

(Translation)

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Securities Code 5233

June 3, 2026

(Start Date of Measures for Electronic Provision: May 29, 2026)

To Those Stockholders with Voting Rights

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

NOTICE OF THE 28th ORDINARY GENERAL MEETING OF STOCKHOLDERS

You are cordially notified of the 28th Ordinary General Meeting of Stockholders of Taiheiyo Cement Corporation (the “Company”). The meeting will be held as stated below.

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

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

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

- The Tokyo Stock Exchange’s website:

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

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

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

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

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

1. Date and Time: Friday, June 26, 2026 at 10:00 a.m.

2. Place: Head office of the Company
1-1-1, Koishikawa, Bunkyo-ku, Tokyo

3. Agenda of the Meeting:

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements for the 28th Fiscal Term (from April 1, 2025 to March 31, 2026) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 28th Fiscal Term (from April 1, 2025 to March 31, 2026)

Proposals to be resolved:

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

(Translation)

Notes:

- Regarding the matters subject to measures for electronic provision, the following matters are not included in a paper copy delivered to stockholders who have requested the delivery of the paper copy, pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company. The documents subject to audit including the following matters have been audited by Corporate Auditors and the Accounting Auditor.
 - “Accounting Auditor” and “System to Ensure that Directors Comply with Laws and Ordinances and the Articles of Incorporation in Executing Their Duties and Other Systems to Ensure Proper Execution of Operations” of the Business Report
 - “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” of the Consolidated Financial Statements
 - “Non-consolidated Statements of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” of the Non-consolidated Financial Statements
- If there are any revisions to the matters subject to measures for electronic provision, the matters before and after the revisions will be posted on each website listed on page 1.
- **In principle, we provide stockholders with a notice of convocation (summary version), in accordance with the electronic provision of materials for the General Meeting of Stockholders. For the notice of convocation (matters subject to measures for electronic provision version), please refer to the websites listed on page 1.**

(Translation)

Voting Guide

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

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

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

- Please indicate your vote for or against the Proposals on the Voting Rights Exercise Form and send it back, making sure that it will arrive by 5:00 p.m. on Thursday, June 25, 2026 (Japan Standard Time).
- If you make no indication on the Voting Rights Exercise Form whether you are voting for or against the Proposals, you shall be deemed to have voted FOR the Proposals.

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

- Please exercise your voting right via the voting rights exercise site (<https://www.web54.net>) specified by the Company before 5:00 p.m. on Thursday, June 25, 2026 (Japan Standard Time).
- If you exercise your voting right via the Internet, etc. more than once, your final vote shall prevail.

If you are attending the Meeting:

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

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

(Translation)

Reference Documents for the General Meeting of Stockholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

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

Matters concerning the year-end dividend

(1) Type of Dividend

Cash

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

50 yen per share of common stock of the Company, for a total amount of 5,592,090,800 yen.

The annual dividend per share for the term under review will amount to 100 yen, which includes an interim dividend already paid.

(3) Effective Date of Dividends from surplus

June 29, 2026

(Translation)

Proposal No. 2: Election of Ten Directors

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

Accordingly, to strengthen the supervisory function of the Board of Directors, the Company would like to propose to increase one Outside Director and the election of a total of ten Directors, including four Outside Directors.

The candidates for Director are as follows.

No.	Name	Current position at the Company
1	Reappointment Masafumi Fushihara	Chairman and Director
2	Reappointment Yoshifumi Taura	President and Representative Director
3	Reappointment Hideaki Asakura	Vice President and Representative Director
4	Reappointment Shinji Fukami	Vice President and Representative Director
5	Reappointment Naoyuki Kira	Director and Senior Executive Officer
6	New Candidate Masahiro Ban	Senior Executive Officer
7	Reappointment Hideyuki Furikado Outside Director Independent Director	Director
8	Reappointment Shingo Tsutsumi Outside Director Independent Director	Director
9	New Candidate Wakako Mitani Outside Director Independent Director	Corporate Auditor
10	New Candidate Yuko Toyoda Outside Director Independent Director	

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
1	<p>Masafumi Fushihara <u>Reappointment</u> (May 18, 1954) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 11 years at close of this General Meeting of Stockholders</p>	<p>April 1978 Joined Taiheiyo Cement Corporation April 2007 General Manager, Business Promotion Department of Environmental Business Company May 2009 General Manager, Sales Department of Environmental Business Company October 2010 General Manager, Environmental Business Development Department April 2012 Executive Officer and General Manager, Environmental Business Development Department April 2015 Managing Executive Officer June 2015 Director and Managing Executive Officer April 2016 Director, Managing Executive Officer and Senior General Manager, Cement Business Division April 2017 Director, Senior Executive Officer and Senior General Manager, Cement Business Division April 2018 President and Representative Director April 2024 Chairman and Director (to present)</p> <p>Reason for nominating Masafumi Fushihara as Director Since 2015, Mr. Masafumi Fushihara has engaged in management of the Company as Director, and currently serves as Chairman and Director, after serving as President and Representative Director. He therefore has a wealth of experience, achievements, and knowledge as a manager. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he works on enhancing the functions of the Board of Directors as Chairman of the Board, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	24,559

Notes:

1. The Company currently has an agreement with Mr. Masafumi Fushihara, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence. If the election of Mr. Masafumi Fushihara is approved, the Company plans to continue said agreement with him.
2. No special relationship exists between the Company and Mr. Masafumi Fushihara.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
2	<p>Yoshifumi Taura <u>Reappointment</u> (March 4, 1960) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 3 years at close of this General Meeting of Stockholders</p>	<p>April 1983 Joined Taiheiyo Cement Corporation April 2013 General Manager, Marketing & Trading Department, International Business Division April 2017 Executive Officer and General Manager, Marketing & Trading Department, International Business Division April 2019 Managing Executive Officer and Senior General Manager, International Business Division June 2019 Director, Managing Executive Officer and Senior General Manager, International Business Division August 2019 Director, Managing Executive Officer and Senior General Manager, International Business Division Chairman of Taiheiyo Cement (China) Investment Co., Ltd. June 2020 Managing Executive Officer, Senior General Manager, International Business Division Chairman of Taiheiyo Cement (China) Investment Co., Ltd. April 2022 Managing Executive Officer, Senior General Manager, International Business Division April 2023 Senior Executive Officer, Senior General Manager, International Business Division June 2023 Director, Senior Executive Officer, Senior General Manager, International Business Division April 2024 President and Representative Director (to present)</p> <p>Reason for nominating Yoshifumi Taura as Director Since 2023, Mr. Yoshifumi Taura has engaged in management of the Company as Director, and currently serves as President and Representative Director, after serving as Senior General Manager of International Business Division. He therefore has a wealth of experience, achievements, and knowledge as a manager. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he leads the Group's management, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	23,866

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

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
3	<p>Hideaki Asakura <u>Reappointment</u> (November 20, 1959) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 4 years at close of this General Meeting of Stockholders</p>	<p>April 1982 Joined Taiheiyo Cement Corporation April 2011 General Director of Nghi Son Cement Corporation April 2016 Executive Officer of Taiheiyo Cement Corporation General Director of Nghi Son Cement Corporation April 2018 Executive Officer and General Manager, Sales Department, Cement Business Division of Taiheiyo Cement Corporation April 2019 Managing Executive Officer June 2019 Director and Managing Executive Officer June 2020 Managing Executive Officer April 2022 Senior Executive Officer June 2022 Director and Senior Executive Officer April 2024 Vice President and Representative Director Assistant to the President Overseeing Corporate Planning Department, Sustainability Promotion Department and Legal Department April 2025 Vice President and Representative Director Assistant to the President and Overseeing Carbon Neutral Overseeing Corporate Planning Department and Sustainability Promotion Department April 2026 Vice President and Representative Director Assistant to the President and Overseeing IR and Carbon Neutral Overseeing Legal Department and Sustainability Promotion Department (to present)</p> <p>Reason for nominating Hideaki Asakura as Director Since 2022, Mr. Hideaki Asakura has engaged in management of the Company as Director, and currently serves as Vice President and Representative Director. He therefore has a wealth of experience, achievements, and knowledge as a manager. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he leads the Group's management, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	16,532

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

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
4	<p>Shinji Fukami <u>Reappointment</u> (July 28, 1960) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 2 years at close of this General Meeting of Stockholders</p>	<p>April 1986 Joined Taiheiyo Cement Corporation April 2015 General Manager, Business Planning Department, International Business Division April 2018 General Manager, Environmental Business Development Department April 2019 Executive Officer and General Manager, Environmental Business Development Department April 2022 Managing Executive Officer April 2024 Senior Executive Officer and Senior General Manager, International Business Division June 2024 Director, Senior Executive Officer and Senior General Manager, International Business Division April 2025 Vice President and Director Assistant to the President Senior General Manager, Global Business Division April 2026 Vice President and Representative Director Assistant to the President Senior General Manager, Global Business Division (to present)</p> <p>Reason for nominating Shinji Fukami as Director Since 2024, Mr. Shinji Fukami has engaged in management of the Company as Director, and currently serves as Vice President and Representative Director and Senior General Manager of Global Business Division. He therefore has a wealth of experience, achievements, and knowledge as a manager. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he leads the Group's management, determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	11,313

Note: No special relationship exists between the Company and Mr. Shinji Fukami.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
5	<p>Naoyuki Kira <u>Reappointment</u> (December 24, 1961) Attended 12 out of 12 meetings of the Board of Directors (100%) and will have served as Director for 1 year at close of this General Meeting of Stockholders</p>	<p>April 1984 Joined Taiheiyo Cement Corporation April 2017 General Manager, Kansai Shikoku Branch April 2019 Executive Officer and General Manager, Sales Department, Cement Business Division April 2023 Managing Executive Officer, Senior General Manager, Cement Business Division, and General Manager, Sales Department, Cement Business Division April 2024 Managing Executive Officer and Senior General Manager, Cement Business Division April 2025 Senior Executive Officer and Senior General Manager, Cement Business Division June 2025 Director, Senior Executive Officer and Senior General Manager, Cement Business Division (to present)</p> <p>(Significant concurrent positions) Outside Director of PS Construction Co., Ltd.</p> <p>Reason for nominating Naoyuki Kira as Director Since 2025, Mr. Naoyuki Kira has engaged in management of the Company as Director, and has been making a significant contribution to the development of the Group as Senior General Manager of Cement Business Division. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group as he determines important management matters, and supervises business execution, etc., and requests that he continue to be a candidate for Director.</p>	8,299

Notes:

1. Mr. Naoyuki Kira was newly appointed at the 27th Ordinary General Meeting of Stockholders held on June 27, 2025, and took office as Director on the same day. Accordingly, his attendance at meetings of the Board of Directors refers to those convened since he took office.
2. No special relationship exists between the Company and Mr. Naoyuki Kira.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
6	Masahiro Ban <u>New Candidate</u> (July 9, 1962)	April 1986 Joined Taiheiyo Cement Corporation April 2019 General Manager, Accounting & Finance Department April 2022 Executive Officer and General Manager, Accounting and Finance Department April 2023 Managing Executive Officer April 2026 Senior Executive Officer (to present) Reason for nominating Masahiro Ban as Director Since 2026, Mr. Masahiro Ban has served as Senior Executive Officer, and has been making a significant contribution to the development of the Group as an officer overseeing the human resources, accounting and finance, and general affairs divisions. The Company has judged that he is an appropriate person to aim to continuously increase corporate value of the Group and requests that he be a new candidate for Director.	5,800

Note: No special relationship exists between the Company and Mr. Masahiro Ban.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
7	Hideyuki Furikado Candidate for Outside Director Reappointment (August 3, 1954) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 5 years at close of this General Meeting of Stockholders	April 1977 Joined Ministry of Finance July 2004 Deputy Director-General of Financial Services Agency July 2010 Director of Policy Research Institute, Ministry of Finance December 2013 Retired from Ministry of Finance June 2014 Senior Managing Director of Trust Companies Association of Japan June 2021 Outside Director of Taiheiyo Cement Corporation (to present) Reason for nominating Hideyuki Furikado as Outside Director and outline of expected roles Although Mr. Hideyuki Furikado has not engaged in corporate management in the past other than serving as an outside officer of listed companies, as a government official, he has a wealth of experience and extensive knowledge regarding public administration. The Company expects that he will provide precise recommendations and advice from this perspective in the Board of Directors of the Company, and strive for the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors as member of the Nomination and Compensation Advisory Committee. The Company has judged that he will make a significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that he continue to be a candidate for Director.	1,700

Notes:

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

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
8	<p>Shingo Tsutsumi Candidate for Outside Director Reappointment (September 11, 1958) Attended 15 out of 15 meetings of the Board of Directors (100%) and will have served as Director for 2 years at close of this General Meeting of Stockholders</p>	<p>April 1981 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation) June 2017 Director and Senior Vice President of Tosoh Corporation June 2019 Director and Executive Vice President of Tosoh Corporation June 2020 President and Director of Taiyo Vinyl Corporation June 2024 Outside Director of Taiheiyo Cement Corporation (to present)</p> <p>Reason for nominating Shingo Tsutsumi as Outside Director and outline of expected roles Mr. Shingo Tsutsumi has a wealth of experience, achievements, and knowledge as a corporate manager. The Company expects that he will provide precise recommendations and advice from this perspective in the Board of Directors of the Company, and strive for the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors as member of the Nomination and Compensation Advisory Committee. The Company has judged that he will make a significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that he continue to be a candidate for Director.</p>	700

Notes:

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

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
9	<p>Wakako Mitani (Name on family registration: Wakako Akamatsu) Candidate for Outside Director New Candidate (January 4, 1974)</p>	<p>April 2000 Registered as a lawyer (Daiichi Tokyo Bar Association) July 2001 Joined TANABE & PARTNERS April 2012 Partner of TANABE & PARTNER February 2018 Outside Corporate Auditor of Taiheiyo Cement Corporation (to present) June 2023 Outside Corporate Auditor of SEIKAGAKU CORPORATION (to present) June 2024 Outside Director of WASEDA ACADEMY CO., LTD. (to present) September 2024 Partner of RODEM Law Office (to present)</p> <p>(Significant concurrent positions) Lawyer, Partner of RODEM Law Office Outside Corporate Auditor of SEIKAGAKU CORPORATION Outside Director of WASEDA ACADEMY CO., LTD.</p> <p>Reason for nominating Wakako Mitani as Outside Director and outline of expected roles Although Ms. Wakako Mitani has not engaged in corporate management in the past other than serving as an outside officer of listed companies, she has been practicing corporate legal affairs for many years, and has a wealth of experience, achievements, and knowledge as a lawyer. The Company expects that she will provide precise recommendations and advice from her experience and perspective, particularly in risk management and compliance, in the Board of Directors of the Company, and strive for the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors once she becomes a member of the Nomination and Compensation Advisory Committee. The Company has judged that she will make a significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that she be a new candidate for Director.</p>	3,800

Notes:

- Ms. Wakako Mitani is nominated as an Outside Director.
- Ms. Wakako Mitani currently serves as Outside Corporate Auditor of the Company, and her term of office as Outside Corporate Auditor will be 8 years and 4 months at the close of this General Meeting of Stockholders. In addition, she will resign from her position as Outside Corporate Auditor upon the close of this General Meeting of Stockholders.
- The Company currently has an agreement with Ms. Wakako Mitani, which limits her liability for damages in respect of her responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that she executes her duties in good faith and without gross negligence. If the election of Ms. Wakako Mitani is approved, the Company plans to continue said agreement with her.
- Ms. Wakako Mitani satisfies the Independence Criteria for Outside Officers defined by the Company, and the Company has registered her as an independent corporate auditor at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. If the election of Ms. Wakako Mitani is approved, the Company plans to register her as an independent director. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
- No special relationship exists between the Company and Ms. Wakako Mitani.

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
10	<p>Yuko Toyoda Candidate for Outside Director New Candidate (August 21, 1970)</p>	<p>October 2000 Registered as a lawyer Joined Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) June 2002 Civil Affairs Bureau, The Ministry of Justice April 2006 Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) April 2011 Deputy General Manager of Group Legal Department, Nomura Holdings, Inc. December 2014 General Manager of Control Room, Compliance Department, Barclays Securities Japan Limited September 2015 Special Counsel of City-Yuwa Partners January 2023 Partner of City-Yuwa Partners (to present) March 2023 Outside Director of Sumitomo Forestry Co., Ltd. (to present)</p> <p>(Significant concurrent positions) Lawyer, Partner of City-Yuwa Partners Outside Director of Sumitomo Forestry Co., Ltd.</p> <p>Reason for nominating Yuko Toyoda as Outside Director and outline of expected roles Although Ms. Yuko Toyoda has not engaged in corporate management in the past other than serving as an outside officer of listed companies, she has been practicing corporate legal affairs for many years, and has a wealth of experience, achievements, and knowledge as a lawyer. The Company expects that she will provide precise recommendations and advice from her experience and knowledge, particularly in international legal affairs and corporate governance, in the Board of Directors of the Company, and strive for the enhancement of the fairness, transparency and objectivity of the procedures for determining the nomination and compensation of Directors once she becomes a member of the Nomination and Compensation Advisory Committee. The Company has judged that she will make a significant contribution to the monitoring and supervision of overall management from an objective standpoint independent from the management team that executes business, and requests that she be a new candidate for Director.</p>	0

Notes:

- Ms. Yuko Toyoda is nominated as an Outside Director.
- Ms. Yuko Toyoda is scheduled to assume the position of Outside Director of Eisai Co., Ltd. on June 17, 2026.
- If the election of Ms. Yuko Toyoda is approved, the Company plans to enter into an agreement with her, which limits her liability for damages in respect of her responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that she executes her duties in good faith and without gross negligence.
- Ms. Yuko Toyoda satisfies the Independence Criteria for Outside Officers defined by the Company, and if the election of Ms. Yuko Toyoda is approved, the Company plans to register her as an independent director at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
- The Company receives legal advice as required from lawyers of City-Yuwa Partners other than Ms. Yuko Toyoda, where she serves as a partner, but the Company has not concluded an advisory agreement with the law firm. The advisory fees paid to the law firm are less than 1% of annual sales for each of the

(Translation)

Company and the law firm, and there is no special interest relationship. Additionally, there are no special interest relationships between the Company and any of the significant concurrent positions.

6. No special relationship exists between the Company and Ms. Yuko Toyoda.

Directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer. If the election of candidates is approved, each of them will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2026.

(Translation)

(Reference) Expertise and experience held by candidates for Director

Name	Gender	Attributes	Nomination and Compensation Advisory Committee	Expertise and experience					
				Corporate Management	Production Technologies Research	Marketing Sales	Finance Accounting	Legal Risk Management	Global Business
Masafumi Fushihara	Male		●	●		●	●	●	●
Yoshifumi Taura	Male			●	●	●			●
Hideaki Asakura	Male			●		●	●	●	●
Shinji Fukami	Male			●	●	●			●
Naoyuki Kira	Male			●		●			
Masahiro Ban	Male			●			●	●	
Hideyuki Furikado	Male	Outside Director Independent Director	●				●	●	●
Shingo Tsutsumi	Male	Outside Director Independent Director	●	●		●	●		●
Wakako Mitani	Female	Outside Director Independent Director	●				●	●	
Yuko Toyoda	Female	Outside Director Independent Director	●					●	●

(Translation)

Proposal No. 3: Election of Two Corporate Auditors

The term of office of Corporate Auditor Masahiro Karino will expire, and Corporate Auditor Wakako Mitani will resign from office at the close of this General Meeting of Stockholders. Accordingly, the Company would like to propose the election of two Corporate Auditors.

The candidates for Corporate Auditor are as follows.

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

No.	Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
1	Isao Matsui <u>New Candidate</u> (May 24, 1961)	<p>April 1985 Joined Taiheiyo Cement Corporation April 2015 General Manager, Construction Materials Business Department November 2018 General Manager, Construction Materials Business Department and General Manager, Business Planning & Administration Department April 2019 General Manager, Construction Materials Business Department April 2020 Executive Officer and General Manager, Construction Materials Business Department April 2021 Executive Officer of Taiheiyo Cement Corporation General Director of Nghi Son Cement Corporation April 2022 Managing Executive Officer and Deputy Senior General Manager of International Business Division of Taiheiyo Cement Corporation General Director of Nghi Son Cement Corporation April 2023 Managing Executive Officer April 2024 Senior Executive Officer June 2024 Director and Senior Executive Officer April 2026 Director (to present)</p> <p>Reason for nominating Isao Matsui as Corporate Auditor As an officer of the Company, Mr. Isao Matsui promotes its group-wide management by overseeing a wide range of operations in the Group business strategy, general affairs and legal divisions. He has a wealth of experience and knowledge gained through his duties. The Company has judged that he can appropriately audit the business execution of Directors while aiming to continuously increase corporate value of the Group and requests that he be a new candidate for Corporate Auditor.</p>	9,878

Notes:

1. If the election of Mr. Isao Matsui is approved, the Company plans to enter into an agreement with him, which would limit his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence.
2. No special relationship exists between the Company and Mr. Isao Matsui.

(Translation)

No.	Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
2	<p>Yoko Kobayashi Candidate for Outside Corporate Auditor New Candidate (May 24, 1955)</p>	<p>April 1978 Joined Nippon Telegraph and Telephone Public Corporation (currently NTT, Inc.)</p> <p>June 2008 Member of the Board, General Manager, Channel Marketing Department, Corporate Business Sector of NTT Communications Corporation (currently NTT DOCOMO BUSINESS, Inc.)</p> <p>June 2010 President of NTT Com CHEO Corporation (currently NTT DOCOMO BUSINESS CHEO, Inc.)</p> <p>June 2014 Full-time Auditor of NTT Communications Corporation (currently NTT DOCOMO BUSINESS, Inc.)</p> <p>June 2018 Auditor of NTT DOCOMO BUSINESS, Inc. Outside Director, Audit and Supervisory Committee Member of Mitsubishi UFJ Trust and Banking Corporation (to present)</p> <p>June 2020 Independent Director of OBAYASHI CORPORATION</p> <p>June 2024 Outside Director of SEIBU HOLDINGS INC. (to present)</p> <p>(Significant concurrent positions) Outside Director of SEIBU HOLDINGS INC.</p> <p>Reason for nominating Yoko Kobayashi as Outside Corporate Auditor Ms. Yoko Kobayashi has a wealth of experience, achievements, and knowledge as a manager and corporate auditor of a business corporation. The Company has judged that she can audit the business execution of Directors from an objective, independent, and fair standpoint, and requests that she be a new candidate for Outside Corporate Auditor.</p>	0

Notes:

- Ms. Yoko Kobayashi is nominated as an Outside Corporate Auditor.
- If the election of Ms. Yoko Kobayashi is approved, the Company plans to enter into an agreement with her, which would limit her liability for damages in respect of her responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that she executes her duties in good faith and without gross negligence.
- Ms. Yoko Kobayashi satisfies the Independence Criteria for Outside Officers defined by the Company, and if the election of Ms. Yoko Kobayashi is approved, the Company plans to register her as an independent corporate auditor at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
- No special relationship exists between the Company and Ms. Yoko Kobayashi.

Directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer. If the election of candidates is approved, both of them will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2026.

(Translation)

Proposal No. 4: Election of One Substitute Corporate Auditor

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

The candidate for Substitute Corporate Auditor is as follows.

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

Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
<p>Shigeru Ino Candidate for Outside Corporate Auditor (January 4, 1962)</p>	<p>April 1987 Joined the National Tax Agency February 2008 U.S. Certified Public Accountant (Delaware) July 2020 Regional Commissioner of Sapporo Regional Taxation Bureau July 2021 Retired from the National Tax Agency September 2021 Registered as a Certified Public Tax Accountant Special Advisor of Hongo Tsuji Tax & Consulting (to present) December 2021 Director of Tsuji Hongo IT Consulting Co., Ltd. April 2024 Professor at Faculty of Law, Asia University (to present) December 2024 Special Advisor of Tsuji Hongo IT Consulting Co., Ltd. (to present)</p> <p>(Significant concurrent positions) Certified Public Tax Accountant Professor at Faculty of Law, Asia University</p> <p>Reason for nominating Shigeru Ino as substitute Outside Corporate Auditor Mr. Shigeru Ino has served in important positions in the National Tax Agency and has a wealth of experience and extensive knowledge mainly as a government official and Certified Public Tax Accountant. The Company has judged that he can audit the business execution of Directors from an objective, independent, and fair standpoint, and requests that he continue to be a candidate for substitute Outside Corporate Auditor.</p>	<p>0</p>

Notes:

1. Mr. Shigeru Ino is nominated as a substitute Outside Corporate Auditor.
2. In the event that Mr. Shigeru Ino takes office as an Outside Corporate Auditor, the Company plans to enter into an agreement with him, which would limit his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence.
3. The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damage to be borne by the insured that may arise as a result of claims for damages caused by the execution of his or her duties as corporate officer. If Mr. Shigeru Ino assumes the office of Outside Corporate Auditor, he will be insured under the insurance contract. In addition, the Company plans to renew said insurance contract in July 2026.
4. Mr. Shigeru Ino satisfies the Independence Criteria for Outside Officers defined by the Company, and in the event that he takes office as an Outside Corporate Auditor, the Company plans to register him as an independent corporate auditor at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange. Additionally, the Independence Criteria for Outside Officers defined by the Company is provided on page 21.
5. No special relationship exists between the Company and Mr. Shigeru Ino.

(Translation)

(Reference)

Independence Criteria for Outside Officers

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

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

Notes:

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

(Translation)

(Appendix)

Business Report

(April 1, 2025 - March 31, 2026)

1. Overview of the Company Group

1) Business Progress and Results

During the fiscal year ended March 31, 2026, the Japanese economy, while showing some impact from U.S. trade policies, maintained a gradual recovery trend throughout the year, supported by solid public investment and a rebound in consumer spending and capital investment. However, rising geopolitical risks, such as the escalating situation in the Middle East, created uncertainty about the outlook of the economy.

As for the global economy, although the U.S. economy maintained an expansionary trend, its momentum showed signs of weakening, including slowing personal consumption growth. In addition, the Chinese economy slowed gradually due to a prolonged slump in the real estate market.

Under these circumstances, in FY2025, the Group's consolidated sales increased ¥2,147 million from the previous year to ¥898,441 million. Consolidated operating profit was ¥74,620 million, down ¥3,130 million, while consolidated ordinary profit was ¥75,087 million, down ¥287 million. Profit attributable to owners of parent decreased ¥32,027 million to ¥25,401 million largely due to the recording of impairment losses at Taiheiyo Cement Philippines, Inc., a cement manufacturing and sales subsidiary in the Philippines.

Reviews of operation by each business segment are as follows. The presented amounts are figures before eliminating transactions between business segments. In line with organizational changes as of April 1, 2025, we have changed reportable segments of some subsidiaries from the fiscal year under review and accordingly, the following year-on-year comparisons are based on figures after such changes have been reflected.

Cement Business

Sales ¥667,910 million (down 0.0% year-on-year)

Operating Profit ¥49,332 million (down 9.4% year-on-year)

There was a certain level of demand for domestic cement, supported by countermeasure construction for national resilience, projects related to defense and urban development, factory construction resulting from the reshoring of supply chains including semiconductor-related businesses, construction related to the Linear Chuo Shinkansen, and others. However, demand was affected by factors such as soaring construction costs, a decrease of shipment on Saturdays due to the spread of a five-day week at construction sites, and prolonged construction processes stemming from a chronic shortage of construction workers. As a result, domestic cement demand decreased 6.5% year-on-year to 30.53 million tons, of which, imported cement decreased 1.0% year-on-year to 20 thousand tons. Total exports increased 7.1% year-on-year to 8.79 million tons.

Under these circumstances, the Group's domestic cement sales by volume, including consignment sales, decreased 9.4% from the previous year to 11.93 million tons. Exports increased by 9.8% from the previous year to 3.32 million tons.

At U.S. West Coast cement businesses, sales by volume declined year-on-year mainly due to the slowdown of housing demand and poor weather conditions, while selling prices were higher year-on-year. In the cement business in Vietnam, sales by volume, including exports, increased year-on-year due to a recovery in domestic demand. In the cement business in the Philippines, while sales by volume increased year-on-year, impairment losses on non-current assets were recorded as a result of reassessing the business plan in light of rising interest rates and sluggish demand in the wake of the COVID-19 pandemic.

As a result of the above, sales decreased ¥244 million from the previous year to ¥667,910 million, and operating profit decreased ¥5,094 million from the previous year to ¥49,332 million.

(Translation)

Mineral Resources Business

Sales ¥90,855 million (up 3.0% year-on-year)

Operating Profit ¥10,045 million (up 4.5% year-on-year)

In the aggregates business and the mineral products business, sales by volume declined. In the geo-solutions business, sales by volume of products for immobilizing heavy metal contaminants in soil increased due to steady progress of construction work related to the Hokkaido Shinkansen. In addition, efforts to pass on various cost increases to selling prices progressed in the entire business.

As a result, sales increased ¥2,608 million from the previous year to ¥90,855 million, and operating profit increased ¥429 million to ¥10,045 million from the previous year.

Environmental Business

Sales ¥81,782 million (up 1.1% year-on-year)

Operating Profit ¥9,262 million (up 3.2% year-on-year)

While operations of intermediary storage and port relay of coal and sludge treatment were sluggish, operations of intermediary storage and port relay of soil generated from the Linear Chuo Shinkansen construction and coal ash treatment remained strong.

As a result, sales increased ¥916 million from the previous year to ¥81,782 million, and operating profit increased ¥290 million to ¥9,262 million from the previous year.

Construction Materials Business

Sales ¥43,427 million (down 2.0% year-on-year)

Operating Profit ¥1,891 million (down 20.0% year-on-year)

The operating results were affected by various cost increases including shipping and labor costs, in addition to sluggish sales of ALC (Autoclaved Lightweight aerated Concrete) as well as construction and civil engineering materials.

As a result, sales decreased ¥873 million from the previous year to ¥43,427 million, and operating profit decreased ¥472 million to ¥1,891 million from the previous year.

Other Business

Sales ¥80,519 million (up 2.5% year-on-year)

Operating Profit ¥4,193 million (up 6.6% year-on-year)

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

As a result, sales increased ¥1,926 million from the previous year to ¥80,519 million, and operating profit increased ¥258 million to ¥4,193 million from the previous year.

Sales and Operating Profit by Business Segment

(Unit: Millions of yen)

Business Segment	Sales	Year-on-year increase (decrease)	Operating profit (loss)	Year-on-year increase (decrease)
Cement	667,910	(244)	49,332	(5,094)
Mineral Resources	90,855	2,608	10,045	429
Environmental	81,782	916	9,262	290
Construction Materials	43,427	(873)	1,891	(472)
Other	80,519	1,926	4,193	258
Subtotal	964,493	4,335	74,723	(4,589)
Elimination or unallocated amounts	(66,052)	(2,188)	(103)	1,459
Total	898,441	2,147	74,620	(3,130)

(Translation)

2) Capital Investments

The total amount of capital investments by the Group in the fiscal year under review decreased ¥15,966 million from the previous year to ¥110,508 million, consisting of ¥81,086 million in the Cement Business, ¥20,997 million in the Mineral Resources Business, ¥1,483 million in the Environmental Business, ¥3,006 million in the Construction Materials Business, ¥3,348 million in the Other Business and ¥588 million in Group wide assets.

3) Trends in Assets and Income

Item	25 th fiscal year ended March 31, 2023	26 th fiscal year ended March 31, 2024	27 th fiscal year ended March 31, 2025	28 th fiscal year ended March 31, 2026 (Current)
Net sales (millions of yen)	809,542	886,276	896,295	898,441
Ordinary profit (millions of yen)	1,016	59,473	75,374	75,087
Profit attributable to owners of parent (millions of yen)	(33,207)	43,273	57,428	25,401
Profit per share (yen)	(283.68)	371.09	502.48	227.86
Total assets (millions of yen)	1,268,863	1,338,251	1,423,695	1,479,061
Net assets (millions of yen)	528,857	596,385	676,124	712,237

Note: Figures in parentheses represent losses.

4) Issues to be Addressed

Looking ahead, the Japanese economy is expected to continue its gradual recovery, supported by consumer spending and capital investment. However, there are concerns that the continued uncertainty over rising prices, coupled with rising geopolitical risks exemplified by the escalating tensions in the Middle East, could lead to further increases in energy prices and maritime transport costs. As a result, the economic outlook is expected to remain uncertain.

Under these circumstances, the Group's business environment is expected to experience a mix of bullish and bearish factors, with cement demand being supported by countermeasure construction for national resilience, disaster prevention and mitigation measures, redevelopment in the Tokyo metropolitan area, factory construction resulting from the reshoring of supply chains, construction related to the Linear Chuo Shinkansen, and other projects, while construction delays stemming from structural issues of the construction industry, such as labor shortages, are hindering demand. Against this backdrop, the Group will steadily translate the effects of the cement selling price revision, which has been in effect since April 2025, into improved profitability.

As for the U.S. economy, infrastructure investment and investment related to the Los Angeles Olympics and Paralympics are expected to pick up, boosting the economy. However, there are signs of a slowdown in the pace of growth, such as weakening consumer spending growth. As such, the impact of these developments as well as financial market trends need to be carefully assessed.

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

(1) Future Vision targeting 2050

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

(Translation)

(2) Taiheiyo Vision 2030

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

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

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

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

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

Revitalizing Domestic Business

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

Further Promote Global Strategy

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

Promote Sustainability Management and Contribute to Carbon Neutrality

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

<Business Strategies>

Cement (Domestic)

The Group will revitalize its cement business in Japan by optimizing cement prices. In addition, the Group will promote initiatives aimed at maintaining stable production by strengthening plant facilities, ensuring a stable supply by optimizing transportation system to comply with regulations on driver's working hours, etc. and achieving carbon neutrality such as exploring the commercialization of Low-CO₂ blended cement.

Cement (Overseas)

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

Mineral Resources

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

Environmental Business

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

Construction Materials

(Translation)

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

<Research & Development Strategies>

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

<Intellectual Asset Strategies>

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

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

(Translation)

5) Material Subsidiaries

Company name	The Company's percentage of equity participation	Principal business
DC Co., Ltd.	100	Manufacturing and sale of cement
Clion Co., Ltd.	99.3	Manufacturing and sale of autoclaved lightweight aerated concrete (ALC)
Myojyo Cement Co., Ltd.	100	Manufacturing and sale of cement
Taiheiyo Materials Corporation	100	Manufacturing and sale of various construction materials such as admixture and non-shrink grout
Mitsui Wharf Co., Ltd.	100	Wharf operations utilizing private cliffs
CalPortland Company	100	Manufacturing and sale of cement, ready-mixed concrete, etc. in the United States
Nghi Son Cement Corporation	65.0	Manufacturing and sale of cement in Vietnam
Taiheiyo Cement Philippines, Inc.	100	Manufacturing and sale of cement in the Philippines

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

6) Principal Businesses

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

(i) Cement Business

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

(ii) Mineral Resources Business

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

(iii) Environmental Business

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

(iv) Construction Materials Business

Concrete products, construction materials, civil engineering and construction work, water-related business, etc.

(v) Other Business

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

(Translation)

7) **Principal Business Locations**

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

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

Research & Development Division: Sakura City, Chiba Prefecture, Japan

Branches and Plants

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

(Note) The Chubu Hokuriku Branch was split into the Chubu Branch and the Hokuriku Branch, and the Kansai Shikoku Branch was split into the Kansai Branch and the Shikoku Branch as of April 1, 2026.

(ii) Principal business locations of material subsidiaries

Name	Location
DC Co., Ltd.	Kawasaki City, Kanagawa Prefecture
Clion Co., Ltd.	Koto-ku, Tokyo
Myojyo Cement Co., Ltd.	Itoigawa City, Niigata Prefecture
Taiheiyo Materials Corporation	Kita-ku, Tokyo
Mitsui Wharf Co., Ltd.	Kawasaki City, Kanagawa Prefecture
CalPortland Company	California, USA
Nghi Son Cement Corporation	Thanh Hoa, Vietnam
Taiheiyo Cement Philippines, Inc.	Cebu, Philippines

(Translation)

8) Employees

Business Segment	Number of Employees (persons)
Cement	8,104
Mineral Resources	1,087
Environmental	312
Construction Materials	766
Other	2,045
Group-wide (common)	312
Total	12,626

- (Notes) 1. The number of employees refers to the number of persons on the payroll.
2. The above includes the following number of employees of the Company. The number of employees stated below does not include employees on temporary retirement, seconded employees, etc. (521 persons).

Number of employees	Increase or decrease from previous year	Average age	Average length of service
1,783 persons	Increase of 50 persons	39.6 years old	16.8 years

9) Major Lenders and Amount of Borrowings

Lender	Outstanding borrowings (millions of yen)
Mizuho Bank, Ltd.	49,166
Sumitomo Mitsui Banking Corporation	30,724
Japan Bank for International Cooperation	25,224
MUFG Bank, Ltd.	20,646

(Translation)

2. Shares of the Company

- 1) Total number of shares authorized to be issued 197,730,800 shares
- 2) Total number of shares outstanding 118,191,578 shares
(Note) Total number of shares outstanding includes 6,349,762 shares of treasury stock.
- 3) Number of stockholders 43,875 persons

4) Major stockholders

Stockholder name	Holding (thousand shares)	Stockholding ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	18,347	16.4
STATE STREET BANK AND TRUST COMPANY 505001	8,338	7.5
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	5,537	5.0
JP MORGAN CHASE BANK 385642	4,251	3.8
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	3,826	3.4
STATE STREET BANK AND TRUST COMPANY 505223	3,050	2.7
STATE STREET BANK AND TRUST COMPANY 505103	2,898	2.6
ASO CORPORATION	2,623	2.3
BNYM AS AGT/CLTS 10 PERCENT	1,797	1.6
JP MORGAN CHASE BANK 385781	1,621	1.4

- (Notes) 1. The Company holds 6,349,762 shares of treasury stock.
2. The stockholding ratio is calculated by excluding treasury stock.

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

Officer classification	Number of shares	Number of persons granted to
Directors (excluding Outside Directors)	13,143 shares	6 persons

(Translation)

3. Company Officers

1) Name, etc. of Directors and Corporate Auditors

Position	Name	Significant concurrent positions
Chairman and Director	Masafumi Fushihara	
President and Representative Director	Yoshifumi Taura	
Vice President and Representative Director	Hideaki Asakura	Assistant to the President and Overseeing Carbon Neutral Overseeing Corporate Planning Department and Sustainability Promotion Department
Vice President and Director	Shinji Fukami	Assistant to the President Senior General Manager of Global Business Division
Director	Isao Matsui	
Director	Naoyuki Kira	Outside Director of PS Construction Co., Ltd.
Director	Yoshiko Koizumi	Lawyer, Partner of City-Yuwa Partners Outside Director of Dowa Holdings Co., Ltd.
Director	Hideyuki Furikado	
Director	Shingo Tsutsumi	
Corporate Auditor (Standing)	Masahiro Karino	
Corporate Auditor (Standing)	Yusuke Nemoto	
Corporate Auditor	Wakako Mitani (Name on family registration: Wakako Akamatsu)	Lawyer, Partner of RODEM Law Office Outside Corporate Auditor of SEIKAGAKU CORPORATION Outside Director of WASEDA ACADEMY CO., LTD.
Corporate Auditor	Toshihito Aoki	Certified Public Accountant

- (Notes)
1. Directors Yoshiko Koizumi, Hideyuki Furikado, and Shingo Tsutsumi are Outside Directors.
 2. Corporate Auditors Wakako Mitani and Toshihito Aoki are Outside Corporate Auditors.
 3. Director Naoyuki Kira and Corporate Auditor Yusuke Nemoto were newly elected at the 27th Ordinary General Meeting of Stockholders held on June 27, 2025 and took office on the same day.
 4. Director Koshiro Hidaka and Corporate Auditor Katsuhide Fukuhara retired from office at the close of the 27th Ordinary General Meeting of Stockholders held on June 27, 2025.
 5. Corporate Auditors Masahiro Karino and Yusuke Nemoto have practical experience in the business management division of the Company and have considerable financial and accounting expertise.
 6. Corporate Auditor Toshihito Aoki has the qualification of Certified Public Accountant and has considerable financial and accounting expertise.
 7. The Company receives legal advice as required from lawyers of City-Yuwa Partners other than Director Yoshiko Koizumi, where she holds a significant concurrent position, but the Company has not concluded an advisory agreement with the law firm. The advisory fees paid to the law firm is less than 1% of net sales for each of the Company and the law firm, and there is no special interest relationship. Additionally, there are no special interest relationships between the Company and any of the significant concurrent positions of the other Outside Executives.
 8. The Company has registered Directors Yoshiko Koizumi, Hideyuki Furikado, and Shingo Tsutsumi as independent directors and Corporate Auditors Wakako Mitani and Toshihito Aoki as independent corporate auditors at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange.

(Translation)

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

Name	Position	Significant concurrent positions	Date of retirement
Yoshiko Koizumi	Director	Outside Director of Integrated Design & Engineering Holdings Co., Ltd.	May 15, 2025

There are no special interest relationships between the Company and Integrated Design & Engineering Holdings Co., Ltd.

10. The following executive changes were made on April 1, 2026:

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

11. The Company has introduced an executive officer system; executive officers as of April 1, 2026 are as follows.

Position	Name	Assignment
Senior Executive Officer	Naoyuki Kira *	Senior General Manager of Cement Business Division
Senior Executive Officer	Masahiro Ban	Overseeing Human Resources Department, Accounting & Finance Department, and General Affairs Department
Managing Executive Officer	Hiroyuki Takano	Overseeing GX Department Senior General Manager of Research & Development Division
Managing Executive Officer	Kenichi Hirata	Overseeing Mining Department, Mineral Resources Business Department, and Real Estate Business Department
Managing Executive Officer	Tsuyoshi Hara	Deputy Senior General Manager of Global Business Division President of Taiheiyo Cement U.S.A., Inc.
Managing Executive Officer	Yutaka Murakami	Overseeing Internal Auditing Department, Purchasing Department, and Environmental Business Development Department
Managing Executive Officer	Takaji Kawabe	Overseeing DX Department, Production Department, Maintenance & Engineering Department, C2SP Kiln Project Team, and Tokyo Tamaeco Renewal Project Team
Managing Executive Officer	Katsuya Kawata	Overseeing Secretarial Department, Corporate Planning Department, and Group Business Strategy Department
Executive Officer	Takashi Miyashita	General Director of Taiheiyo Cement Philippines, Inc.
Executive Officer	Fujio Nakamura	General Manager of Sales Department, Cement Business Division
Executive Officer	Masayuki Yagame	General Manager of Production Department
Executive Officer	Kouji Ozaki	General Manager of Tokyo Branch
Executive Officer	Kazuhiko Teramoto	General Manager of Oita Plant
Executive Officer	Yasuhiro Kawaragi	General Manager of Legal Department
Executive Officer	Tetsuji Matoba	General Manager of Kyushu Branch

(Translation)

Executive Officer	Kunihiro Nakamura	General Manager of Human Resources Department
Executive Officer	Takashi Suzuki	General Manager of Mineral Resources Business Department
Executive Officer	Atsushi Ikeda	General Manager of General Affairs Department
Executive Officer	Masao Oosumi	General Manager of Business Management Department, Global Business Division
Executive Officer	Akira Eriguchi	Deputy Senior General Manager of Research & Development Division

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

2) Overview of Limited Liability Agreement

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

3) Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3 Paragraph 1 of the Companies Act, that insures all Directors, Corporate Auditors and Executive Officers with an insurance company. Said insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties as corporate officer.

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

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

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

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

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

(Translation)

between the compensation and stockholders' benefit. Performance-linked compensation makes up 45% of the total compensation for the current fiscal year. The actual result of profit attributable to owners of parent for FY2024, which serves as a basis for calculating the performance-linked compensation for the current fiscal year, was ¥57.4 billion.

Based on the above, the Board of Directors of the Company has judged that the content of compensation, etc. for individual Director for FY2025 is in line with the determination policy.

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

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

(iii) Matters concerning resolutions of the General Meetings of Stockholders regarding compensation, etc. for Directors and Corporate Auditors

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

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

Since it is appropriate that the amount of compensation for each Director is determined by Representative Director who supervises the overall business, the Company has made a resolution to leave the determination of the amount of compensation, etc. for individual Director to the discretion of President and Representative Director Yoshifumi Taura and Vice President and Representative Director (Assistant to the President and Overseeing Carbon Neutral, Overseeing Corporate Planning Department and Sustainability Promotion Department) Hideaki Asakura at the Board of Directors meeting including Outside Directors held in June 2025, within the range of suitable amount based on a resolution of the General Meeting of Stockholders and the regulations of the Company.

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

Officer classification	Total amount of compensation, etc. (millions of yen)	Total amount by type of compensation, etc. (millions of yen)			Number of target Officers (persons)
		Fixed compensation	Performance-linked compensation	Non-monetary compensation, etc.	
Directors	644	331	266	47	10
Corporate Auditors	72	72	-	-	5
(of which, Outside Officers)	(67)	(67)	(-)	(-)	(5)

(Note) The number of persons paid above includes one Director and one Corporate Auditor who retired at the close of the 27th Ordinary General Meeting of Stockholders held on June 27, 2025.

(Translation)

5) Outside Officers

(i) Main Activities in Fiscal Year under Review

Position	Name	Attendance at meetings of Board of Directors	Attendance at meetings of Board of Auditors	Comment status
Director	Yoshiko Koizumi	15 out of 15 meetings	-	Made comments as appropriate at the meetings of the Board of Directors based on her wealth of experience and insight in corporate management mainly as a lawyer.
Director	Hideyuki Furikado	15 out of 15 meetings	-	Made comments as appropriate at the meetings of the Board of Directors based on his wealth of experience mainly as a government official.
Director	Shingo Tsutsumi	15 out of 15 meetings	-	Made comments as appropriate at the meetings of the Board of Directors based on his wealth of experience mainly as a management executive of a business corporation.
Corporate Auditor	Wakako Mitani	15 out of 15 meetings	11 out of 11 meetings	Made comments as appropriate at the meetings of the Board of Directors and meetings of the Board of Auditors based on her wealth of experience and insight in corporate management mainly as a lawyer.
Corporate Auditor	Toshihito Aoki	15 out of 15 meetings	11 out of 11 meetings	Made comments as appropriate at the meetings of the Board of Directors and meetings of the Board of Auditors based on his wealth of experience and insight in corporate accounting mainly as a certified public accountant.

- (Notes)
1. During the fiscal year under review, 15 Board of Directors meetings and 11 Board of Auditors meetings were held.
 2. In addition to the number of Board of Directors meetings held as stated above, pursuant to the provisions of Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company, a written resolution was made, for which the Company deems that the resolution was made at the Board of Directors meeting.

(Translation)

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

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

Figures stated in this Business Report are rounded off to the nearest unit of presentation.

(Translation)

Consolidated Financial Statements

(April 1, 2025 - March 31, 2026)

Consolidated Balance Sheets

(Unit: Millions of yen)

Account	FY2025 (as of March 31, 2026)	(Reference) FY2024 (as of March 31, 2025)
Assets		
Current assets	412,601	405,731
Cash and deposits	63,719	74,987
Notes and accounts receivable-trade, and contract assets	147,951	148,457
Electronically recorded monetary claims-operating	38,521	32,087
Merchandise and finished goods	59,353	54,373
Work in process	1,696	1,522
Raw materials and supplies	76,188	71,950
Short-term loans receivable	2,045	2,191
Other	23,247	20,278
Allowance for doubtful accounts	(121)	(115)
Non-current assets	1,066,461	1,017,965
Property, plant and equipment	749,158	738,702
Buildings and structures	172,088	172,858
Machinery, equipment and vehicles	260,860	252,982
Land	164,938	163,531
Leased assets	13,343	13,813
Construction in progress	51,676	41,988
Other	86,252	93,531
Intangible assets	43,516	47,015
Goodwill	81	64
Other	43,435	46,951
Investments and other assets	273,787	232,248
Investment securities	158,763	135,374
Long-term loans receivable	2,021	2,462
Retirement benefit asset	69,838	49,389
Deferred tax assets	7,839	10,442
Other	36,228	35,731
Allowance for doubtful accounts	(901)	(1,150)
Total assets	1,479,061	1,423,695

(Translation)

Account	FY2025 (as of March 31, 2026)	(Reference) FY2024 (as of March 31, 2025)
Liabilities		
Current liabilities	416,902	388,354
Notes and accounts payable-trade	73,662	73,647
Electronically recorded obligations-operating	17,372	16,284
Short-term borrowings	158,500	156,488
Commercial papers	26,000	5,000
Current portion of bonds payable	12,700	15,000
Income taxes payable	5,822	6,344
Provision for bonuses	7,828	7,302
Provision for product compensation	991	741
Other provisions	305	168
Other	113,722	107,380
Non-current liabilities	349,922	359,217
Bonds payable	42,300	55,000
Long-term borrowings	150,267	158,200
Deferred tax liabilities	41,549	24,686
Retirement benefit liability	22,546	23,008
Provision for retirement benefits for directors (and other officers)	486	536
Provision for special repairs	354	292
Provision for product compensation	2,121	2,728
Other provisions	360	360
Lease liabilities	17,692	21,146
Asset retirement obligations	14,447	14,453
Other	57,798	58,808
Total liabilities	766,824	747,571
Net assets		
Shareholders' equity	547,064	531,791
Share capital	86,174	86,174
Capital surplus	49,493	50,288
Retained earnings	432,913	417,460
Treasury shares	(21,516)	(22,131)
Accumulated other comprehensive income	133,505	109,879
Valuation difference on available-for-sale securities	36,819	18,879
Deferred gains or losses on hedges	1	0
Revaluation reserve for land	3,419	3,509
Foreign currency translation adjustment	60,122	64,316
Remeasurements of defined benefit plans	33,145	23,174
Non-controlling interests	31,668	34,455
Total net assets	712,237	676,124
Total liabilities and net assets	1,479,061	1,423,695

(Translation)

Consolidated Statements of Income

(Unit: Millions of yen)

Account	FY2025 (April 1, 2025 - March 31, 2026)	(Reference) FY2024 (April 1, 2024 - March 31, 2025)
Net sales	898,441	896,295
Cost of sales	675,177	679,205
Gross profit	223,264	217,089
Selling, general and administrative expenses	148,644	139,340
Operating profit	74,620	77,750
Non-operating income	11,649	6,936
Interest and dividend income	3,769	3,983
Share of profit of entities accounted for using equity method	1,923	—
Foreign exchange gains	1,425	734
Other	4,532	2,219
Non-operating expenses	11,182	9,312
Interest expenses	6,010	4,302
Share of loss of entities accounted for using equity method	—	684
Other	5,171	4,326
Ordinary profit	75,087	75,374
Extraordinary income	2,211	11,473
Gain on change in equity	362	—
Gain on disposal of non-current assets	1,223	3,311
Gain on sale of investment securities	424	1,968
Gain on extinguishment of debt	—	4,551
Insurance claim income	—	1,447
Other	202	197
Extraordinary losses	32,771	12,225
Loss on disposal of non-current assets	6,113	5,134
Retirement benefit expenses	—	2,729
Loss on sale of investment securities	495	22
Loss on valuation of investment securities	33	14
Impairment losses	25,328	3,840
Other	803	487
Profit before income taxes	44,527	74,621
Income taxes-current	14,188	17,607
Income taxes-deferred	3,444	(1,798)
Profit	26,894	58,812
Profit attributable to non-controlling interests	1,493	1,384
Profit attributable to owners of parent	25,401	57,428

(Translation)

Non-consolidated Financial Statements

(April 1, 2025 - March 31, 2026)

Non-consolidated Balance Sheets

(Unit: Millions of yen)

Account	FY2025 (as of March 31, 2026)	(Reference) FY2024 (as of March 31, 2025)
Assets		
Current assets	135,651	126,059
Cash and deposits	3,339	3,685
Notes receivable-trade	906	4,437
Electronically recorded monetary claims-operating	19,459	16,201
Accounts receivable-trade	56,624	55,179
Merchandise and finished goods	17,764	15,033
Raw materials and supplies	31,624	25,621
Prepaid expenses	797	640
Other	5,137	5,264
Allowance for doubtful accounts	(1)	(1)
Non-current assets	608,315	597,277
Property, plant and equipment	269,166	242,041
Buildings	29,989	28,505
Structures	63,885	62,872
Machinery and equipment	68,012	55,206
Vessels	0	0
Vehicles	2,725	1,134
Tools, furniture and fixtures	1,318	1,252
Land providing raw materials	12,573	12,606
Land	64,683	63,993
Leased assets	2,962	2,934
Construction in progress	23,020	13,539
Intangible assets	13,721	14,796
Mining right	8,601	8,803
Software	2,066	2,796
Other	3,054	3,198
Investments and other assets	325,429	340,440
Investment securities	44,724	28,562
Shares of subsidiaries and associates	233,045	265,066
Investments in capital	37	37
Investments in capital of subsidiaries and associates	1,759	1,759
Long-term loans receivable	13	16
Long-term prepaid expenses	14,569	13,774
Prepaid pension costs	23,915	21,720
Other	23,912	22,950
Allowance for doubtful accounts	(16,544)	(13,444)
Total assets	743,966	723,336

(Translation)

Account	FY2025 (as of March 31, 2026)	(Reference) FY2024 (as of March 31, 2025)
Liabilities		
Current liabilities	225,863	194,594
Electronically recorded obligations-operating	6,380	4,475
Accounts payable-trade	31,294	30,130
Short-term borrowings	104,574	103,266
Commercial papers	26,000	5,000
Current portion of bonds payable	12,700	15,000
Lease liabilities	821	954
Accounts payable - other	17,686	12,173
Accrued expenses	14,389	13,278
Income taxes payable	701	709
Advances received	175	404
Deposits received	252	264
Unearned revenue	2,185	2,230
Provision for bonuses	2,681	2,473
Electronically recorded obligations-non-operating	6,024	4,238
Non-current liabilities	233,438	254,133
Bonds payable	42,300	55,000
Long-term borrowings	125,417	138,641
Lease liabilities	2,492	2,497
Deferred tax liabilities	16,476	11,963
Provision for loss on guarantees	5,766	839
Provision for loss on business of subsidiaries and associates	3,221	9,181
Long-term guarantee deposits	33,549	31,936
Asset retirement obligations	3,712	3,672
Other	503	403
Total liabilities	459,301	448,727
Net assets		
Shareholders' equity	262,123	263,154
Share capital	86,174	86,174
Capital surplus	42,318	42,215
Legal capital surplus	42,215	42,215
Other capital surplus	103	—
Retained earnings	154,775	156,380
Other retained earnings	154,775	156,380
Reserve for mine prospecting	338	495
Reserve for tax basis adjustments of non-current assets	13,961	14,181
Retained earnings brought forward	140,476	141,704
Treasury shares	(21,145)	(21,615)
Valuation and translation adjustments	22,542	11,455
Valuation difference on available-for-sale securities	22,542	11,455
Total net assets	284,665	274,609
Total liabilities and net assets	743,966	723,336

(Translation)

Non-consolidated Statements of Income

(Unit: Millions of yen)

Account	FY2025	(Reference)
	(April 1, 2025 - March 31, 2026)	FY2024 (April 1, 2024 - March 31, 2025)
Net sales	339,217	333,466
Cost of sales	248,051	254,894
Gross profit	91,167	78,572
Selling, general and administrative expenses	66,469	61,927
Operating profit	24,697	16,645
Non-operating income	35,900	28,141
Dividend income	26,691	25,748
Reversal of provision for loss on business of subsidiaries and associates	5,961	—
Foreign exchange gains	1,023	861
Other	2,226	1,533
Non-operating expenses	13,310	6,633
Interest expenses	3,068	2,008
Provision of allowance for doubtful accounts	1,823	432
Provision for loss on guarantees	6,240	—
Provision for loss on business of subsidiaries and associates	—	1,791
Other	2,179	2,402
Ordinary profit	47,288	38,154
Extraordinary income	3,752	1,723
Gain on disposal of non-current assets	281	249
Gain on sale of investment securities	118	400
Gain on sale of shares of subsidiaries and associates	3,352	54
Insurance claim income	—	1,020
Extraordinary losses	42,792	23,414
Loss on disposal of non-current assets	4,390	3,765
Loss on liquidation of subsidiaries and associates	5	—
Loss on valuation of investment securities	1	1
Loss on valuation of shares of subsidiaries and associates	38,278	15,379
Loss on sale of investment securities	—	1
Provision for loss on business of subsidiaries and associates	—	4,006
Impairment losses	118	262
Profit before income taxes	8,248	16,463
Income taxes-current	388	250
Income taxes-deferred	(590)	(1,084)
Profit	8,449	17,297

(Translation)

Independent Auditor's Report

The Board of Directors of Taiheiyo Cement Corporation:

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Taiheiyo Cement Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2026 and for the year from April 1, 2025 to March 31, 2026 in accordance with Article 444-4 of the Companies Act.

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

Basis for Opinion

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

Other Information

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

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

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

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

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

We have nothing to report concerning Other Information.

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

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

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare them on a going concern basis, and disclosing matters related to going concern in accordance with accounting principles generally accepted in Japan, if necessary.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

(Translation)

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

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

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

(Translation)

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

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

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

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

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Masakazu Hattori
Designated Engagement Partner
Certified Public Accountant

Hiroko Sakurada
Designated Engagement Partner
Certified Public Accountant

Masato Kuwabara
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 14, 2026

(Translation)

Independent Auditor's Report

The Board of Directors of Taiheiyo Cement Corporation:

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Taiheiyo Cement Corporation (“the Company”) as at March 31, 2026 and for the year from April 1, 2025 to March 31, 2026 in accordance with Article 436-2-1 of the Companies Act.

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

Basis for Opinion

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

Other Information

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

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

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

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

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

We have nothing to report concerning Other Information.

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

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

In preparing the financial statements and the supplementary schedules, management is responsible for assessing whether it is appropriate to them on a going concern basis, and disclosing matters related to going concern in accordance with accounting principles generally accepted in Japan, if necessary.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,

(Translation)

but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

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

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

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

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

(Translation)

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

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

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Masakazu Hattori
Designated Engagement Partner
Certified Public Accountant

Hiroko Sakurada
Designated Engagement Partner
Certified Public Accountant

Masato Kuwabara
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 14, 2026

(Translation)

Audit Report

The Board of Auditors has prepared this Audit Report following deliberations based on the respective audit reports prepared by Corporate Auditors in relation to the execution of duties by Directors for the 28th fiscal term from April 1, 2025 to March 31, 2026. The report is as follows.

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

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

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

(Translation)

2. Audit Results

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

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

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

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

(3) Results of audit of Consolidated Financial Statements

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

May 15, 2026

Board of Auditors, Taiheiyo Cement Corporation

Corporate Auditor (Standing) Masahiro Karino [Seal]

Corporate Auditor (Standing) Yusuke Nemoto [Seal]

Outside Corporate Auditor Wakako Mitani [Seal]

Outside Corporate Auditor Toshihito Aoki [Seal]

(Translation)

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

(Start Date of Measures for Electronic Provision: May 29, 2026)

**MATTERS TO BE PROVIDED ELECTRONICALLY
ACCOMPANYING THE NOTICE OF THE 28th ORDINARY
GENERAL MEETING OF STOCKHOLDERS**

Accounting Auditor

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

Consolidated Statements of Changes in Net Assets

Notes to Consolidated Financial Statements

Non-consolidated Statements of Changes in Net Assets

Notes to Non-consolidated Financial Statements

(from April 1, 2025 to March 31, 2026)

Taiheiyo Cement Corporation

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

(Translation)

Accounting Auditor

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

(2) Accounting Auditor's Compensation, etc. in Fiscal Year under Review
¥ 156 million

- (Notes) 1. Under the audit agreement between the Company and its Accounting Auditor, the amount of compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act is not distinguished from each other and is indistinguishable in practice. Therefore, the above amount includes compensation, etc. for audits pursuant to the Financial Instruments and Exchange Act.
2. The Board of Auditors of the Company, in observance of the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, has confirmed the time taken to audit each audit item, trends in audit fees, and the status of execution of duties of the Accounting Auditor, and upon considering the appropriateness of the audit plan and appropriateness of audit fees for the fiscal year under review, agrees to the fees, etc., of the Accounting Auditor under Article 399, Paragraph 1 of the Companies Act.
3. In addition to the above, the Company paid additional compensation of ¥5 million in connection with audits for the previous fiscal year.

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

- 1) If the Accounting Auditor is deemed to correspond to any of the matters set forth in the items of Article 340, Paragraph 1 of the Companies Act, the Board of Auditors will dismiss the Accounting Auditor subject to the consent of all Corporate Auditors, in which case the Corporate Auditor selected by the Board of Auditors will report the dismissal and the reason for the dismissal at the first Ordinary General Meeting of Stockholders held after the dismissal.
- 2) The Board of Directors will specify the dismissal or non-reappointment of the Accounting Auditor as an agenda of the General Meeting of Stockholders based on the Board of Auditors' resolution in cases where severe problems have arisen in the Company's audit operations and in other such cases.

(4) Total Amount of Money and Other Property Benefits Payable to Accounting Auditor by the Company and its Subsidiaries
¥ 299 million

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

(Translation)

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

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

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

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

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

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

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

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

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

4) System to ensure that Directors execute their duties efficiently

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

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

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

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

(Translation)

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

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

6) System to ensure reliability of financial reporting

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

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

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

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

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

9) Other systems to ensure effective auditing by Corporate Auditors

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

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

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

1) Compliance system

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

(Translation)

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

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

2) Risk management system

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

3) Ensuring proper execution of operations at the Group

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

(Translation)

4) Execution of business by Directors

- (i) The Board of Directors is composed of nine persons, including three Outside Directors, and meetings were held 15 times during the fiscal year under review, where deliberation and determination was made regarding important matters defined by laws and regulations and the Articles of Incorporation, in addition to supervision of the execution of business by Directors. In addition to the number of Board of Directors meetings held as stated above, a written resolution was made, for which the Company deems that the resolution was made at the Board of Directors meeting, pursuant to the provisions of Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company.
- (ii) For important matters other than those to be deliberated by the Board of Directors, Executive Committee meetings were held 22 times for deliberation.
- (iii) To secure the efficiency of execution of business by Directors, reports on the status of business execution are made at the Board of Directors by dividing up duties among the Directors and Executive Officers.
- (iv) Regarding management execution, a certain level of authority is delegated to Executive Officers. Executive Officers execute business via a Management by Objectives that is in line with the Medium-term Management Plan and the annual management policy (President's policy), and the Board of Directors reviews the status of progress.

5) Execution of business by Corporate Auditors

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

Figures stated in this Business Report are rounded off to the nearest unit of presentation.

(Translation)

Consolidated Statements of Changes in Net Assets

(April 1, 2025 - March 31, 2026)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	86,174	50,288	417,460	(22,131)	531,791
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		(907)			(907)
Dividends of surplus			(10,039)		(10,039)
Profit attributable to owners of parent			25,401		25,401
Reversal of revaluation reserve for land			90		90
Purchase of treasury shares				(31)	(31)
Disposal of treasury shares		113		647	759
Net changes in items other than shareholders' equity					
Total changes during period	-	(795)	15,453	615	15,273
Balance at end of period	86,174	49,493	432,913	(21,516)	547,064

(Translation)

(Unit: Millions of yen)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	18,879	0	3,509	64,316	23,174	109,879	34,455	676,124
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								(907)
Dividends of surplus								(10,039)
Profit attributable to owners of parent								25,401
Reversal of revaluation reserve for land								90
Purchase of treasury shares								(31)
Disposal of treasury shares								759
Net changes in items other than shareholders' equity	17,939	0	(90)	(4,194)	9,970	23,626	(2,786)	20,839
Total changes during period	17,939	0	(90)	(4,194)	9,970	23,626	(2,786)	36,113
Balance at end of period	36,819	1	3,419	60,122	33,145	133,505	31,668	712,237

(Translation)

Notes to the Consolidated Financial Statements

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

(1) Matters concerning Scope of Consolidation

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

Number of consolidated subsidiaries: 128

Name of major consolidated subsidiaries:

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

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

(ii) Name, etc. of major unconsolidated subsidiaries

Name of major unconsolidated subsidiaries:

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

Reason for excluding from the scope of consolidation:

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

(2) Matters concerning Application of Equity Method

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

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

Name of major companies, etc.:

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

Number of affiliates accounted for by the equity method: 36

Name of major companies, etc.:

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

(Translation)

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

Name of major companies, etc.:

(Unconsolidated subsidiaries)

Unconsolidated subsidiaries not accounted for by the equity method are Taiheiyo Services Co., Ltd. and 63 other companies.

(Affiliates)

Affiliates not accounted for by the equity method are Cement Terminal Corporation and 66 other companies.

Reason for not applying the equity method:

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

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

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

(3) Fiscal periods of consolidated subsidiaries

Of the consolidated subsidiaries, Taiheiyo Cement U.S.A., Inc., Nghi Son Cement Corporation, GLACIER NORTHWEST, INC., Taiheiyo Cement (China) Investment Co., Ltd., CalPortland Company, Taiheiyo Cement Philippines, Inc., Coronet Industries Co., Ltd. and 27 other companies use December 31 as their closing date. In preparing the consolidated financial statements, the Company used financial statements prepared as of that closing date and made necessary consolidation adjustments for important transactions that occurred in the period through the consolidated closing date.

(4) Matters concerning Accounting Policies

(i) Standards and methods for valuation of significant assets

a. Available-for-sale securities

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

Such securities are stated at market value.

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

b) Shares, etc. without market price:

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

b. Derivatives

Derivatives are stated at market value.

c. Inventories

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

(Translation)

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

(ii) Depreciation method for significant depreciable assets

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

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

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

Buildings and structures: 10 - 75 years

Machinery, equipment and vehicles: 4 - 15 years

b. Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method.

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

c. Leased assets

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

(iii) Accounting standards for significant provisions

a. Allowance for doubtful accounts

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

b. Provision for bonuses

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

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

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

d. Provision for special repairs

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

e. Provision for product compensation

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

(iv) Accounting standards for revenue and expenses recognition

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

(Translation)

Step 1: Identify the contract with a customer.

Step 2: Identify separate performance obligations in the contract.

Step 3: Determine the transaction price.

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

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

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

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

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

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

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

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

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

(vi) Significant hedge accounting methods

a. Method of hedge accounting

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

b. Hedging instruments and hedged items

(Translation)

Hedging instruments:

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

Hedged items:

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

c. Hedging policy

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

d. Method of evaluating hedge effectiveness

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

(vii) Method and period of amortization of goodwill

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

(viii) Accounting procedures for retirement benefit liability

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

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

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

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

2. Changes in Accounting Policy

Not applicable.

3. Changes in Presentation

Not applicable.

(Translation)

4. Notes on Accounting Estimates

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

(Impairment loss related to business non-current assets of Taiheiyo Cement Philippines, Inc.)

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

(Unit: Millions of yen)

	Fiscal year under review
Property, plant and equipment	22,616
Impairment loss	24,473

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

Taiheiyo Cement Philippines, Inc. (“TCPI”), which engages in cement manufacturing and sales in the Philippines, applies International Financial Reporting Standards and conducts an impairment test for cash-generating units that contain non-current assets whenever there is an indication of impairment. If the impairment test indicates that an impairment loss should be recognized, the carrying amount of the asset is reduced to its recoverable amount, and the reduction in the carrying amount is recognized as an impairment loss.

Although TCPI has continued production while making investments to renew its production lines, due to rising interest rates and sluggish demand in the wake of the COVID-19 pandemic, improvement of its profit structure is expected to take longer than anticipated. In light of these circumstances, the Company determined that there were indications of impairment in the non-current assets owned by TCPI and performed an impairment test. As a result, an impairment loss of ¥24,473 million was recognized for the consolidated fiscal year under review.

Future cash flows used in the calculation of recoverable amount are estimated based on business plans approved by management. Key assumptions used in this estimate include cement sales volume and manufacturing variable costs. In addition, the discount rate used to measure the recoverable amount has a significant impact on the measurement of an impairment loss. Any change in these assumptions may have a significant impact on the occurrence of impairment losses in subsequent consolidated fiscal years.

(Translation)

5. Notes to the Consolidated Balance Sheets

(1) Assets pledged as collateral and secured liabilities

(i) Assets pledged as collateral

Cash and deposits	¥413 million
Property, plant and equipment	¥21,103 million
Intangible assets	¥10 million
Investment securities	¥154 million
Investments and other assets-other	¥2,777 million
Total	¥ 24,457 million

(ii) Secured liabilities

Notes and accounts payable-trade	¥4,042 million
Short-term borrowings	¥3,702 million
Long-term borrowings	¥513 million
Total	¥8,257 million

(2) Accumulated depreciation of property, plant and equipment ¥1,392,552 million

(3) Guarantee obligations

Guarantees for loans payable from banks, etc.	¥4,142 million
Guarantees for account payables to Ready-mixed Cooperative Association, etc.	¥1,299 million

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

Discounted trade notes receivable	¥201 million
Trade notes receivable transferred by endorsement	¥31 million
Discounts on electronically recorded monetary claims-operating	¥9 million
Electronically recorded monetary claims transferred by endorsement	¥136 million

(5) Revaluation of Land

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

(Translation)

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

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

Common stock 118,191,578 shares

(2) Matters concerning dividends

(i) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Amount of dividend per share	Record date	Effective date
Ordinary General Meeting of Stockholders held on June 27, 2025	Common stock	4,468 (Note 1)	¥40.00	March 31, 2025	June 30, 2025
Meeting of Board of Directors held on November 11, 2025	Common stock	5,586 (Note 2)	¥50.00	September 30, 2025	December 2, 2025

(Notes) 1. Includes dividends of ¥7 million associated with treasury shares held by consolidated subsidiaries.

2. Includes dividends of ¥8 million associated with treasury shares held by consolidated subsidiaries.

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

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

Total amount of dividends: ¥5,592 million

Amount of dividend per share: ¥50.00

Record date: March 31, 2026

Effective date: June 29, 2026

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

Total amount of dividends includes dividends of ¥8 million associated with treasury shares held by consolidated subsidiaries.

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

Not applicable.

(Translation)

7. Notes on Financial Instruments

(1) Matters concerning Status of Financial Instruments

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

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

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

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

The consolidated balance sheet amount and market value of financial instruments and the difference between the two at March 31, 2026 (i.e., end of the consolidated fiscal year under review) are shown in the following table. Shares, etc. without market price (consolidated balance sheet amount: ¥56,441 million) are not included in investment securities. In addition, cash and deposits, notes and accounts receivable-trade, electronically recorded monetary claims-operating, notes and accounts payable-trade, electronically recorded obligations-operating, and short-term borrowings are settled in a short period of time and their market value is more or less the same as carrying value market value of financial instruments, therefore the notes thereof are omitted. Market value of financial instruments is categorized into the following three levels according to the observability and materiality of the input used for calculation of market value.

Level 1 market value: Market value calculated based on quoted market price (unadjusted) of the same asset or liability in active markets

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

(Translation)

of Level 1

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

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

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

(Unit: Millions of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	61,617	394	-	62,011
Total assets	61,617	394	-	62,011
Derivative transactions*	-	3,403	-	3,403

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

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

(Unit: Millions of yen)

Category	Market value				Consolidated balance sheet amount	Difference
	Level 1	Level 2	Level 3	Total		
Investment securities						
Shares of affiliates	19,027	-	-	19,027	40,311	(21,284)
Total assets	19,027	-	-	19,027	40,311	(21,284)
Bonds payable	-	50,384	-	50,384	55,000	(4,615)
Long-term borrowings	-	210,562	-	210,562	219,791	(9,229)
Total liabilities	-	260,946	-	260,946	274,791	(13,844)

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

Investment securities

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

Bonds payable

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

(Translation)

Long-term borrowings

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

Derivative transactions

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

8. Notes on Real Estate for Rent, etc.

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

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

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

(Unit: Millions of yen)

Consolidated balance sheet amount	Market value
52,270	131,850

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

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

9. Notes on Per Share Information

Net assets per share: ¥6,098.13

Earnings per share: ¥227.86

10. Notes on Significant Subsequent Events

(1) Acquisition of own shares

At the Board of Directors meeting held on May 12, 2026, the Company reached a resolution on matters relating to a share repurchase, as well as its specific method, pursuant to the provisions of Article 156 of the Companies Act, which is applied mutatis mutandis pursuant to Article 165, Clause 3 of the same Act.

(Translation)

The Company has also decided to acquire its own shares through the Fully Committed Share Repurchase (FCSR) method. For details, please refer to the “Notice Regarding Acquisition of Own Shares and Acquisition of Own Shares through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) (Acquisition of Own Shares Pursuant to Article 165, Clause 2 of the Companies Act and Acquisition of Own Shares through Fully Committed Share Repurchase (Japanese ASR))” published on May 12, 2026.

(i) Reason for treasury share acquisition

In accordance with the Company’s Medium-Term Management Plan, the Company intends to improve capital efficiency as well as enhance returns to stockholders by repurchasing its own shares.

(ii) Acquisition method

Based on the assumption of the Fully Committed Share Repurchase (FCSR) method, the Company will commission the purchase through the Tokyo Stock Exchange’s off-auction own share repurchase trading system (ToSTNeT-3) at 8:45 a.m. on May 13, 2026 acquiring ¥10.0 billion worth of treasury shares. (No other trading system will be used, and there will be no change to the trading time.) The purchase order will be valid only during this trade session.

(iii) Details of the repurchase

a. Type of shares

Common stock

b. Total number of shares to be acquired

2,644,800 shares

(2.4% of the total number of shares outstanding, excluding treasury shares)

c. Total amount of acquisition price

¥9,999,988,800

11. Notes on Revenue Recognition

(1) Breakdown of revenue

The Group runs Cement Business, Mineral Resources Business, Environmental Business, Construction Materials Business, and Other Business, and net sales to each of the businesses were ¥661,724 million, ¥65,810 million, ¥78,368 million, ¥41,727 million, and ¥50,812 million. These amounts are net sales against external customers.

Within net sales, revenue generated from contracts with customers was ¥891,936 million.

(2) Outstanding contract amount

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

(Translation)

	(Unit: Millions of yen)
Receivables from contracts with customers	¥185,012
Notes receivable-trade	¥3,242
Accounts receivable-trade	¥143,248
Electronically recorded monetary claims-operating	¥38,521
Contract assets	¥1,331
Contract liabilities	¥6,176

(3) Transaction price allocated to remaining performance obligations

The transaction price allocated to performance obligations not yet satisfied (or, partially not yet satisfied) at the end of the consolidated fiscal year under review was ¥65,161 million. Such performance obligations consist of mainly construction contracts and system development contracts that take more than one year to complete such long-term performance obligations.

12. Other Notes

(Notes on Impairment Loss)

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

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

As a result, the carrying value was reduced to the recoverable amount with respect to assets for business, real estate for rent and assets scheduled for disposal with reduced profitability due to a substantial deterioration of the business environment, a substantial fall in the market value of land, etc. and idle properties that are not expected to be used in the future as follows, and such reduction in the amount of ¥25,328 million was recorded as impairment losses under extraordinary losses.

Of which, Taiheiyo Cement Philippines, Inc., which manufactures and sells cement in the Philippines, will likely take longer than anticipated to improve its profit structure due to rising interest rates and sluggish demand in the wake of the COVID-19 pandemic. As a result of calculating the recoverable amount of the relevant asset group, an impairment loss of ¥24,473 million was recognized for the consolidated fiscal year under review.

(Translation)

(Unit: Millions of yen)

Purpose	Location	Type	Impairment loss
Assets for business	Cebu, Philippines, Hiroshima City, Hiroshima Prefecture, etc.	Buildings and structures	3,813
		Machinery, equipment and vehicles	16,509
		Land	173
		Other	4,527
Subtotal			25,022
Idle properties	Kikonai Cho, Kamiiso Gun, Hokkaido Prefecture, Yoichi Cho, Yoichi Gun, Hokkaido Prefecture, etc.	Buildings and structures	10
		Machinery, equipment and vehicles	0
		Land	185
		Other	3
Subtotal			198
Real estate for rent	Kumagaya City, Saitama Prefecture	Land	91
Subtotal			91
Assets scheduled for disposal	Chichibu City, Saitama Prefecture	Buildings and structures	4
		Land	12
Subtotal			16

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

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

The recoverable amount of the asset group of Taiheiyo Cement Philippines, Inc. is calculated based on value in use in accordance with International Financial Reporting Standards. The value in use concerned is measured using the income approach and calculated by discounting future cash flows by 8.15%.

(Notes to Business Combinations)

(Finalization of provisional accounting procedures for business combination)

The provisional accounting procedures applied in the previous fiscal year with regards to the business combination of the Company's subsidiary, CalPortland Company, and Grimes Rock, Inc. and its affiliates, which took place on December 27, 2024, were finalized in the consolidated fiscal year under review. There are no changes in amounts resulting from the finalization of these provisional accounting procedures.

(Translation)

Non-consolidated Statements of Changes in Net Assets

(April 1, 2025 - March 31, 2026)

(Unit: Millions of yen)

	Shareholders' equity						Valuation and translation adjustments		Total net assets	
	Share capital	Capital surplus			Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities		Total valuation and translation adjustments
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings (Note)					
Balance at beginning of period	86,174	42,215	-	42,215	156,380	(21,615)	263,154	11,455	11,455	274,609
Changes during period										
Dividends of surplus					(10,054)		(10,054)			(10,054)
Profit					8,449		8,449			8,449
Purchase of treasury shares						(26)	(26)			(26)
Disposal of treasury shares			103	103		497	600			600
Net changes in items other than shareholders' equity								11,088	11,088	11,088
Total changes during period	-	-	103	103	(1,605)	471	(1,031)	11,088	11,088	10,056
Balance at end of period	86,174	42,215	103	42,318	154,775	(21,145)	262,123	22,542	22,542	284,665

(Translation)

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

(Unit: Millions of yen)

	Other retained earnings			
	Reserve for mine prospecting	Reserve for tax basis adjustments of non-current assets	Retained earnings brought forward	Total other retained earnings
Balance at beginning of period	495	14,181	141,704	156,380
Changes during period				
Reversal of reserve for mine prospecting	(157)		157	–
Reversal of reserve for tax basis adjustments of non-current assets		(220)	220	–
Dividends of surplus			(10,054)	(10,054)
Profit			8,449	8,449
Total changes during period	(157)	(220)	(1,228)	(1,605)
Balance at end of period	338	13,961	140,476	154,775

(Translation)

Notes to the Non-consolidated Financial Statements

1. Notes on Matters concerning Significant Accounting Policies

(1) Standards and methods for valuation of assets

(i) Standards and methods for valuation of securities

a. Shares of subsidiaries and shares of affiliates

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

b. Available-for-sale securities

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

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

b) Shares, etc. without market price:

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

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

(ii) Method for valuation of derivatives

Stated at market value.

(iii) Standards and methods for valuation of inventories

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

(2) Depreciation method for non-current assets

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

Straight-line method

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

Unit of production method

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

Straight-line method

(iv) Intangible assets (mining rights)

Unit of production method

(v) Intangible assets (software)

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

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

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

(Translation)

(3) Accounting standards for provisions

(i) Allowance for doubtful accounts

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

(ii) Provision for bonuses

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

(iii) Provision for retirement benefits

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

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

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

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

(iv) Provision for loss on guarantees

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

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

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

(4) Accounting standards for revenue and expenses recognition

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

(5) Accounting method for retirement benefits

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

(Translation)

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

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

2. Changes in Accounting Policy

Not applicable.

3. Changes in Presentation

Not applicable.

4. Notes on Accounting Estimates

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

(Valuation of shares of subsidiaries and associates)

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

(Unit: Millions of yen)

	Fiscal year under review
Shares of subsidiaries and associates	233,045
Investments in capital of subsidiaries and associates	1,759
Loss on valuation of shares of subsidiaries and associates	38,278

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

The Company records shares of subsidiaries and associates and investments in subsidiaries and associates (“shares, etc. of subsidiaries and associates”). For shares, etc. of subsidiaries and associates that have no market price, if net asset value has significantly decreased due to a deterioration in financial condition, the Company records loss on valuation unless the recoverability is supported by sufficient evidence.

Triggered by the recording of the impairment loss described in “4. Notes on Accounting Estimates” in the Notes to the Consolidated Financial Statements, the net asset value of the shares of Taiheiyo Cement Philippines, Inc. declined significantly. As the Company determined that this did not correspond to a case where recoverability is supported by sufficient evidence, a loss on valuation of shares of subsidiaries and associates of ¥38,067 million was recorded for the fiscal year under review.

The net asset value is calculated using financial figures, etc. of the subsidiary or associate concerned, and the judgment on recoverability is based on the business plan, etc. of the subsidiary or associate. Deterioration in the performance, changes in business plans and other factors of a subsidiary or associate may affect the valuation of shares, etc. of subsidiaries and associates in subsequent fiscal years.

5. Notes to the Non-consolidated Balance Sheets

(1) Assets pledged as collateral and secured liabilities

(Translation)

Not applicable.

(2) Accumulated depreciation of property, plant and equipment	¥703,246 million
(3) Outstanding balance of guarantee obligations	¥13,533 million
(4) Monetary claims and obligations to subsidiaries and affiliates	
Short-term monetary claims	¥29,666 million
Long-term monetary claims	¥18,894 million
Short-term monetary obligations	¥29,042 million
Long-term monetary obligations	¥2,583 million

6. Notes to the Non-consolidated Statements of Income

Amount of transactions with subsidiaries and affiliates

Amount of business transactions

Sales ¥102,225 million

Purchases ¥113,154 million

Amount of non-business transactions ¥26,168 million

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

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

Common stock 6,349,762 shares

(Translation)

8. Notes on Tax-effect Accounting

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

(i) Deferred tax assets	
Allowance for doubtful accounts	¥5,140 million
Provision for bonuses	¥819 million
Provision for retirement benefits	¥3,220 million
Loss on valuation of shares, etc. of subsidiaries and affiliates	¥22,406 million
Loss on valuation of golf memberships	¥139 million
Depreciation and amortization	¥170 million
Impairment loss	¥5,854 million
Business structure reform expenses	¥2,463 million
Losses carried forward	¥14,035 million
Other	¥6,598 million
Deferred tax assets - Subtotal	¥60,844 million
Valuation allowance	¥(55,788) million
Deferred tax assets - Total	¥5,055 million
(ii) Deferred tax liabilities	
Reserve for mine prospecting	¥(155) million
Reserve for tax basis adjustments of non-current assets	¥(6,426) million
Exchange gains (losses), etc. in equity transactions	¥(542) million
Valuation difference on available-for-sale securities	¥(10,386) million
Gain on contribution of securities to retirement benefit trust	¥(3,403) million
Other	¥(618) million
Deferred tax liabilities - Total	¥(21,531) million
Net deferred tax liabilities	¥(16,476) million

(Translation)

9. Notes on Transactions with Related Parties

(Unit: Millions of yen)

Attribute	Name of company, etc.	Percentage of voting rights, etc. of related party held by the Company (or vice versa)	Relationship with related party	Description of transaction	Transaction amount	Account	Closing balance
Subsidiary	Kiyosumi Golf Club Co., Ltd.	Directly holds 100%	Payment of deposits Dispatch of officer	Payment of deposits (Note 1)	—	“Other” in Investments and other assets (Note 2)	13,305
Subsidiary	Onoda Chemical Industry Co., Ltd.	Directly holds 98.3%	Debt guarantees Dispatch of officer	Debt guarantees (Note 3)	11,066	—	—
Subsidiary	TC Trading Co., Ltd.	Directly holds 77.9% Indirectly holds 5.8%	Sales of the Company’s products Dispatch of officer	Sales of the Company’s products (Note 4)	25,736	Accounts receivable-trade	7,144

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

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

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

(Note 3) The Company guarantees borrowings from financial institutions, and a provision for loss on guarantees of ¥5,591 million and a provision for loss on guarantees expense of ¥5,591 million have been recorded.

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

(Translation)

10. Notes on Per Share Information

Net assets per share: ¥2,545.25

Earnings per share: ¥75.63

11. Notes on Significant Subsequent Events

(1) Acquisition of own shares

At the Board of Directors meeting held on May 12, 2026, the Company reached a resolution on matters relating to a share repurchase, as well as its specific method, pursuant to the provisions of Article 156 of the Companies Act, which is applied mutatis mutandis pursuant to Article 165, Clause 3 of the same Act. The Company has also decided to acquire its own shares through the Fully Committed Share Repurchase (FCSR) method. For details, please refer to “10. Notes on Significant Subsequent Events” in the Notes to the Consolidated Financial Statements.

12. Notes on Revenue Recognition

Information that is the foundation to understand revenue generated from contracts with customers is already presented in “11. Notes on Revenue Recognition” in the Notes to the Consolidated Financial Statements, and is therefore omitted.