



The 26 Medium-Term Management Plan

(FY2025 to FY2027)

May 14, 2024

TAIHEIYO CEMENT CORPORATION

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I. Future Vision of the Taiheiyo Cement Group

Mission of the Taiheiyo Cement Group

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

Future vision targeting 2050

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

Taiheiyo Vision 2030

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

Vision of the 26 Medium-Term Management Plan

3D Approach for Sustainable Future

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

The Taiheiyo Cement 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.

- Revitalize domestic business
- Further promote global strategy
- Promote sustainability management and contribute to carbon neutrality

Achieve a sustainable society

Safe and secure living environment

Creation of circular economies

Robust social infrastructure

Prompt disaster response

II. Review of the 23 Medium-Term Management Plan

(1) Benefits and Challenges of the 23 Medium-Term Management Plan

	23 Medium-Term Management Plan (FY2022-FY2024)
Profitability	<ul style="list-style-type: none"> ◆ Operating income on sales 6.4% ◆ ROE 8.2% ◆ Growth investments <ul style="list-style-type: none"> • Acquisition of the Redding Plant (U.S.) • Acquisition of the cement sales business of Denka Company Limited • Construction of a new cement distribution terminal in Luzon island (Philippines) ◆ Strengthened our business foundation <ul style="list-style-type: none"> • Green Innovation Fund Project (C2SP Kiln®) • Upgrading of plant production management • Development of the Shin-Tsukumi Quarry and the Toumi Quarry
Returns to shareholders	<ul style="list-style-type: none"> ◆ Steady dividend payments and repurchased Taiheiyo Cement Corporation shares <ul style="list-style-type: none"> • Total return ratio 89% (3-year cumulative total) • Maintained steady dividends (70 yen per share) • Repurchase of Taiheiyo Cement Corporation shares 10 billion yen
Financial structure	<ul style="list-style-type: none"> ◆ Net DER 0.52 times <ul style="list-style-type: none"> • Net interest-bearing debt 290.3 billion yen



Review
<p>Benefits</p> <ul style="list-style-type: none"> • Proceeded growth investments as planned • Steady progress in initiatives to achieve carbon neutrality • Provided steady returns to shareholder <p>Challenges</p> <ul style="list-style-type: none"> • Strengthen the earnings capacity of domestic cement businesses • Improve financial structure

II. Review of the 23 Medium-Term Management Plan

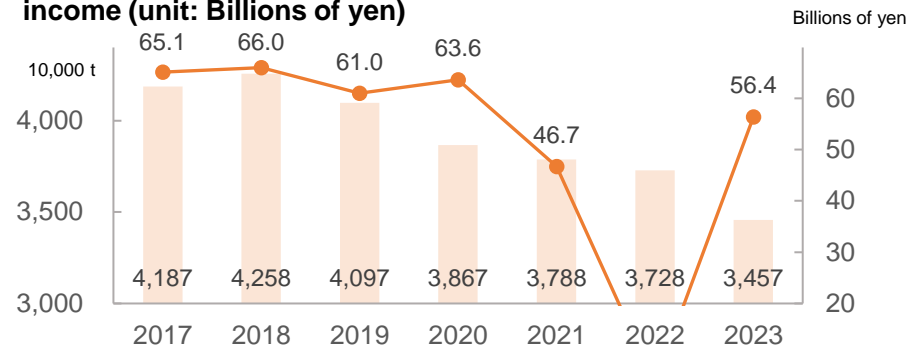
(2) Management Targets and Guidelines

		FY2024 Target	FY2024 Results
Management Targets	Operating income on sales	11% or more	6.4%
	ROE	10% or more	8.2%

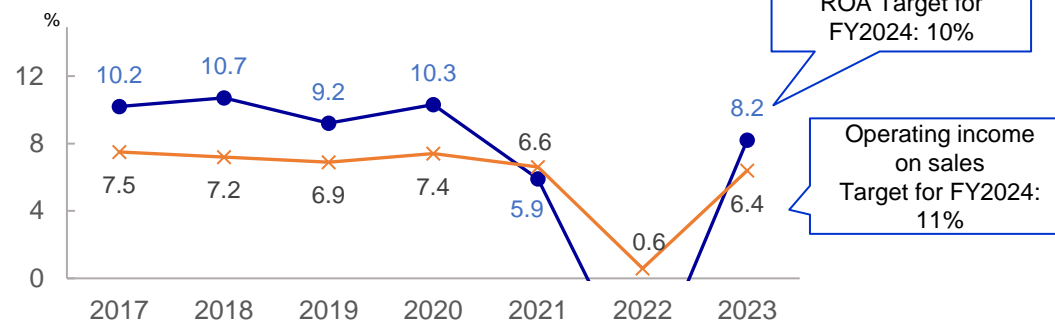
(Billions of yen, unless otherwise stated)

		FY2024 Target	FY2024 Results
Guidelines	Net sales	750.0 or more	886.2
	Operating income	85.0 or more	56.4
	EBITDA	145.0 or more	122.8
	Net debt/equity ratio (DER) (times)	Around 0.4	0.52
	Net interest-bearing debt / EBITDA ratio (times)	1.5 or less	2.4

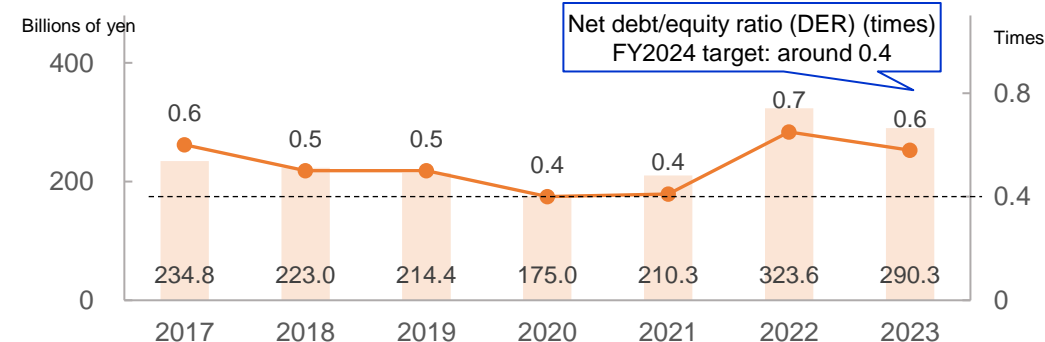
Domestic cement demand (unit: 10,000t), operating income (unit: Billions of yen)



Operating income on sales, ROA



Net interest-bearing debt (unit: Billions of yen), net DER (unit: times)



II. Review of the 23 Medium-Term Management Plan

(3) Analysis of the Current Situation

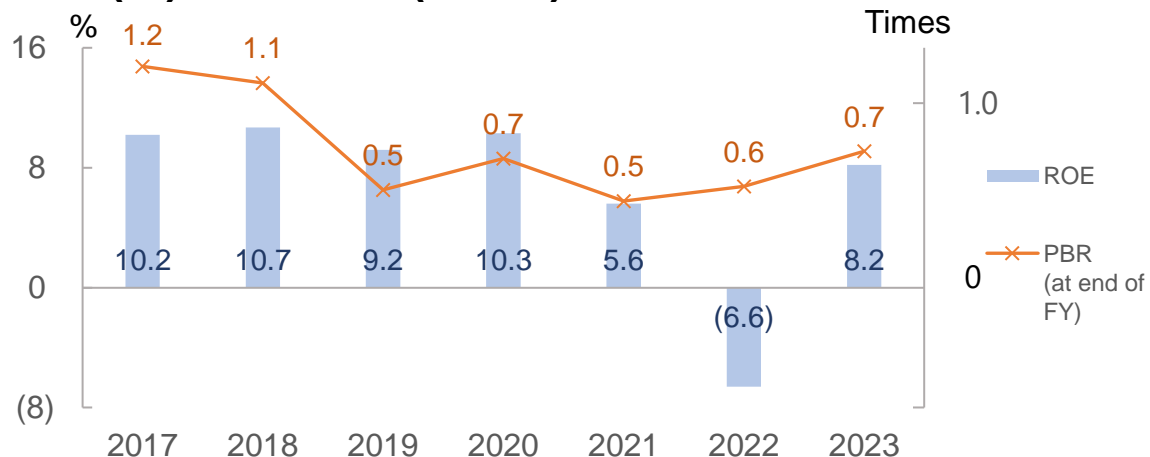
External environment

- Decrease in domestic cement demand and various rising costs
- Increasing need for blended cement

Internal environment

- Lower earnings capacity in domestic business
- Maintained financial soundness

ROE (%) and PBR (times)



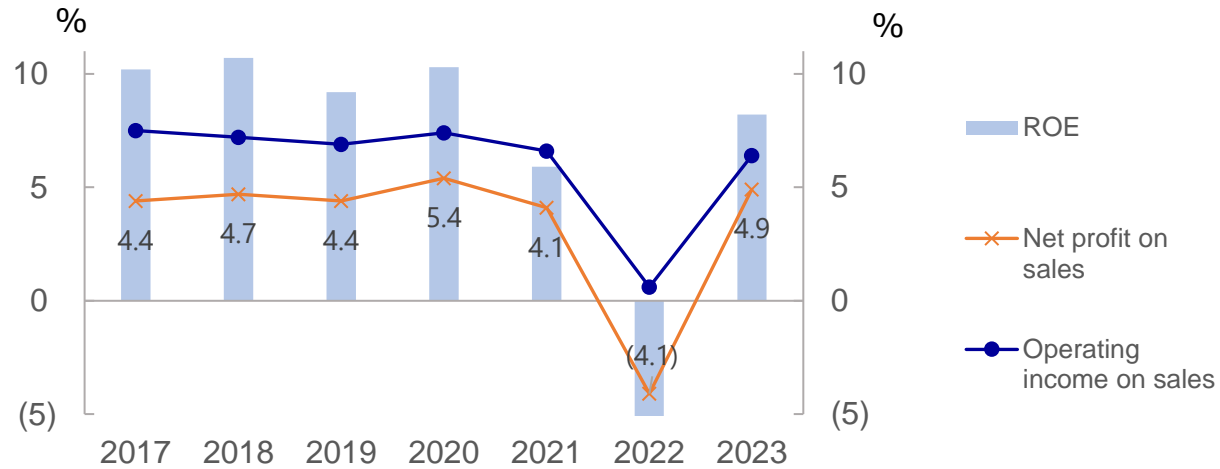
Decreased ROE due to energy price hikes and other factors is picking up, but return on capital needs to be improved to steadily exceed cost of capital.
(The cost of capital recognized by the Company is approximately 8%.)

PBR from March to April 2024 is around 0.7x. We aim to achieve a PBR of over 1x at the earliest possible time.

II. Review of the 23 Medium-Term Management Plan

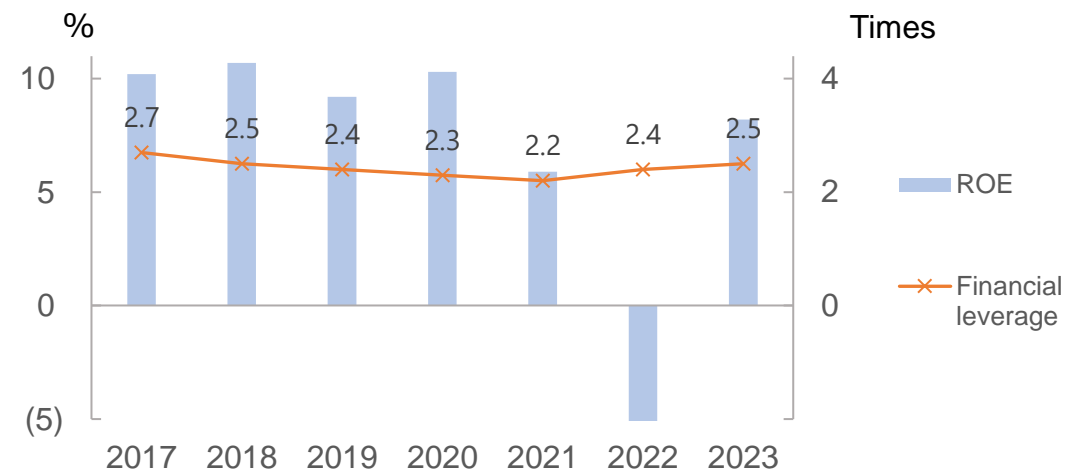
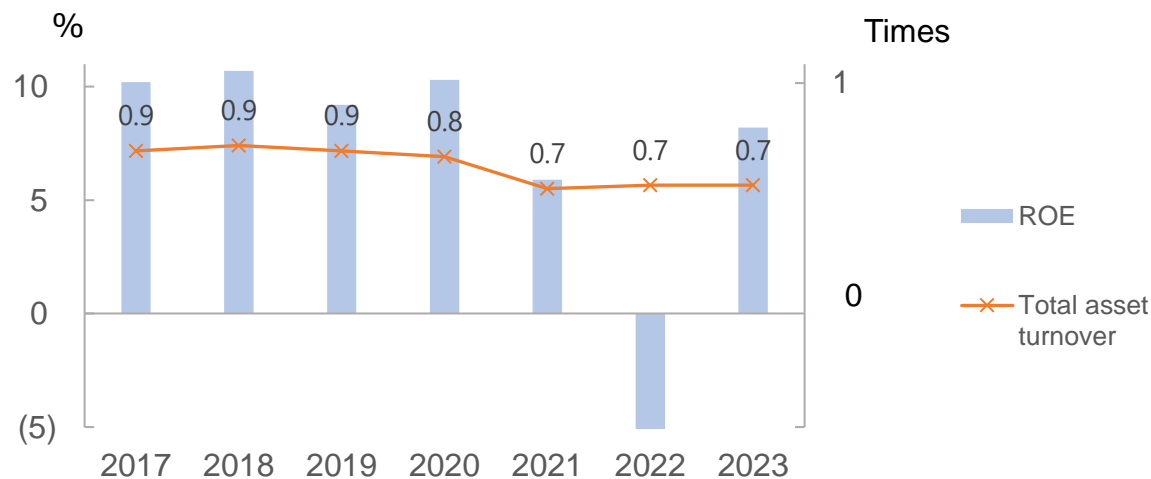
Decomposition of ROE

ROE = net profit on sales x total asset turnover x financial leverage



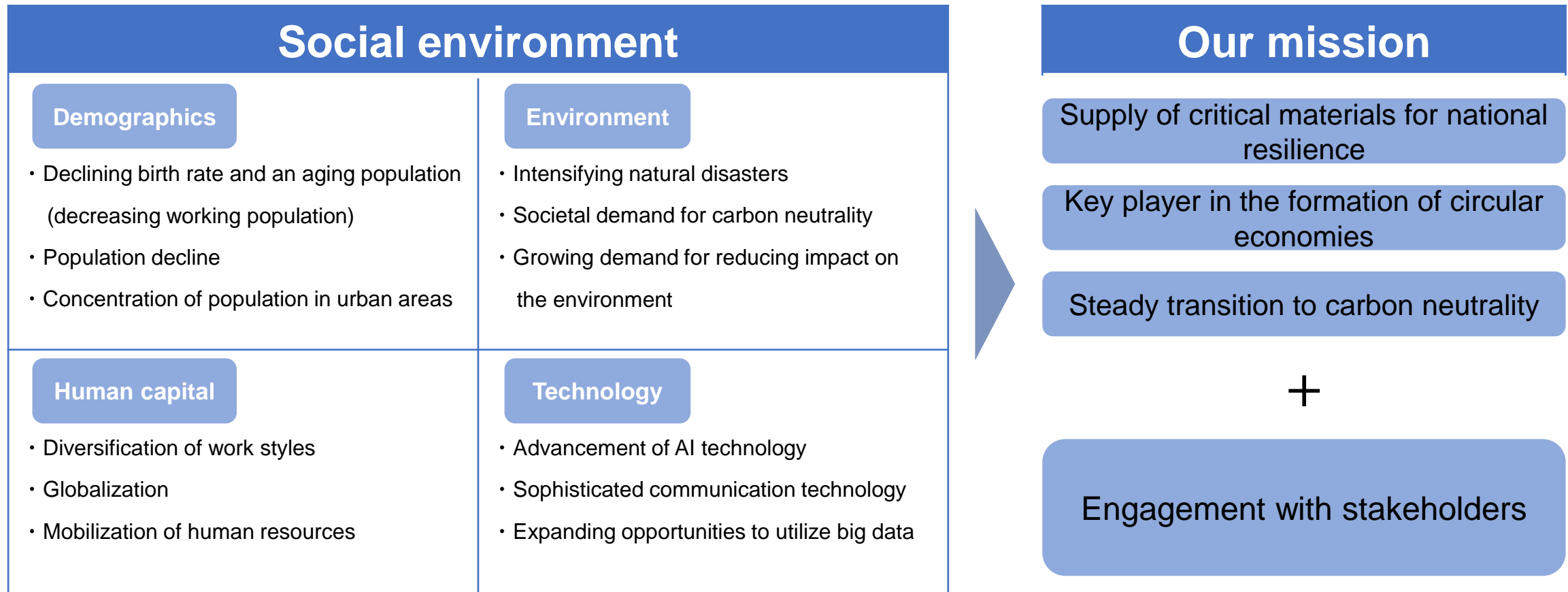
The Company's ROE has a high correlation with net profit on sales (operating income on sales).

Net profit on sales and operating income on sales need to be improved to increase ROE.



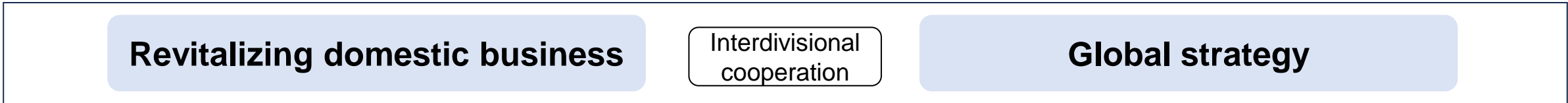
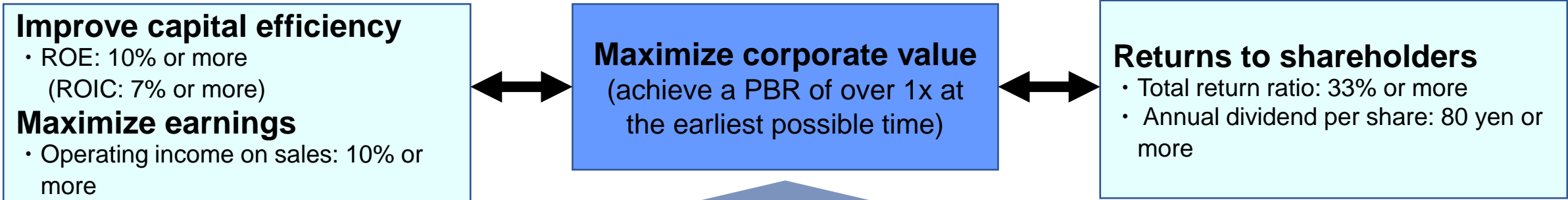
Recognizing the Social Environment

Unprecedented natural disasters have occurred frequently in Japan as well as around the globe. A labor shortage has arisen associated with work style reform, declining birth rate and an aging population. The Group aims to maximize its corporate value while addressing social issues where it can make contributions.



Fundamental Policies

Sustainable growth and enhancement of corporate value of the Taiheiyo Cement Group
“Improve profitability” and “Pursue growth potential”



+

Promoting sustainability management



III. Outline of the 26 Medium-Term Management Plan

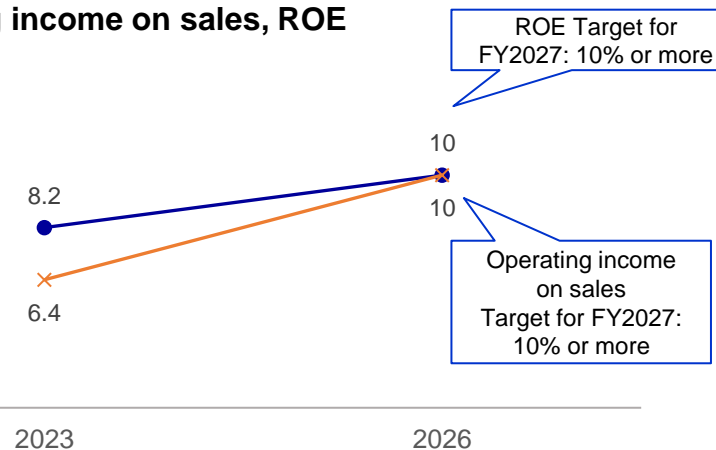
Management Targets and Guidelines

		FY2024 Results		FY2027 Target
Management targets	Operating income on sales	6.4%	➔	10% or more
	ROE	8.2%		10% or more

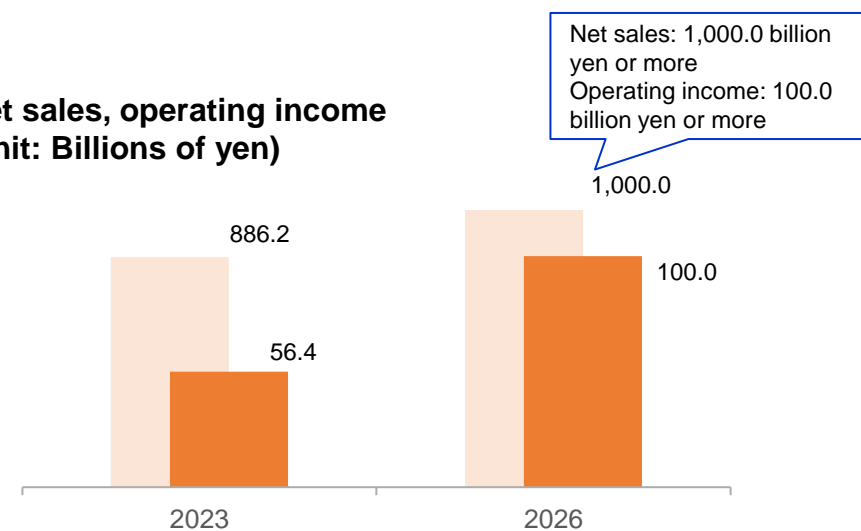
(Billions of yen, unless otherwise stated)

Guidelines	Net sales	886.2	➔	1,000.0 or more
	Operating income	56.4		100.0 or more
	Net debt/equity ratio (DER) (times)	0.52		Around 0.5
	ROIC	4.3%		7% or more

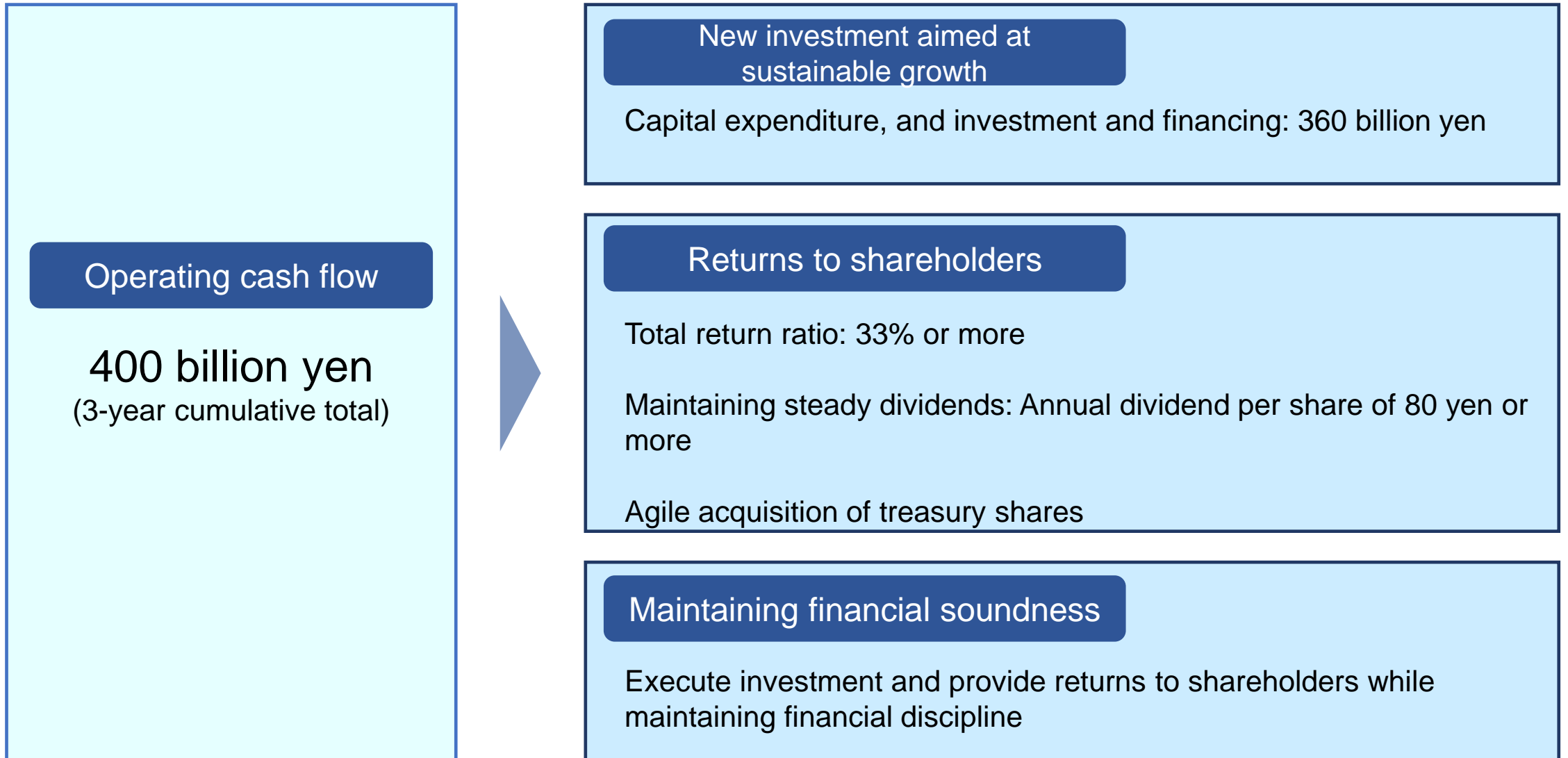
Operating income on sales, ROE (unit: %)



Net sales, operating income (unit: Billions of yen)



Cash Allocation



Investment Strategy

Growth investments and concentrated investments
220 billion yen

Ordinary maintenance investments
140 billion yen



Growth investments

- Investment for expanding blended cement (U.S., etc.)
- Expansion of business areas
- Development of carbon neutral technology

150 billion yen

Investment that strengthen the business foundation to support our sustainable growth (Priority strategy)

Strengthening plant facilities

- Renewal of large-scale key machinery
- Production process innovation

20 billion yen

Strengthening mines

- Shin-Tsukumi Quarry (Oita Prefecture)
- Development of the Mount Kurohime summit (Niigata Prefecture)

50 billion yen

Maximizing Earnings

1. Revitalizing Domestic Business

(1) Fundamentally revise pricing policy

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

(2) Provide total solutions

- Strengthen interdivisional collaboration and improve efficiency of sales systems

(3) Optimize production systems

- Kiln allocation
(focusing on blended cement for export)

2. Global Strategy

(1) Strengthen our earnings base for existing businesses

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

(2) Further expand business areas

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

(3) Expand trading business

- Expand blended cement
- Strengthen logistics network

III. Outline of the 26 Medium-Term Management Plan

Revitalizing Domestic Business

(1) Fundamentally revise pricing policy

- Worsening profitability due to decreased demand
- Further contribution to a recycling-based society
- Renewal of aging facilities

Transition to a sustainable business

- Profitability-oriented sales policy
- Shorten the cycle of passing on cost increases
- Share recognition of medium- and long-term price levels aimed at a carbon-neutral society

(2) Provide total solutions

- Duplicated sales resources
- Improve interdivisional collaboration
- Advance DX in sales

Improvement of value provided

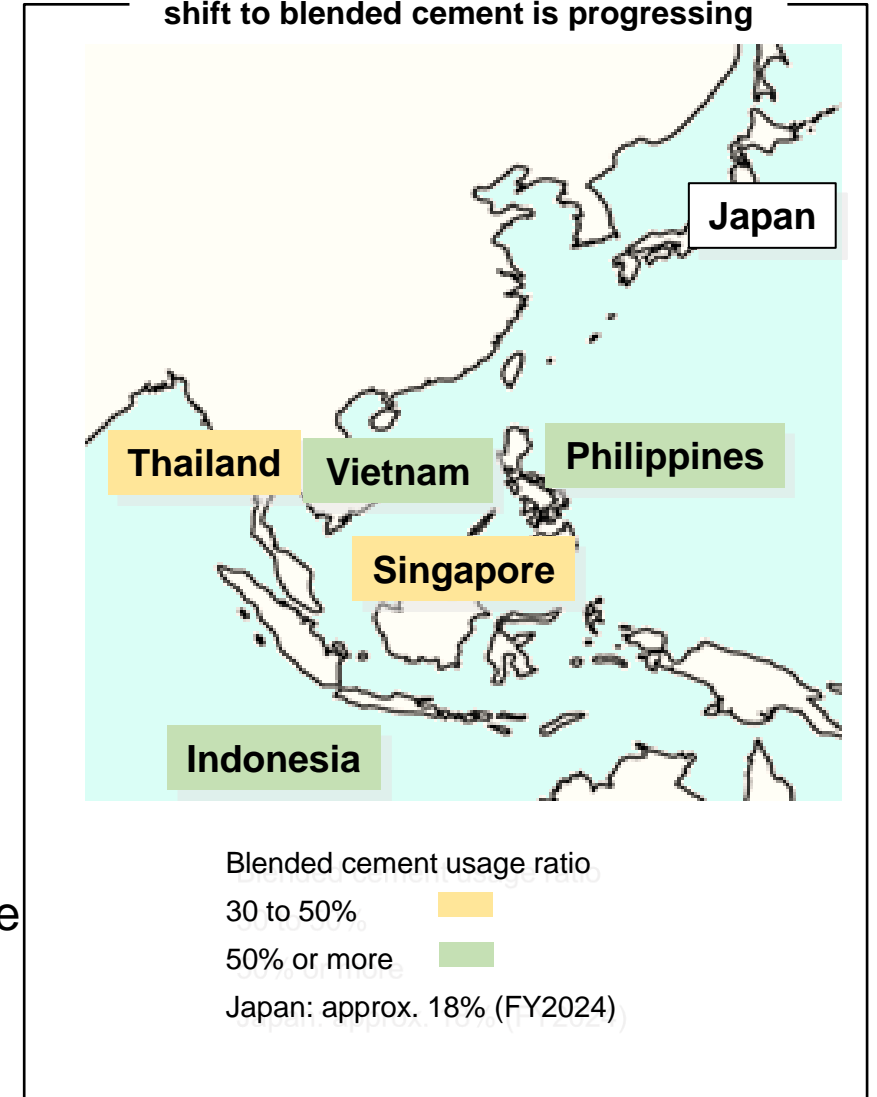
- Improve efficiency of sales systems
- Shift to one-stop service
- Introduce sales information sharing tools

Revitalizing Domestic Business

(3) Optimize production systems

- (1) Maintain a balance between expansion of blended cement for export, where demand is increasing, and stable supply to the domestic market
 - Capital investment to expand blended cement
 - Increase the capacity to export a variety of cement products at plants in bay areas
 - Long-term contracts for stable supply
- (2) Contribute to society by maximizing waste disposal
 - Expand use of fuel-related wastes
 - Introduce sewage sludge pre-treatment facilities, etc.
- (3) Reduce costs and promote carbon neutrality
 - Introduce the latest clinker coolers (energy saving)
 - Convert fuels for on-site power generation: from coal to methane and e-methane (planned)

Southeast Asian markets where the shift to blended cement is progressing



III. Outline of the 26 Medium-Term Management Plan

Global Strategy: Deepen U.S. business

- Stable and growing U.S. market
- The shift to blended cement is accelerating with a background of carbon neutral/green procurement trends
⇒ We aim to increase added value of blended cement to promote carbon neutrality while contributing to earnings

Growth strategy utilizing carbon neutrality

- Expand business in cementitious materials (SCMs)* including slag and fly ash by expanding silos of import terminals
- Promote blended cement
Limestone-blended cement (Type IL), ternary blended cement (Type IT)
- Develop and introduce innovative technologies (industry-academia-government joint development, consideration of acquiring technologies from startup companies)
- Strengthen human capital (development) by establishing CPC college (tentative name)

Growth strategy through business expansion

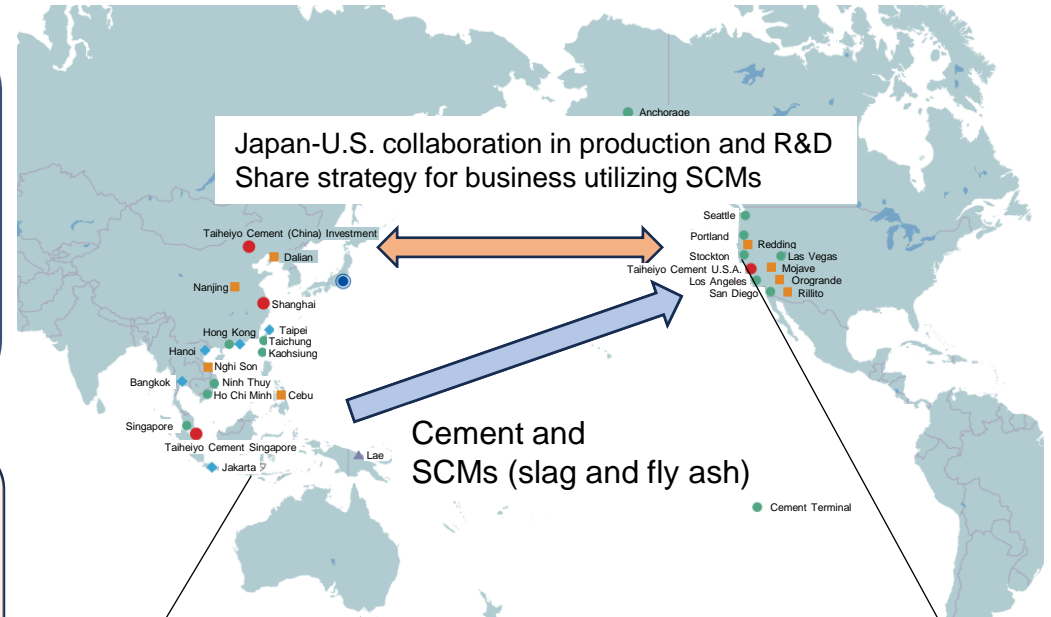
- Investigate investment opportunities in cement business to expand business areas
- Investigate M&As in ready-mixed concrete and aggregate businesses

Strengthen our supply chain

- Import and sale cement through Semen Indonesia Group (construction of pier at Tuban Plant, Solusi Bangun Indonesia (SBI))
- Shift to blended cement at import sources

- Expand strategy for business utilizing SCMs to Japan and Southeast Asia business

*Cementitious materials (SCMs): fly ash, slag, etc.



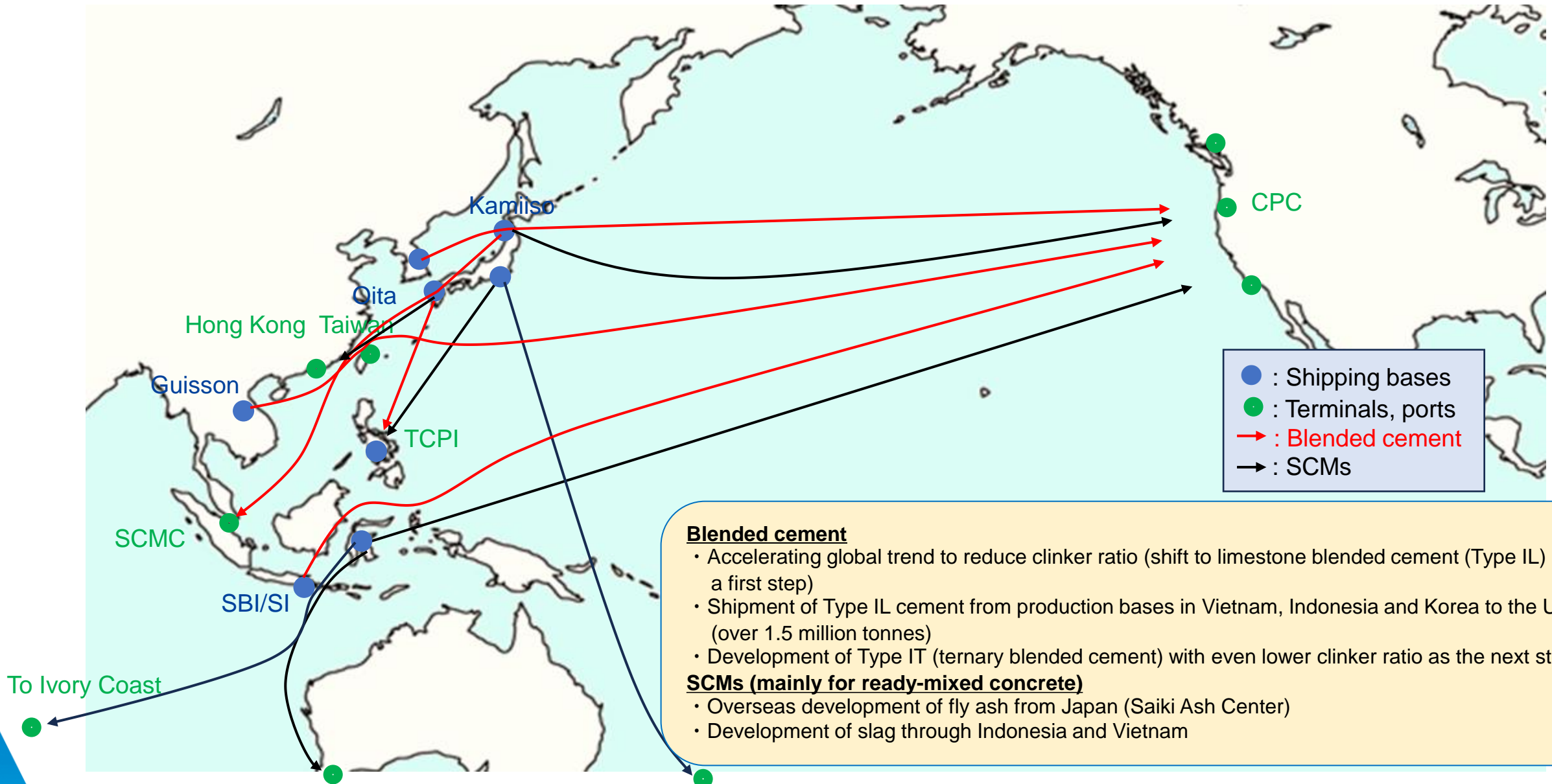
Tuban Plant, SBI (Indonesia)



Stockton Import Terminal (California)



Global Strategy: Deployment of Blended Cement and SCMs



Promoting Sustainability Management

Sustainability Targets

		FY2023	Target	Targeting Year
Zero carbon	Reduction in specific net CO ₂ emissions per tonne (compared to 2000)	10.2%	10% or more	2025
	Reduction in specific net CO ₂ emissions per tonne throughout the supply chain (compared to 2000)	9.2%	20% or more	2030
DX	Development of DX human resources	–	450 or more in total	2026
Human capital	Fatalities (Group) (cases)	2	0	Every year
	Ratio of female employees	9.6%	10% or more	2026
	Ratio of female managers	2.0%	5% or more (3% or more)	2030 (2026)

Carbon Neutral Strategy: Road Map

Initiatives to achieve carbon neutrality in the entire supply chain by 2050

Reduce by at least 20% specific net CO₂ emissions per tonne (compared to 2000)

Carbon Neutral

2024

2026

2030

2050

Measures for carbon neutral

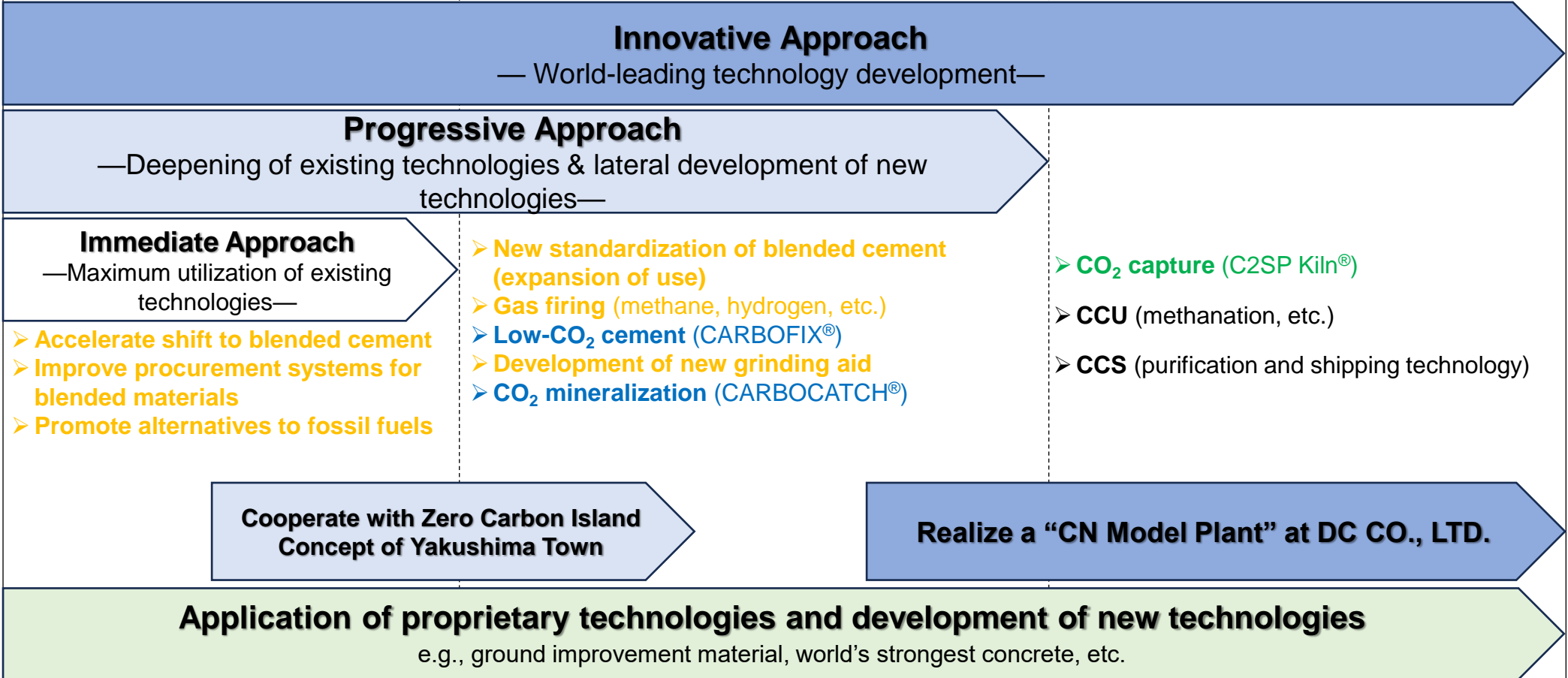
Development of innovative technologies

Existing technologies: CO₂ reduction

Existing technologies: CO₂ absorption

CN model business

Measures against intensifying disasters



Carbon neutralization of cement by applying existing technologies

Raw material-derived

Japan

- Increase the amount of cement admixtures for ordinary Portland cement
- Study and practically apply new blended cement standards

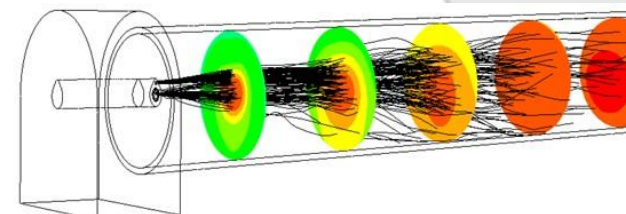
Overseas

- Develop new blended cement that meets the needs of each business area
- Promote blended cement by utilizing new cement admixtures and grinding aids, etc.



Energy-derived

- Promote alternatives to fossil energy



Gas temperature distribution inside the kiln and waste plastic tracking (example)

Promote the use of blended cement aimed at carbon neutralization of cement

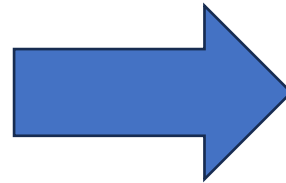
Carbon Neutral Strategy: Initiatives for Carbon Neutral Business (1)

Participation in the Carbon Neutral Concept at domestic and overseas locations of the Company and Group companies

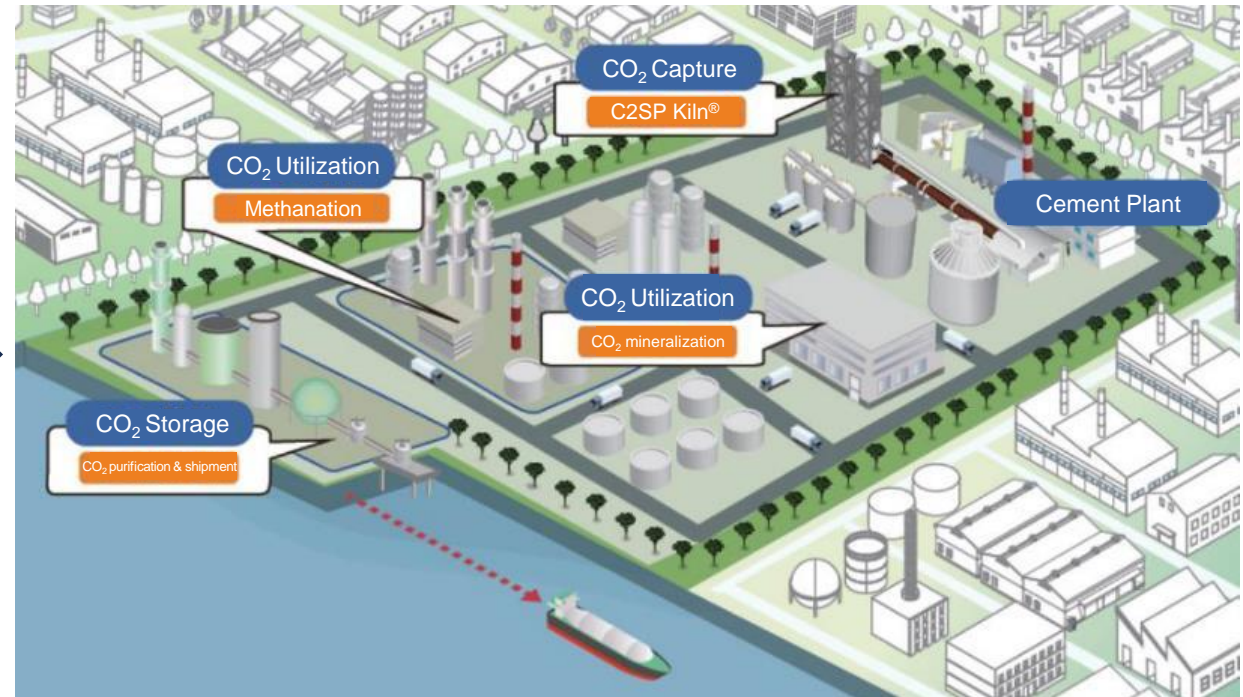
Study incorporation of various innovative technologies developed under the Green Innovation Fund Project, etc. to actual plant



Innovative cement production process
(C2SP Kiln[®] experimental unit,
Yamaguchi Prefecture)



“CN Model Plant” concept (Kawasaki Plant, DC CO., LTD.)



Cooperation with Zero Carbon Island Concept of Yakushima Town

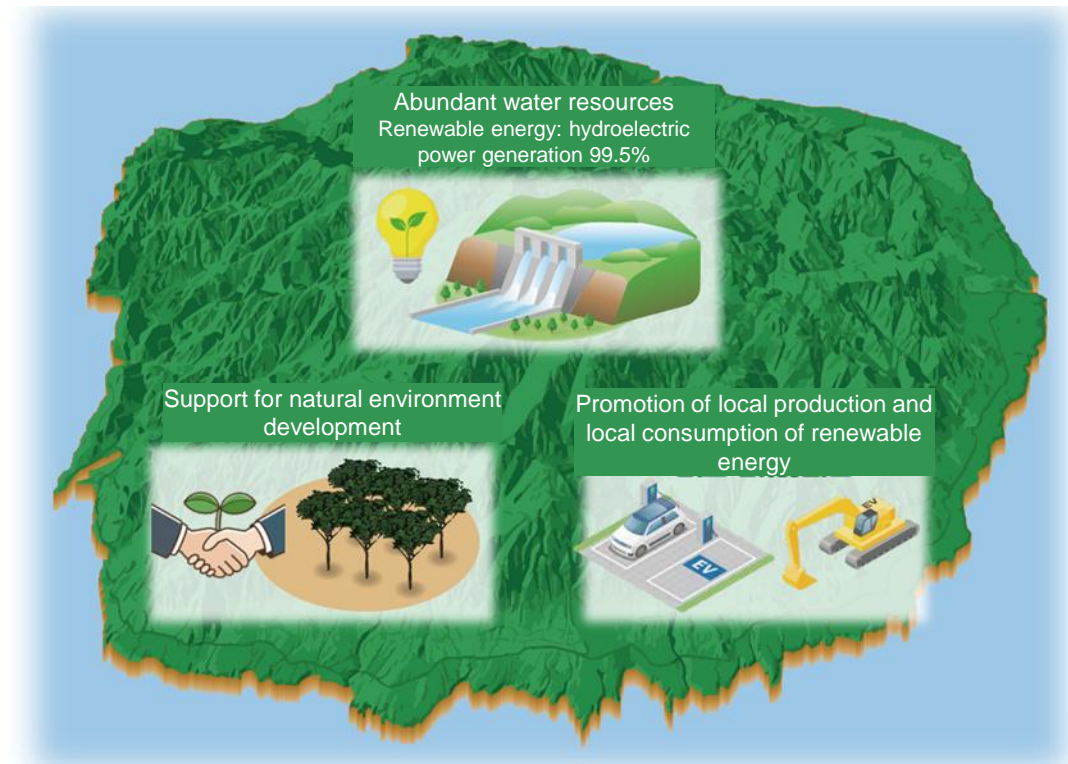
1. Promote local production and local consumption of renewable energy (hydropower)

- Development of EVs, electric industrial machinery, and EV chargers

2. Support natural environment development

- Support for activities that lead to the conservation of water resources
- Forestation by companies that nurture the environment

3. Investigate businesses utilizing renewable energy



—Corporate activities and technical proposals to prepare for intensifying disasters associated with climate change and to respond to early recovery and restoration—



Recycling of disaster waste into cement resources

Contribution through experience in responding to the East Japan and Kumamoto earthquakes

Promotion of technological development for disaster mitigation and restoration



DX Strategy

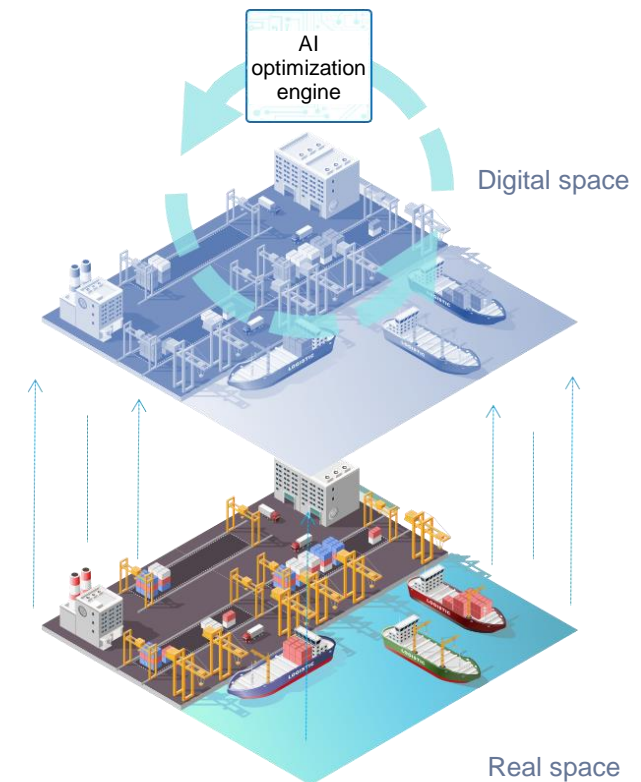
We strive to improve efficiency and implement labor saving in all processes in our supply chain, and systematically develop DX human resources to serve as the driving engine to prepare for labor supply constraints.

(1) Production process innovation (smart factory)

(2) Operation efficiency innovation (smart office)

- Assignment of cement tankers using AI
- Automated dispatch of cement transport trucks
- Improvement of efficiency of management tasks

(3) DX human resource development



Production process innovation (smart factory)

(1) Evolution of kiln operation

- Establish a centralized control system for kiln operation at domestic and overseas plants and support system by expert operators
- Establish automatic kiln operation system
- Study unmanned operation during nighttime

(2) Advancement of facility inspection methods

- Automatic collection of on-site instrument data and service life prediction using AI
- Introduction of equipment inspection system using drones

(3) Automation and labor saving of plant site work

- Introduction of remote operation system for heavy machinery and unmanned truck delivery
- Automation of cement bag loading
- Introduction of ICT for access control management and safety education



DX Strategy

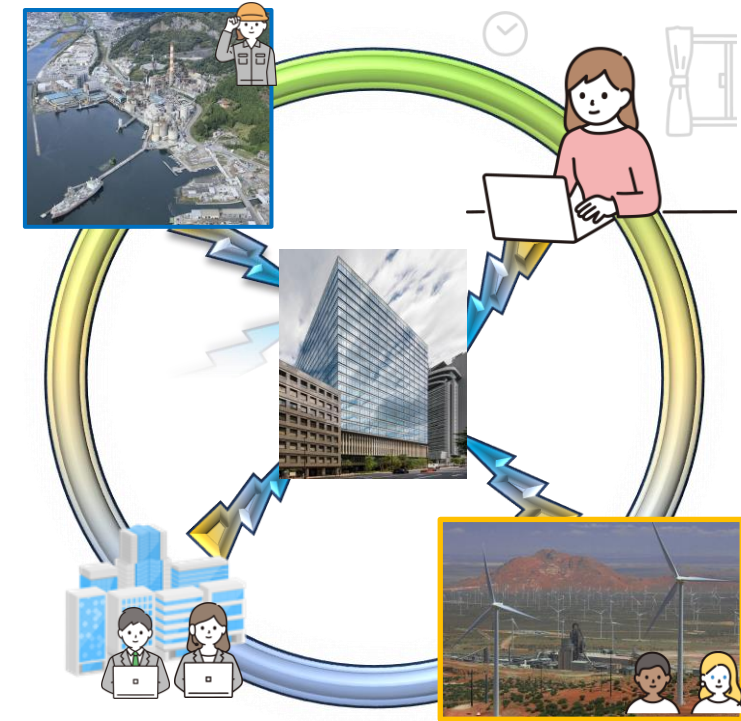
Improving efficiency of administrative operations (smart office)

Improve productivity by promoting DX

- **Streamline business processes using digital technology**
Utilization of operation automation tools, data analysis tools, etc.
- **Improve productivity and allocate effectively human capital through centralization of administrative functions**
Centralization of administrative operations at headquarters and reduction of transfer opportunities
- **Eliminate borders between work locations utilizing remote work**
Promotion of diverse work styles by eliminating borders between work locations, remote work and telecommuting

Establish an efficient organizational structure to prepare for labor supply constraints

Maximize human capital value by creating new work styles and job satisfaction



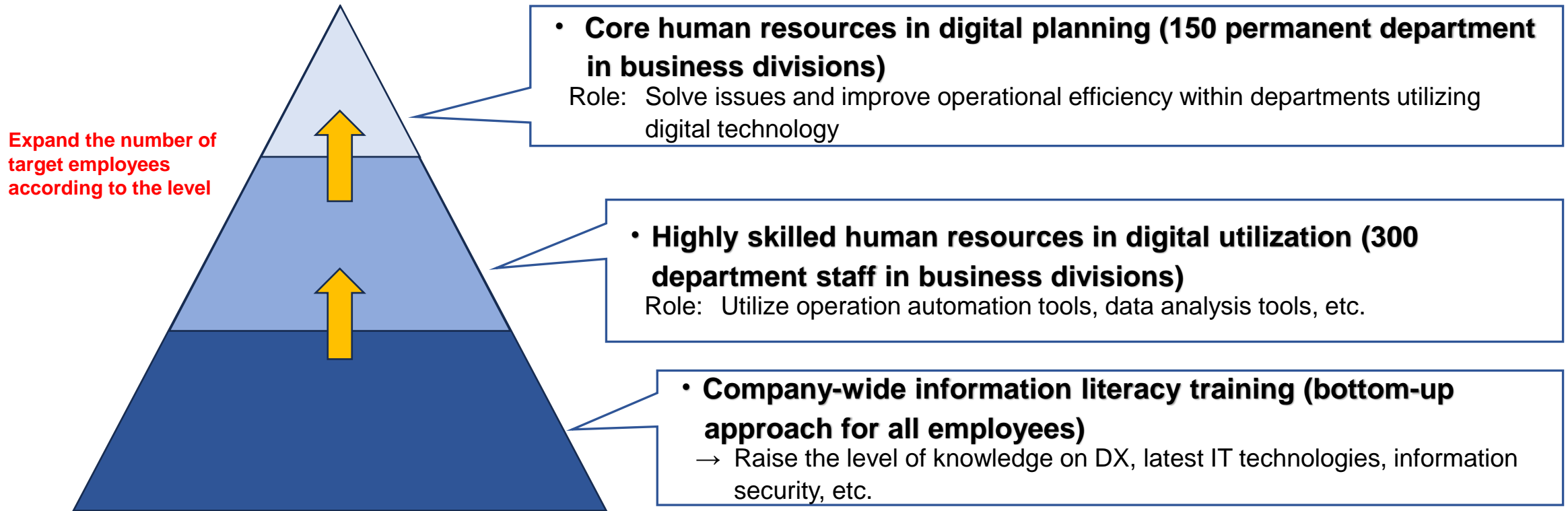
DX Strategy

DX human resources development

Develop more than 450 DX human resources through collaboration between IT Planning Department and business divisions

Image of DX human resources development

Improvement of IT literacy through in-house learning programs, external education, and field experience



Human Capital Strategy

Human capital investment

Human resources that match the Group's management strategy

Development of **global human resource**

- Enhance “Overseas Trainee Program”
- Exchange personnel among overseas subsidiaries

Promoting **diversity**

- Actively recruit external expert personnel
- Recruit experienced personnel and conduct employee referral hiring and alumni hiring
- Continuously promote women's participation and advancement in workplace

Development of **management personnel**

- Enhance executive development program and next-generation leader development training
- Promote reskilling and relearning
- Exchange personnel among group companies

IR Strategy

Promote communication with investors and information disclosure

Aiming to improve understanding of the Company and reduce cost of capital through dialogue



Expand opportunities for dialogue

- Hold IR meetings with participation of management
- Hold IR-DAY (ESG briefing sessions, business briefing sessions, facility tours, etc.)
- Hold interviews with outside directors

Enrich information for dialogue

- Enhance contents of reference materials of financial results
- Promote simultaneous disclosure in Japanese and English

Appendix

Net Sales and Operating Income by Segment

The following assumptions have been applied for the period covered by the 26 Medium-Term Management Plan.

Estimated domestic cement demand: 35 million tons per year

Estimated exchange rate: 145 yen/US\$

(Unit: Billions of yen)

		Net Sales		Operating Income	
		FY2024 Results	FY2027 Target	FY2024 Results	FY2027 Target
Cement Business	Japan	295.1	350.0	(1.4)	35.0
	Overseas	334.7	410.0	34.1	45.0
	Sub-total	629.8	760.0	32.7	80.0
Mineral Resources Business		87.6	100.0	8.4	11.0
Environmental Business		68.2	89.0	6.1	10.0
Construction Materials Business		73.4	92.0	4.2	7.0
Other Business		89.3	100.0	4.6	7.0
Intergroup Elimination		(62.3)	(71.0)	0.1	0.0
Sub-total		886.2	1,070.0	56.4	115.0

◆ Revitalization of our cement business in Japan through cement price optimization

■ Optimize cement price

- Establish a mechanism to pass on cost increases to prices throughout our supply chain

■ Increase Taiheiyo Cement's presence in the domestic distribution market

- Increase orders for dams, the Linear Chuo Shinkansen Line, and redevelopment projects in the Tokyo metropolitan area
- Develop and expand sales of new soil stabilizer that contributes to national resilience

■ Succeed the cement business from Denka Company Limited

- Succeed the cement business through optimization of production and supply system within the Taiheiyo Cement Group

■ Maintain a stable production by strengthening plant facilities

- Introduce the latest facilities and digitalize facility management

■ Strengthen transportation system and response to the shortage of drivers under the revision of regulation in 2024

- Support as a consigner to maintain and strengthen marine and land transportation capacity, and ensure a stable cement supply

■ Implement initiatives aimed at achieving carbon neutrality

- Investigate market needs for Low-CO₂ blended cement and consider the commercialization
- Shift to manufacture vessels with superior energy-saving performance and introduce the mixed combustion with biodiesel fuel



Business Strategies: Cement Business (Overseas)

◆ Expand business by utilizing SCMs

—Increase the added value of blended cement to promote carbon neutrality while bringing profitability—

■ Strengthen earnings base for existing businesses

- Maximize production volume at plants in the U.S., utilize slag, and shift to Type IL cement, and expand SCMs/blended cement business through the expansion of terminal silos
- Expand sales following the completion of renewal project in the Philippines, construct terminal in Luzon Island, and expand sales of FA cement

■ Further expand business domain

- Approach to Oceania (Australia and NZ)
- Explore and Implement M&A projects in the U.S. and Southeast Asia
- Promote commercialization of soil stabilization and other projects in Indonesia

■ Expand trading business

- Stabilize cement supply to the U.S. and support the expansion of blended cement through slag exports
- Establish logistics network in Asia including Indonesia
- Expand blended cement in Asian countries by utilizing Saiki Ash Center



CalPortland Redding Plant
(California, US)



Taiheiyō Cement Philippines
(Cebu, Philippines)



Solusi Bangun Indonesia Tuban
Plant (East Java, Indonesia)

Business Strategies: Mineral Resources Business

- ◆ Diligently work on medium- to long-term resource policies to build the foundation for growth
- ◆ Establish earnings structure unaffected by cement demand fluctuations

■ Strengthen existing core businesses

- Acquire an “ability to form market conditions” by leveraging our resources
- Build a strong supply chain
- Study and introduce comprehensive soil treatment business

■ Improve profitability of affiliates

- Maximize synergy from mutually complementary and mutually beneficial relationships among group companies

■ Build a long-term stable supply system for resources

- Steadily implement the development of the next areas for our limestone quarries
- Build optimal production systems for aggregates and mineral products

■ Expand new businesses in Japan and overseas

- Expand local business in Vietnam and other countries
- Expand functional materials business



Shin-Tsukumi Quarry (Hachinohe area under construction to remove topsoil and aggregate wash plant)



New Minamisode aggregate yard under construction (Sodegaura City)

◆ **Simultaneously promote carbon neutrality and circular economy to create new added value while achieving sustainable growth**

■ **Enhance competitive advantage in existing businesses**

- Further focus on waste collection contributing to cost reduction
 - Intensify review of waste disposal prices
 - Increase acceptance of waste that can be a substitute for thermal energy
- Make the most of ash centers nationwide
 - Support the expansion of FA cement exports

■ **Create new added value**

- Initiatives to achieve carbon neutrality
 - Secure sources to increase the ratio of blended cement
 - Develop renewable energy and increase its own consumption
 - Participate in the Reconstruction Farm project (Namie-cho, Futaba-gun, Fukushima Prefecture)
- Launch new businesses contributing to the circular economy
 - Business for the treatment of waste photovoltaic panels
 - Business related to phosphorus recovery from sewage sludge resources and demonstration of fertilizer conversion
 - Establish technology to recover precious metals and remove heavy metals from municipal waste incineration ash



Saiki Ash Center, where classification facility is being installed (scheduled to be completed in June 2024)



Phosphorus recovery and fertilizer conversion facility (B-DASH project)

Business Strategies: Construction Materials Business

- ◆ Strengthen profitability of existing businesses by optimizing selling prices, investing in DX, etc.
- ◆ Introduce new products in the market and enter into new business areas including overseas markets

■ Further strengthen earnings base

- Steadily reflect various rising costs in selling prices
- Promote DX-related investments (improve productivity and secure logistics and construction capabilities)
- Promote M&As in infrastructure maintenance business

■ Enter into new business areas including overseas market

- Explore markets for soil stabilizer and high-performance premix products in Indonesia
- Promote soil improvement business for effective use of construction soil

■ Launch new products to achieve carbon neutrality

- Introduce environmentally friendly products to the market (grouting materials for offshore wind power generation, low-CO₂ admixtures)
- Expand application of CO₂ effective utilization technologies such as CARBOCATCH® to existing products



Multi-axial screening equipment integrated with crushing, classifying, and mixing

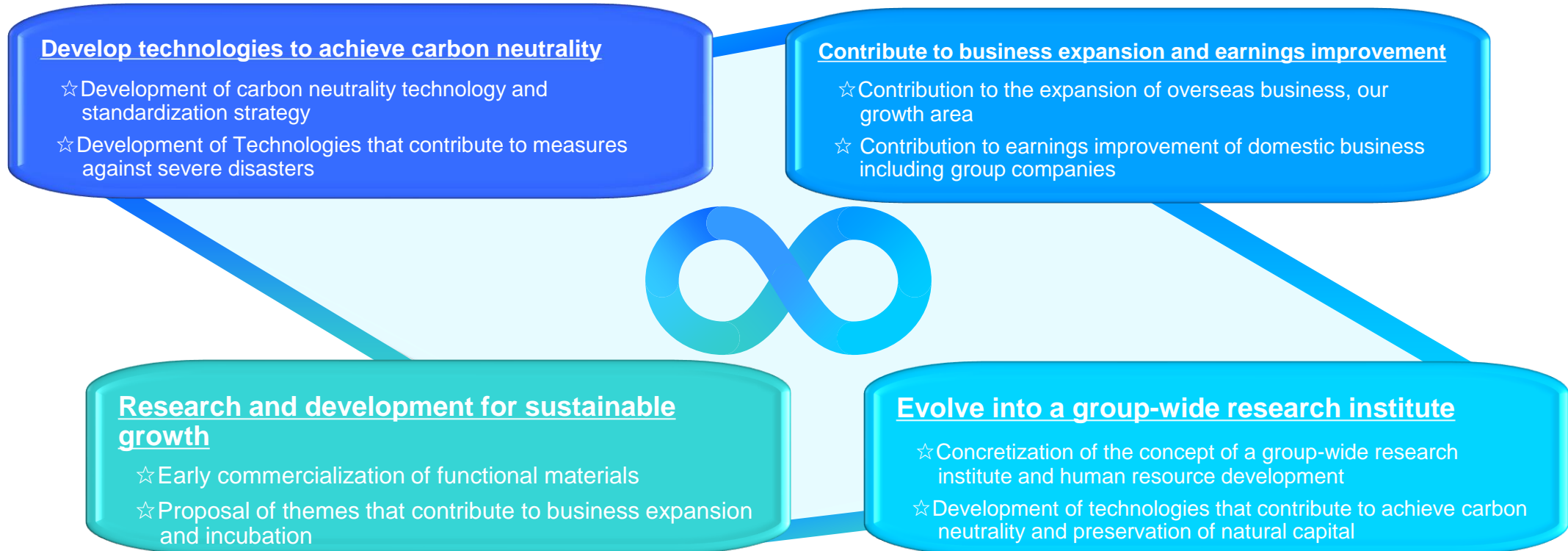


Continuous block foundation for guardrails with CARBOCATCH® slurry applied

Strategy for Research and Development

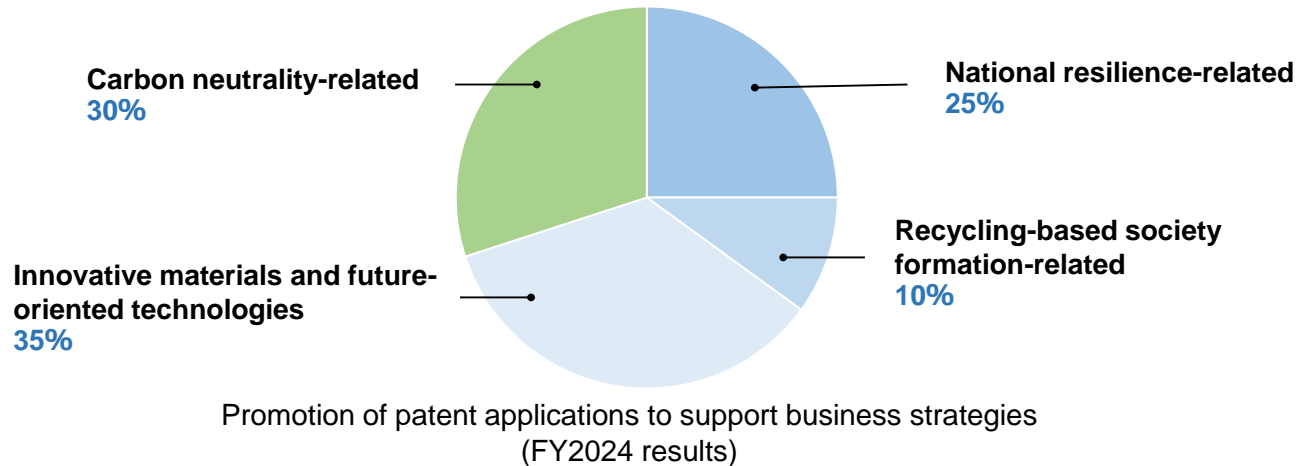
Aiming to enhance R&D capabilities to the world's highest level to contribute to management

Vision targeting 2030: Strengthen functions as a think tank for the Taiheiyo Cement Group and build a base for group cooperative development

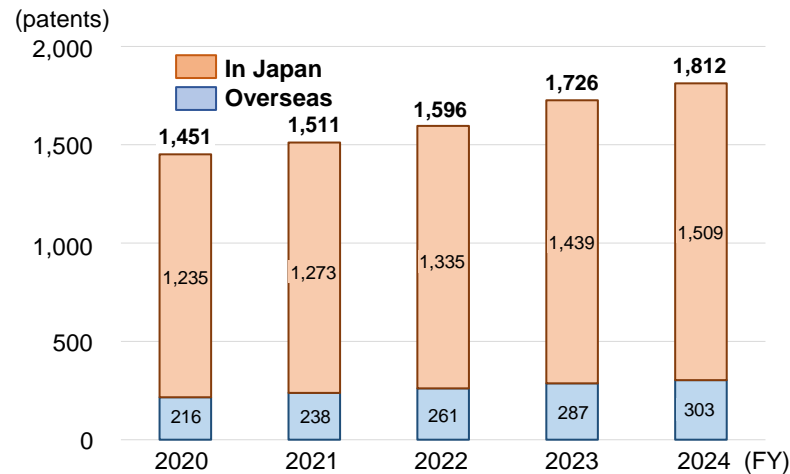


Intellectual Asset Strategies

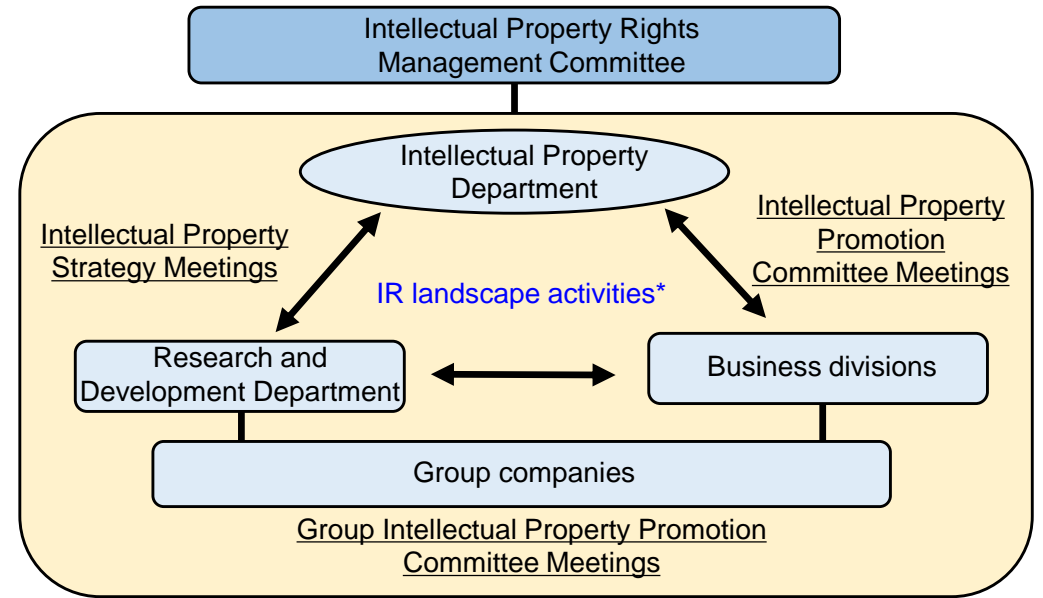
Steadily build a patent network supporting the promotion of carbon neutrality



Steadily expand intellectual capital to support business



Promotion of patent rights acquisition to support business



Promotion of intellectual property activities through interdepartmental cooperation

*IP landscape activities: Activities of analyzing intellectual property information, etc. to utilize it for R&D and business development

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(Note)
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As such, we do not offer any promise or guarantee that planned results and measures included in this document will be realized in the future Actual results may differ significantly due to a variety of factors.