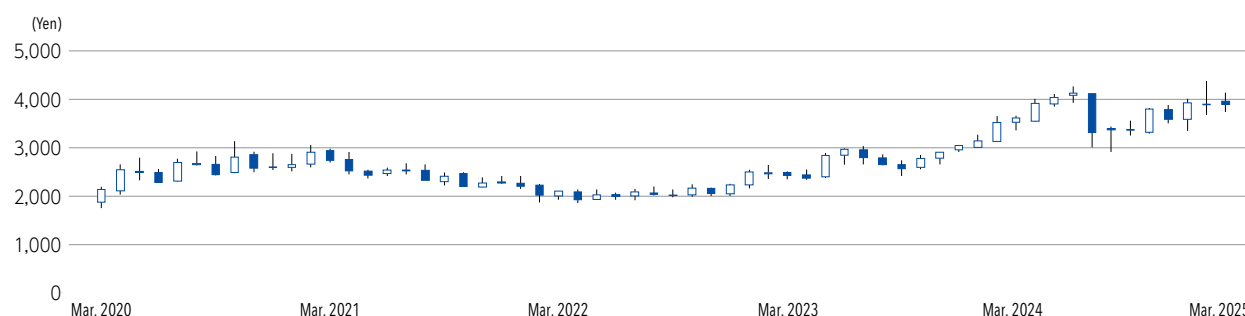
Major Shareholders (as of March 31, 2025)

Shareholder Name	Shares owned (in thousands)	Shareholding 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

















* The Company owns 6,492,245 treasury shares.

* The shareholding ratio has been calculated after subtracting our treasury shares.

Stock Price Trends



List of the Taiheiyo Cement Group's Plants

Japan				
	Kamiso Plant (Hokuto City, Hokkaido Prefecture)	Ofunato Plant (Ofunato City, Iwate Prefecture)	Kumagaya Plant (Kumagaya City, Saitama Prefecture)	Saitama Plant (Hidaka City, Saitama Prefecture)
				
	Fujiwara Plant (Inabe City, Mie Prefecture)	Oita Plant (Tsukumi City, Oita Prefecture)	Kawasaki Plant, DC Co., Ltd. (Kawasaki City, Kanagawa Prefecture)	Itoigawa Plant, Myojo Cement Co., Ltd. (Itoigawa City, Niigata Prefecture)
United States				
	Tsuruga Cement Co., Ltd. (Tsuruga City, Fukui Prefecture)	Redding Plant, CalPortland Company	Mojave Plant, CalPortland Company	Oro Grande Plant, CalPortland Company
Asia-Pacific				
	Rillito Plant, CalPortland Company	Nghi Son Plant, Nghi Son Cement Corporation (Vietnam)	Cebu Plant, Taiheiyo Cement Philippines, Inc. (Philippines)	Lae Plant, PNG Taiheiyo Cement Limited (Papua New Guinea)

List of External Evaluations

Dow Jones Best-in-Class Asia Pacific Index
[Selected as a component stock in the Asia-Pacific region, a leading ESG investment index]

S&P/JPX Carbon Efficient Index



Platinum "Kurumin" certification
[Acquired in August 2023]



FTSE Blossom Japan Sector Relative Index



CDP
[Selected as Supplier Engagement Leader]
[Scored B for climate change, B- for water]



Health & Productivity Management Outstanding Organization
[Acquired consecutively since 2023]



Morningstar Japan ex-REIT Gender Diversity Tilt Index
(GenDi J)



JCR
[Acquired A+ in 2024]



Human Capital Management Quality 2023
[Selected as Silver in February 2024]



MSCI Japan ESG Select Leaders Index



R&I
[Achieve A in 2024]



DBJ Environmental Rating
[In February 2025, received an environmental rating-based loan from the Development Bank of Japan (DBJ) and obtained the highest rating for the ninth consecutive time]



Editorial Postscript

Thank you for reading the "Taiheiyo Cement Report 2025." This year's report was produced with the concept of an "integrated report contributing to the maximization of corporate value" centered around a team of nine members, with the cooperation of many others. We have made several attempts to improve readability, such as reducing the number of pages. We hope this report will deepen the dialogue with all our stakeholders.



Yumiko Hoshino

(Manga artist/Illustrator, created manga for P20, P22, P49)

Active in a wide range of fields including informational manga, approachable illustrations for books and online content, and original character creation.

A former employee of the Taiheiyo Cement (she worked with us from 1983 to 1989), she is currently serializing the 4-panel manga "Go! Go! PR Team" in the company newsletter "Taiheiyo."



A panel from the company newsletter manga

Yumiko Hoshino's Website

<http://donadona.sakura.ne.jp/>



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