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1. Highlights of Consolidated Financial Results

《Summary of Financial Results》

- Sales and profit increased from the previous year due to penetration of sales price increases in domestic cement, strong performance of U.S.A. subsidiaries, and penetration of sales price increases in domestic businesses
- The dividend is scheduled 70 yen/share as planned

(Million yen)

	FY2023	FY2024	Change
Net sales	809,542	**886,275**	+76,733
Operating profit	4,456	**56,470**	+52,013
Ordinary profit	1,015	**59,472**	+58,457
Profit attributable to owners of parent	(33,206)	**43,272**	+76,479
Dividend per share (Yen)	70	**70**	—

TAIHEIYO CEMENT

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Taiheiyo Cement sees increased sales and profits in FY2024, expects rises in sales and profits in FY2025, announces the "26 Medium-Term Management Plan," focusing on maximizing corporate value.

The following is a transcription of Taiheiyo Cement Corporation's presentation of the financial results for the fiscal year ended March 31, 2024 and the 26 Medium-Term Management Plan, which was given on May 15, 2024.

[Speakers]

Yoshifumi Taura, President and Representative Director, Taiheiyo Cement Corporation

Hideaki Asakura, Vice President and Representative Director, Taiheiyo Cement Corporation

Masahiro Ban, Managing Executive Officer, Taiheiyo Cement Corporation

Fujio Nakamura, Executive Officer, General Manager of Sales Department, Cement Business Division, Taiheiyo Cement Corporation

Katsuya Kawata, Executive Officer, General Manager of Corporate Planning Department, Taiheiyo Cement Corporation

Hiroshi Hirao, Executive Officer, General Manager of Central Research Laboratory, Taiheiyo Cement Corporation

Masao Osumi, General Manager of Business Development Department, International Business Division, Taiheiyo Cement Corporation

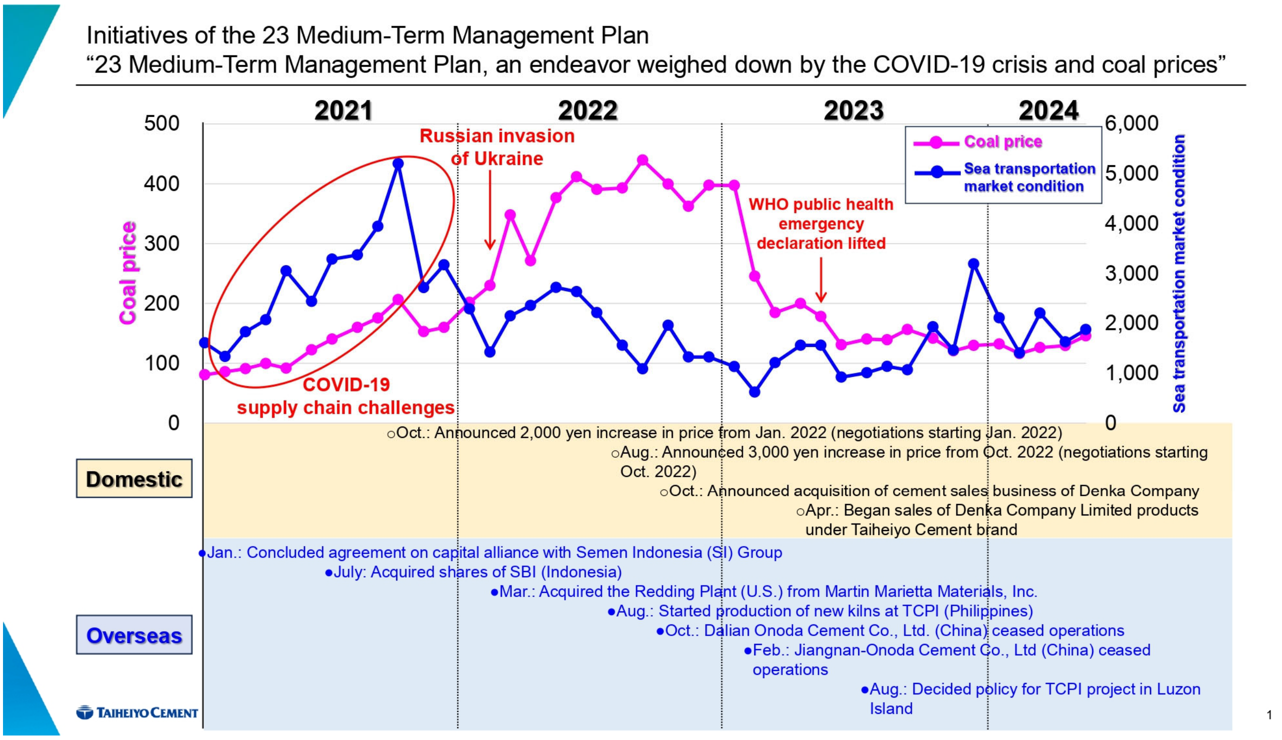
Hiroshi Onoue, General Manager of Accounting & Finance Department, Taiheiyo Cement Corporation

Yoshifumi Taura: My name is Yoshifumi Taura, and I took over as President and Representative Director on April 1 of this year, replacing Mr. Masafumi Fushihara. For the first 10 years of my career at the Company, I worked as an engineer, in charge of processes at the plants and at the head office, tuning up machines, et cetera. After that, I worked in Bangkok for 12 years, and after returning to Japan, I was involved in export, investment, and other overseas-related activities for a total of 30 years.

This may be the first time we have met at such a venue, and you may have difficulty in hearing what I am saying. I ask for your tolerance.

Today, I will look back at the "23 Medium-Term Management Plan" and, as the detailed figures of the "26 Medium-Term Management Plan" will be explained later, so I will talk about the environment surrounding our company and other cement manufacturers, future changes, and our policy for responding to such changes on a macro level.

Initiatives in the 23 Medium-Term Management Plan The "23 Medium-Term Management Plan affected by COVID-19 and coal prices"



The slide shows a review of the 23 Medium-Term Management Plan. During the period of the 23 Medium-Term Management Plan, we were faced with the pandemic, catastrophic disasters, and geopolitical risks, which made us reflect very much on how we need to think about our BCPs in the future.

The major impact was still coal prices. The pink line graph shows the changes in coal prices and the blue line graph shows the changes in the sea transportation market condition.

Although the impact of Russia's invasion of Ukraine in February 2022 has left a lasting impression, I would like to remind you again that the supply chain problems were actually very bad in 2021.

Transportation fees also rose, as shown in the graph. For our company, for example, the freight fees to Singapore and the US soared two to three times. Ships were stalled in Shanghai and Long Beach, California, causing really big supply chain problems.

Among other things, Australian coal was stalled by ship delays and catastrophic disasters, causing the price to rise from about USD90 to over USD200.

The sea transportation market declined since then, but coal prices rose to about USD450 during 2022. In the spring of 2023, the WHO lifted the emergency declaration against COVID-19, and I think we can say that it was a very difficult time.

In Japan, the Company announced a price increase in October 2021 and another hike of JPY3,000 in August 2022. We had to ask for a total price increase of JPY5,000, and the trigger was more supply chain issues than coal. In October 2022, we took over the cement sales business from Denka Company Limited, and sales began in April 2023 under the Taiheiyo brand.

In our overseas operations, we steadily did a lot of things during this period. In January 2021, we signed a capital alliance agreement and entered into a cooperative relationship with Indonesia's largest cement company, Semen Indonesia Group. In July 2021, we acquired a 15% stake in PT Solusi Bangun Indonesia Tbk, a subsidiary of Semen Indonesia Group.

In March 2022, we acquired the Redding plant, located about a four hour-drive north of San Francisco, from Martin Marietta Materials, Inc. We have been doing our business in southern California, and, with that purchase, we have managed to fulfill the void in the northern part of the state.

Furthermore, in August 2022, we held a groundbreaking ceremony for a new 6,000-ton kiln per day in Cebu, the Philippines. A few days ago we turned on the fire and finally made sure that the raw material mill and coal mill started working properly. Full-scale shipments will probably begin in July 2024, but we are well on our way to getting up and running.

In China, we ceased the operations at Dalian Onoda Cement Co., Ltd. in October 2022 and Jiangnan-Onoda Cement Co., Ltd. in February 2023. In August 2023, we formally decided on a policy for the construction of a new cement distribution terminal on Luzon island by Taiheiyo Cement Philippines, Inc. The terminal is to build at a site south of Manila.

Initiatives in the 23 Medium-Term Business Plan (Overseas Business)

The slide summarizes our overseas business initiatives. First, let us explain the southward shift. In China, we started our business in Dalian in 1989, and it has been 30 years now.

The Chinese government initially welcomed us with full courtesy. Currently, we are in the 14th five-year plan, but during the 12th five-year plan, there was a very clear government policy to "dispose of excess facilities," which affected our business as well.

This led to very strict environmental regulations. The situation was very difficult due to restrictions on limestone mining, cement shipments, and equipment operations.

We considered all of these to be China risks and believed that it would be difficult to continue our business in the country. In the midst of this, Evergrande Group's real estate issue arose. We considered that the continuation of the China business will just expand the risks and decided on the policy before the "23 Medium-Term Management Plan." We stopped the operations at Qinhuangdao Asano Cement Co., Ltd. in October 2020, followed by Dalian Onoda Cement Co., Ltd. and Jiangnan-Onoda Cement Co., Ltd..

If we had continued to do the business, the current situation would probably be so bad that we would incur operating loss of JPY10 billion to JPY15 billion, so we think the decision to withdraw was a very good one.

We had originally invested both human and financial resources in Vietnam, but we made the decision I have just told you about to invest more in the Philippines and Indonesia as well. Currently, Vietnam is finally getting better.

In particular, Nghi Son Cement Corporation can export its products. Next to the Company's site, there is the ocean and a pier, and they have started US-bound exports at very good prices. So far, they are in the black on a monthly basis.

The Philippine company has finally started operating. They were forced to buy very expensive clinker in the wake of high coal prices, but they have finally become able to produce their own low-cost cement. This will put them on a growth trajectory, and we expect them to be able to contribute to profits in H2 of this year to next year.

In Indonesia, we are having a large pier built in Surabaya in western Java. Our investment was in return for the expansion of the pier that would allow large vessels to enter the port and silos.

When completed, it will be an export base for 1 million tons, including US-bound exports. We believe it will play a major role in one of our supply chains. This is the situation in Southeast Asia.

US Market: Economic Size and Cement Demand in Five West Coast States

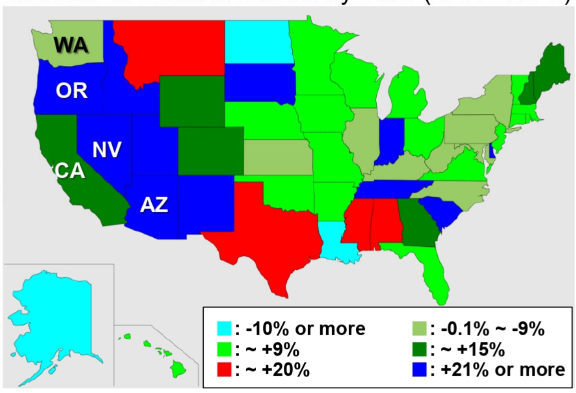
U.S. Market

- Economic scale and cement demand in 5 states on the U.S. west coast
  - Among the 5 west coast states where we mainly operate (Washington, Oregon, California, Arizona, and Nevada), California's GDP is nearly 3.9 trillion US$, making it **the fifth largest economic market in the world** after Japan
  - These 5 west coast states account for 16.1% of cement demand in the U.S., and demand remains strong

Rank	Country or State	2023 GDP (Trillion US$)	Population (Million people)	2023 Cement Consumption (Million t)	2023 Cement Consumption (kg/person)
1	United States	27.36	33.5	10.5	314
2	China	17.66	141.1	203.2	1,440
3	Germany	4.46	8.5	2.6	305
4	Japan	4.21	12.5	3.5	284
5	California	3.86	3.9	0.9	240
6	India	3.57	142.9	41.9	293
7	United Kingdom	3.34	6.8	1.2	173
8	France	3.03	6.6	1.9	281
9	Texas	2.56	3.1	1.7	557
10	Italy	2.26	5.9	1.8	312
11	Brazil	2.17	20.4	6.2	305
12	New York	2.15	2.0	0.3	157
13	Canada	2.14	4.0	1.0	259

* Cement consumption figures include estimated values

Increase in Cement Demand by State (2016→2020)



(Created based on the IMF World Economic Outlook Database, Global Cement Report, and PCA data)

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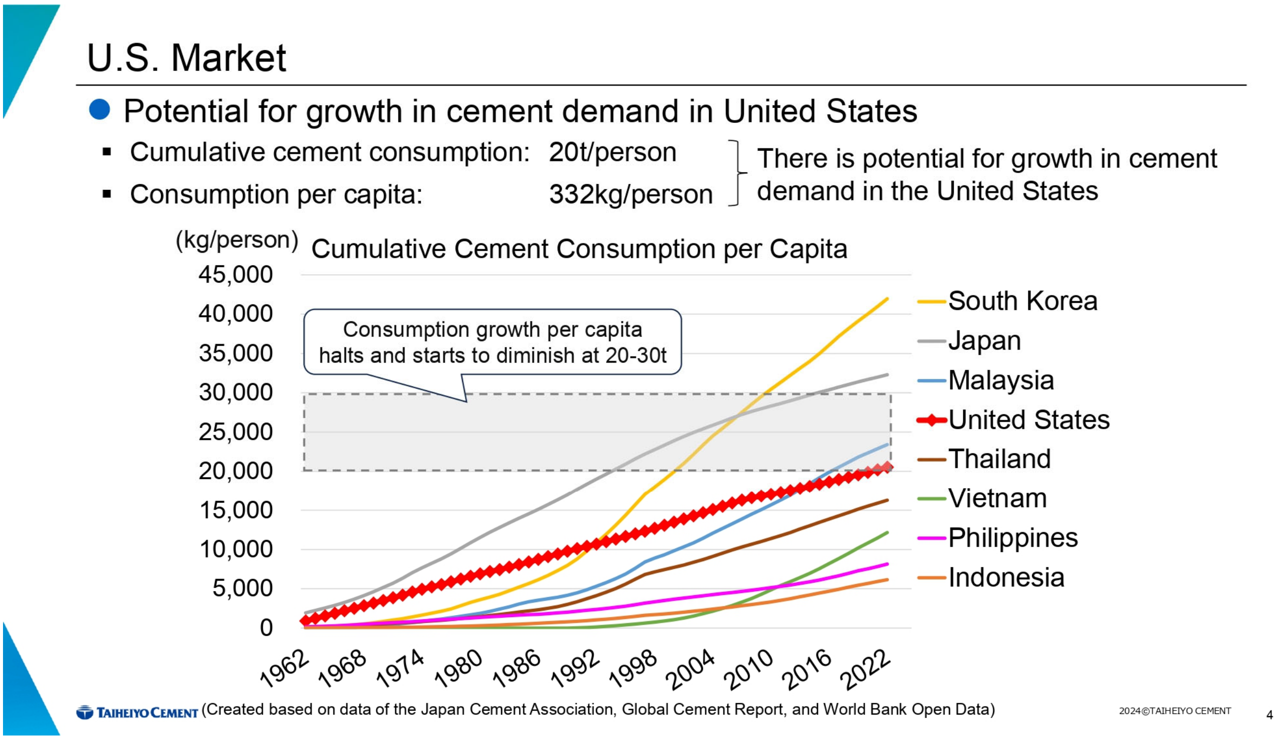
I will explain the US market. Our business sites are in the five West Coast states. We are operating primarily in California, but we are also operating in Nevada, Arizona, and so on. As noted on the slide, the areas of the US where cement demand grew by more than 20% are concentrated in the West. Oregon, Nevada, and Arizona showed particularly sharp growth in demand for cement.

Recently, there was news that Germany overtook Japan in terms of GDP, but this was due to the weak yen. Meanwhile, California's GDP is now close to that of Japan, and is no longer at the level of a state but that of a country. I think it is very important how we approach the state of California, which we regard as a single country.

Texas is also in a very good position and I believe there is still much to work in the US.

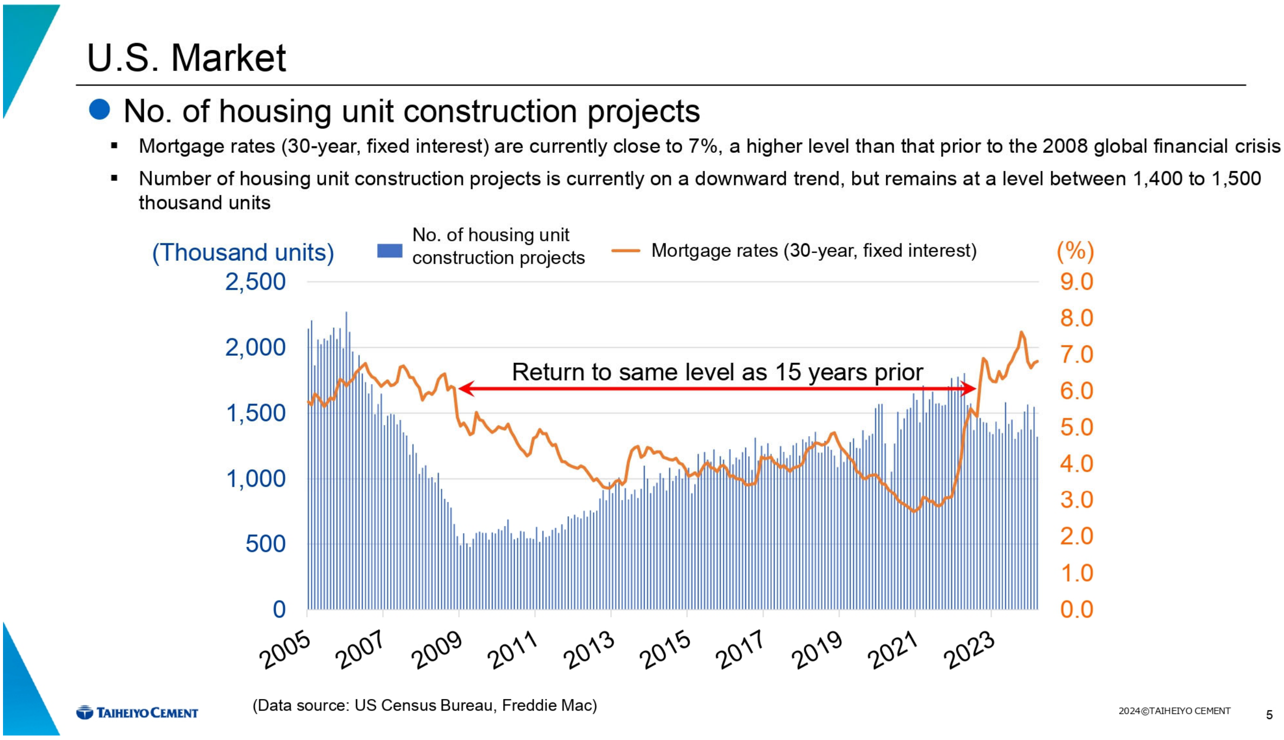
US Market: Growth Potential for Cement Demand in US



This is the situation in the US in the long run. The slide summarizes the per-capita cement consumption, which is cumulative of how much cement has been used for social capital and how much infrastructure investment has been made since cement production or import started in these countries.

Japan's cumulative per-capita consumption is about 33 tons and Korea's consumption is abnormally high. Indonesia and the Philippines are still at around 7 to 8 tons, which clearly shows that these are countries that will be developed in the future. In the US, the consumption is actually about 20 tons. Demand tends to become saturated at 20 to 30 tons , but since it is only 20 tons, I believe it has the potential to grow from now on.

US Market: Housing Starts

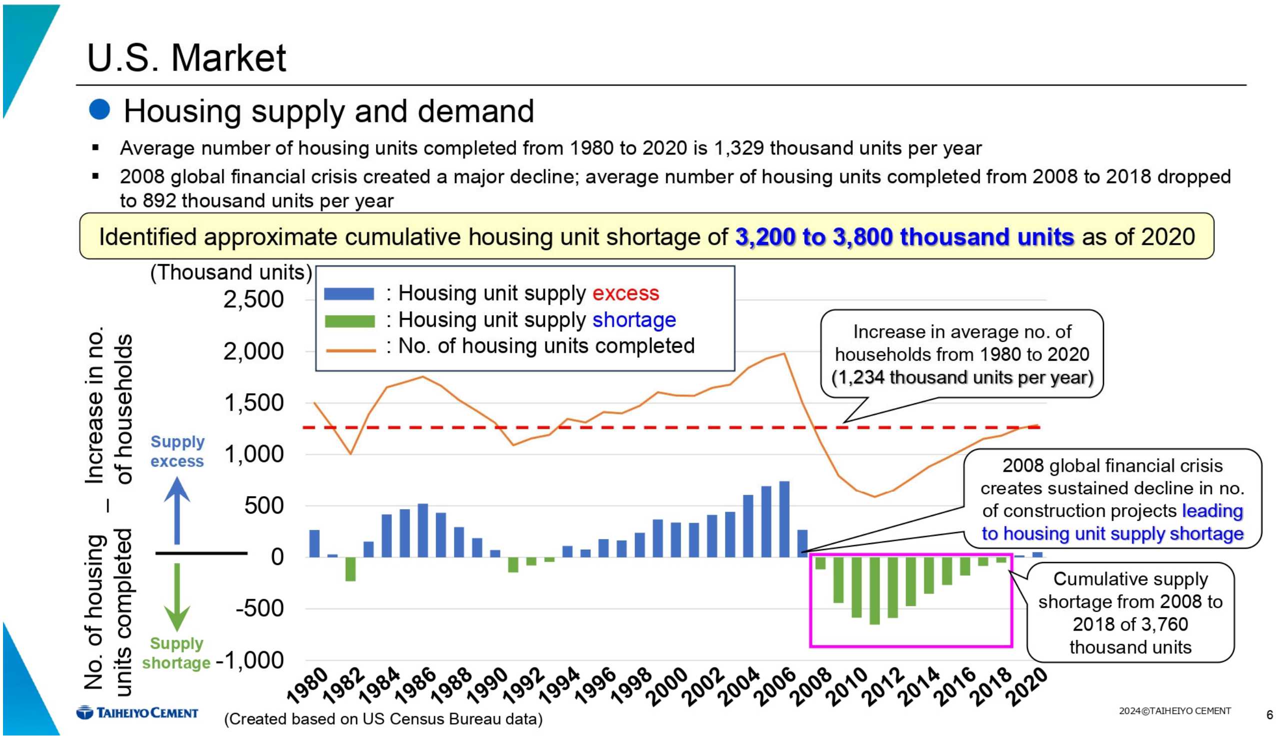


Our own analysis of cement demand in the US shows a very strong correlation with housing starts. From a very high point, the number of housing starts fell dramatically, down to about 500,000 units on an annualized basis after the global financial crisis, and it has now risen to about 1.3 million to 1.6 million units.

Although the number of units reportedly fell slightly in March, the 1.3 million units in March is not a low level, as the number in February was very high. We are keeping a close eye on housing starts as they will come out Thursday this week. Even though mortgage rates have risen, there is still demand for housing.

With existing home sales are much larger, 4 million or 5 million units, there is no movement to sell existing homes and buy new ones at higher interest rates. I believe that the main factor for the drop was that the supply of existing homes has been decreasing, but demand is still in a strong phase.

US Market: Housing Supply and Demand



The slide summarizes housing supply and demand in the US. After the global financial crisis, there was a huge shortage, and it is still in the phase of making up for that. We expect that this situation will continue.

We will continue to invest in Asia and the US. As for the US, which is the main focus of the "26 Medium-Term Management Plan," there are uncertainties such as the election, but protectionism will not change, so we are strong because we have our local production bases and intend to promote the use of blended cement. This initiative will be explained in the presentation for the "26 Medium-Term Management Plan."

Environment Surrounding Cement Industry: Focus on Environmental Issues

Environment surrounding the cement industry as based on environmental issues

● Polarization resulting from the carbon divide

Conflict		Composition of polarization	Taiheiyo Cement's fundamental policies
Carbon Divide-1 (investment decisions)	Corporations	Passive stances on reducing CO_2 emissions that go against stakeholders' intentions has a major impact on stock prices and fund procurement	• Reduction of CO_2 emissions is an unavoidable issue, medium- and long-term cost increased are inevitable => Endeavor to reduce CO_2 emissions while passing on higher costs to customers
	Private funds	Remaining uninfluenced by the intentions of other shareholders and investors enables profit-oriented management => Motivation to develop new quarries stagnates	
Carbon Divide-2 (environmental impact)	Developed countries	Increased costs resulting from CO_2 taxation 4th largest variable cost after raw materials, fuel, and electricity	• **Restructure export system** by limiting exports from Japan to high-price markets, etc.
	Emerging countries	Not as active as developed countries in introducing environmental taxes (time lag approx. 10 years behind developed countries)	
Carbon Divide-3 (coal prices)	Importing countries	Coal supply and demand tightening due to progression of dominance in tune with the theme of decarbonization, coal prices to remain at a high level in the future	• **Approaching coal-producing countries** to become more significant in adopting overseas strategies
	Coal-producing countries	Coal able to be procured at different prices than that of the global market (major cost deviation between coal-producing and importing countries)	

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When looking at the environmental situation from a macro perspective in the 26 Medium-Term Management Plan, a very important issue is that of carbon. The "carbon divide," a term I coined, refers to a situation in which the world, countries, and companies are largely divided into two sides on the carbon issue.

The first is investment decisions. Marubeni Corporation and Mitsubishi Corporation have sold their coal interests in Australia. As such, the companies with significant stakeholder impacts have sold their interests. However, these sites have not stopped production. Saudi Arabian funds and private funds have bought them and they are currently making very high profit margins.

The important point is that the sites that continue their operations will continue to take profits, but developing new mines with a large amount of money is a different issue. There have been recent newspaper articles that reported on investments in rare metals and EV-related batteries.

We must always keep in mind that if new mines are not developed, there will be an imbalance between supply and demand in the future and coal prices will go up.

The second is environmental impact. As for this one, before the Russian invasion of Ukraine, the Ministry of the Environment, then Environment Minister Koizumi, and others were saying that the issue of carbon tax was unavoidable in order to achieve the 46% target. The minister said at a press conference, "JPY10,000 or JPY20,000 per ton." The issue has just stopped, but it will surely happen again.

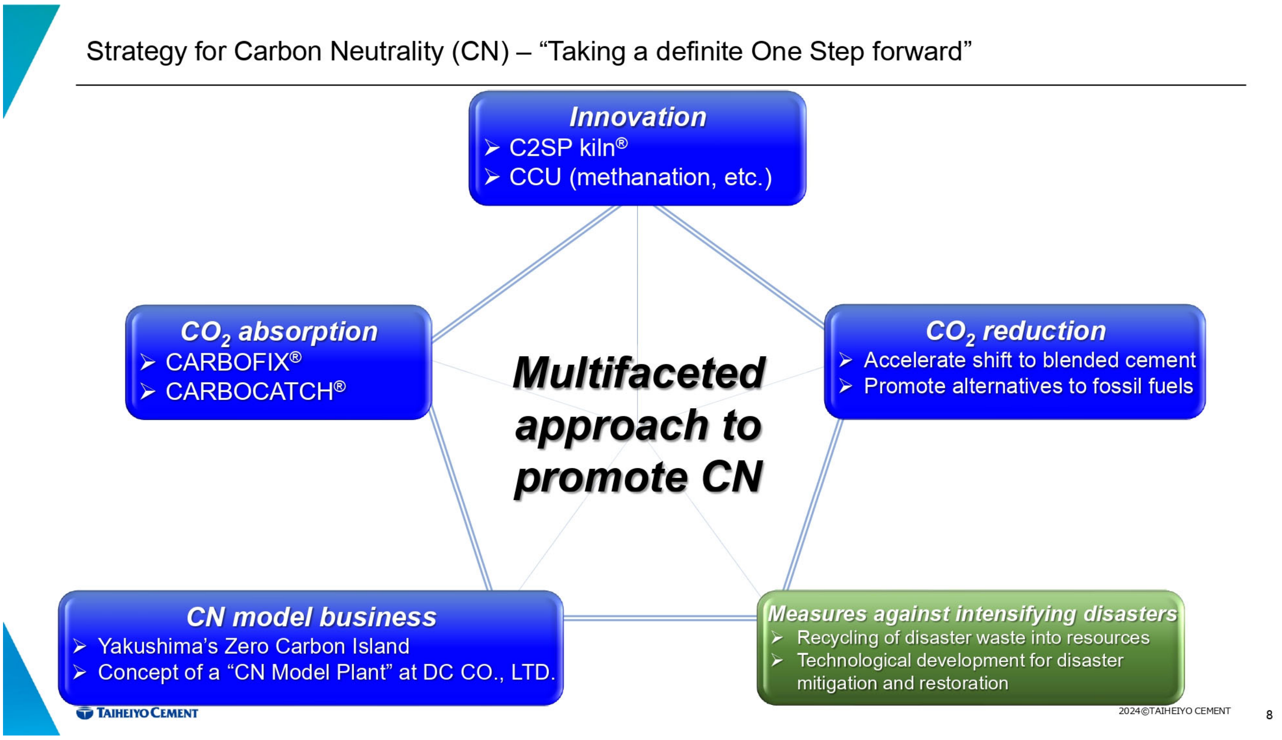
This issue must always be considered as the fourth variable cost after raw materials, fuel, and electricity. This is also the background to our investment in Indonesia. If there is an environmental tax of USD30 or USD40, we will not be able to export our products.

Unlike other companies, we have been operating in Singapore, Hong Kong and Taiwan for 70 years and have steady customers there. We have a supply responsibility that we are not just an export business, but a company that operates a variety of businesses overseas. Indonesia has come up to us to think carefully about where we will be able to ship our products from.

The last carbon divide factor is the coal price. Coal prices have temporarily risen to USD450 in the market, but Indonesia, a coal-producing country, has raised the price of coal for domestic use by only about USD20 at most. Indonesia supplied cement to our site without raising variable costs that much.

As you are aware, the Philippines currently relies on clinker imports for milling until the kilns are ready. While we were not able to supply from Japan, the Indonesian company supplied a total of 1 million tons to various places on our behalf. For this reason, I feel again that this perspective is very important.

Carbon Neutral (CN) Strategy: "Taking a Definite One Step"



Carbon neutrality is absolutely essential to the revitalization plan of the domestic business and the overseas growth plan of the "26 Medium-Term Management Plan." We call these three initiatives "3D" and included them in the "26 Medium-Term Management Plan."

As for carbon neutrality, there is talk of greenwashing, but I think we are entering a world where we cannot just say, "We will do it in 2030, just wait and see."

What does taking one step forward for carbon neutral mean? We cannot implement unprofitable carbon neutral measures. Carbon neutrality at the expense of profit will not become large or sustainable. We have to take profitable carbon neutral steps. In this context, the " C2SP Kiln® " is being steadily developed to be done by 2030.

In addition, there is "CARBOCATCH®." This is a system to fix carbon dioxide into fresh concrete. What we are trying to focus on most now is how to use and market carbon-free blended cement.

We would really like to launch it in Japan, but due to acceptance issues with standards and distribution, it is difficult to go it alone, so we will start by exporting it. Southeast Asia is very advanced in blended cement. As mentioned in the "26 Medium-Term Management Plan," we have been producing blended cement for Singapore for 15 years since 2009. It is used as the foundation for a large skyscraper in Singapore.

With a very long history, the Company has fully cleared the issue of ensuring quality, and there is demand from not only Singapore, but also from the Philippines, Hong Kong, New Zealand, and Australia. Blended cement can be made at a lower cost, and in Southeast Asia, the price is the same as regular cement, so we are trying to increase exports in a profitable way.

In the US, we are now thinking of building terminals. California is at the forefront of the Democratic Party's efforts to go carbon neutral, and "1L" cement, which includes 15% of limestone, is expanding very rapidly.

Ordinary cement traditionally means a product not mixed with anything, but the world is now in an age when ordinary cement is considered to be blended cement. The sense of Japanese people truly shows a symptom of the Galapagos syndrome, and even with regard to carbon neutrality, we are being left behind the rest of the world in the field of cement. Therefore, we are now going to focus very much on this issue in the "26 Medium-Term Management Plan."

I will explain the carbon neutral model businesses. When implementing a project, for example, one for unmanned vehicles, it is a common practice to use an area or town as a model town for various verifications and horizontal development. So is there actually an area anywhere that is carbon neutral and truly zero-emission?

We are cooperating in hydroelectric power generation on Yakushima Island, and last year the town of Yakushima declared itself a "zero carbon island." Together, we are trying to achieve an actual carbon neutral island. DC CO., LTD.'s carbon neutral model factory concept is also a target as a model factory.

In addition, while the IPCC's "1.5 degree target" is very difficult to meet, the number of severe disasters is increasing. We are wondering if there is anything our company, including our group companies, can do, for example, providing houses with a shelter function.

From this perspective, we must not forget not only how to reduce CO_2 emissions to prevent catastrophic disasters, but also how to respond to the increasing number of such disasters. The main idea of the "26 Medium-Term Management Plan" is to promote these five areas in a well-balanced manner.

Blended Cement as Defined in EN-197-1 (2011)

Blended Cement as Defined in EN-197-1(2011)

(%)

Cement type	Notation	Main composition									Minor additional constituents
		Clinker	Limestone	Blast-furnace slag	Silica fume	Natural pozzolana	Natural calcined pozzolana	Siliceous fly ash	Calcareous fly ash	Burnt shale	
CEM I	Portland cement	95-100	-	-	-	-	-	-	-	-	0-5
CEM II	Portland-slag cement	80-94	-	6-20	-	-	-	-	-	-	0-5
		65-79	-	21-35	-	-	-	-	-	-	
	Portland-silica fume cement	90-94	-	-	6-10	-	-	-	-	-	
	Portland-pozzolana cement	80-94	-	-	-	6-20	-	-	-	-	
		65-79	-	-	-	21-35	-	-	-	-	
		80-94	-	-	-	-	6-20	-	-	-	
		65-79	-	-	-	-	21-35	-	-	-	
	Portland-fly ash cement	56-79	-	-	-	-	-	6-20	-	-	
		80-94	-	-	-	-	-	21-35	-	-	
		80-94	-	-	-	-	-	-	6-20	-	
		65-79	-	-	-	-	-	-	21-35	-	
	Portland-burnt shale cement	80-94	-	-	-	-	-	-	-	6-20	
		65-79	-	-	-	-	-	-	-	21-35	
	Portland-limestone cement	80-94	6-20	-	-	-	-	-	-	-	
		65-79	21-35	-	-	-	-	-	-	-	
	Portland-composite cement	80-88	<---------- 12-20 ---------->								
		65-79	<---------- 21-35 ---------->								
		50-64	<---------- 36-50 ---------->								
CEM III	Blast furnace cement	35-64	-	36-65	-	-	-	-	-	-	0-5
		20-34	-	66-80	-	-	-	-	-	-	
		5-19	-	81-95	-	-	-	-	-	-	
CEM IV	Pozzolanic cement	65-89	-	-	<---------- 11-35 ---------->					-	0-5
		45-64	-	-	<---------- 36-55 ---------->					-	
CEM V	Composite cement	40-64	-	18-30	-	<---------- 18-30 ---------->			-	-	0-5
		20-38	-	31-49	-	<---------- 31-49 ---------->			-	-	

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I would like to add something about blended cement. The three major world standards are the EN standard in Europe, ASTM in the US, and GB in China. In particular, the European standard is applied by countries that were under European countries with suzerainty.

The most widely available cement in Asia is "CEM II," which is allowed to be blended with a variety of other materials. The representative product is made from a mixture of natural pozzolans and limestone. We should not forget that blended cement is expanding around the world as a matter of course, with carbon neutrality as a tailwind.

Highlights of Consolidated Financial Results 《Summary of Financial Results》

1. Highlights of Consolidated Financial Results

《Summary of Financial Results》

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- The dividend is scheduled 70 yen/share as planned

(Million yen)

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Ordinary profit	1,015	**59,472**	+58,457
Profit attributable to owners of parent	(33,206)	**43,272**	+76,479
Dividend per share (Yen)	70	**70**	—

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Masahiro Ban: Next, I will explain the details of our financial results for FY2024. First, we will provide a summary of the financial results compared to the previous year.

Net sales were JPY886.2 billion, a YoY increase of approximately JPY76.7 billion, operating profit was JPY56.4 billion, up by approximately JPY52 billion YoY, ordinary profit was JPY59.4 billion, up by approximately JPY58.4 billion YoY, and profit attributable to owners of parent was JPY43.2 billion, a YoY improvement of approximately JPY76.4 billion.

Highlights of Consolidated Financial Results《Main Indicators》

1. Highlights of Consolidated Financial Results

《Main Indicators》

	FY2023	FY2024	Change
Operating profit to net sales ratio (%)	0.6	**6.4**	+5.8
Basic earnings per share (Yen)	(283.7)	**371.1**	+654.8
Net assets per share (Yen)	4,228.5	**4,872.9**	+644.5
Return on equity (ROE)(%)	(6.6)	**8.2**	+14.8
Capital adequacy ratio (%)	39.0	**42.1**	+3.1
Net debt/equity ratio (Times)	0.65	**0.52**	(0.14)

《Environmental Factors》

	FY2023	FY2024	Change
Average exchange rate (Yen/US$)	131.6	**140.7**	+9.0
Average procurement price of imported coal, etc. for domestic (C&F $/t)	340	**210**	(130)

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These are the management indicators. The operating profit to net sales ratio was 6.4%, ROE was 8.2%, and the net debt/equity ratio was 0.52x.

The table at the bottom of the slide shows environmental factors. The average exchange rate was JPY140.7 to the US dollar, representing a depreciation of JPY9. The average procurement price of imported coal, etc. for domestic use (C&F) was USD210 per ton, a YoY decrease of USD130.

Financial Results for the Fiscal 2024 (1) Consolidated Segment Information

2. Financial Results for the Fiscal 2024

(1) Consolidated Segment Information

(Million yen)

		Net sales			Operating profit		
		FY2023	FY2024	Change	FY2023	FY2024	Change
Cement Business	Domestic	255,740	**295,169**	+39,429	(36,918)	**(1,408)**	+35,509
	Overseas Subsidiaries, etc.	297,301	**334,700**	+37,399	22,019	**34,191**	+12,172
	Total	553,041	**629,870**	+76,828	(14,898)	**32,783**	+47,682
Mineral Resources Business		82,706	**87,674**	+4,968	5,556	**8,455**	+2,899
Environmental Business		77,911	**68,254**	(9,656)	5,871	**6,138**	+266
Construction Materials Business		68,270	**73,456**	+5,185	2,351	**4,208**	+1,856
Other		86,926	**89,397**	+2,471	5,108	**4,691**	(417)
Total		868,855	**948,653**	+79,797	3,989	**56,276**	+52,286
Elimination		(59,313)	**(62,378)**	(3,064)	466	**193**	(273)
Consolidated Total		809,542	**886,275**	+76,733	4,456	**56,470**	+52,013

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Next, I will explain the FY2024 results. Segment information is shown on the slide.

Financial Results for the Fiscal 2024 ① The Domestic Cement Business

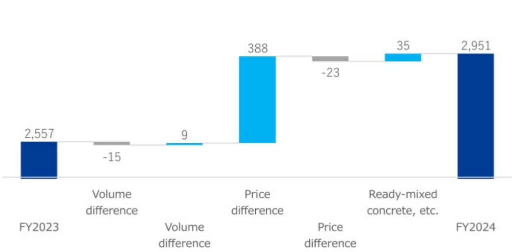
2. Financial Results for the Fiscal 2024

①The Domestic Cement Business

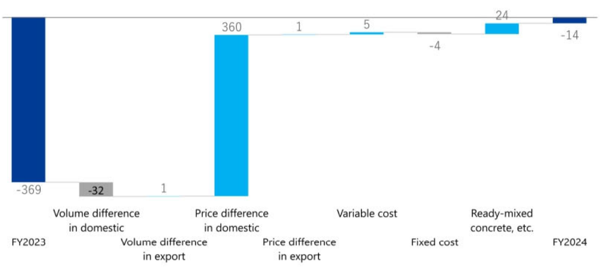
	FY2023	FY2024	Change
Sales volume (Thousand t)			
Domestic	13,129	**12,950**	(179)
Export	2,438	**2,552**	+114
Net sales (Million yen)	255,740	**295,169**	+39,429
Operating profit (Million yen)	(36,918)	**(1,408)**	+35,509

- Decrease in sales volume of cement and soil stabilizers due to decrease in domestic demand
- On the other hand, operating losses improved due to penetration of cement and soil stabilizers sales prices increases

Net Sales (Hundred million yen)



Operating Profit (Hundred million yen)



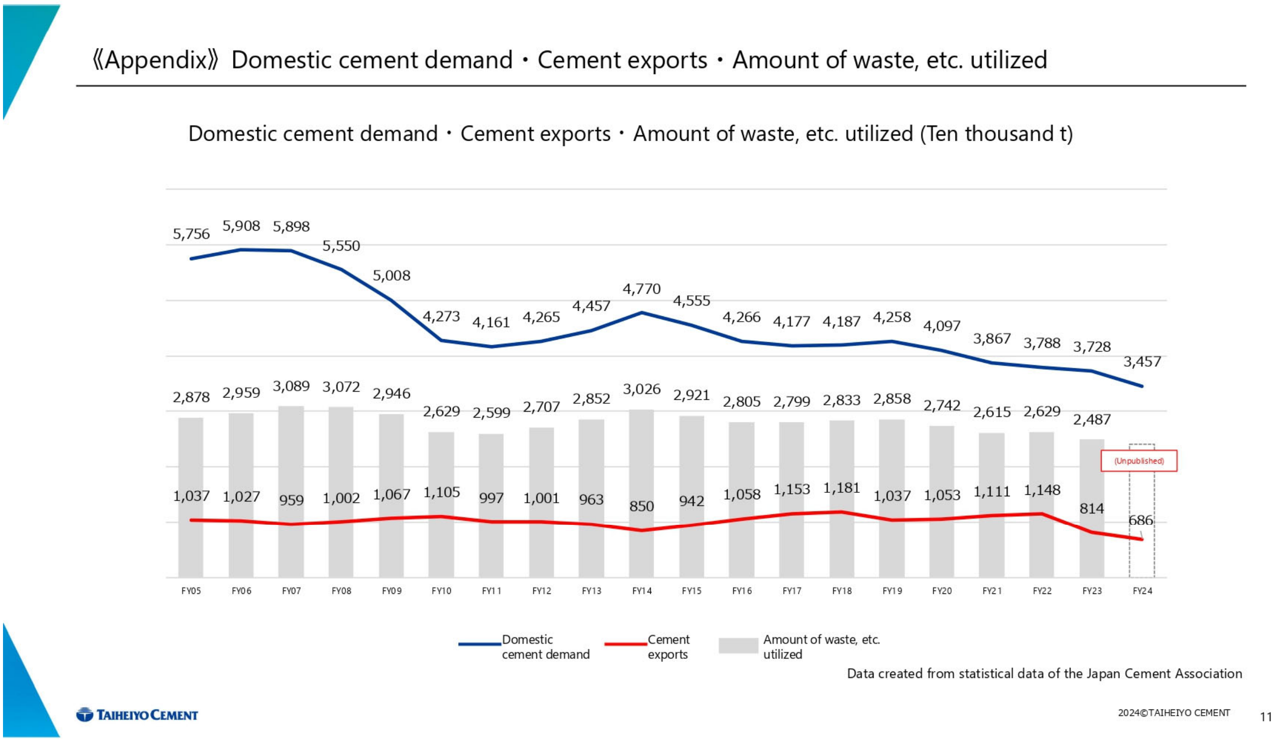
 10

This is about the domestic cement business. Sales volume was 12.95 million tons, down 179,000 tons YoY, while export volume was 2.552 million tons, up 114,000 tons. Net sales were JPY295.1 billion, up JPY39.4 billion, and operating loss was JPY1.4 billion, an improvement of JPY35.5 billion.

Although sales volume decreased in line with a decline in the domestic business, operating loss improved by JPY36 billion due to the penetration of price increases.

Among variable cost, coal prices decreased by about USD130 on C&F on a purchase basis, but on a disbursement basis, as we still used coal in stock with high unit prices, so the decrease in variable cost was limited. In addition, raw material cost and purchase cost also increased, resulting in an overall positive impact of variable cost of JPY500 million. Fixed cost had a negative impact of JPY400 million.

《Appendix》 Domestic cement demand・Cement exports・Amount of waste, etc. utilized



For reference, these are the graphs of domestic demand for cement, export volume, and the amount of waste, etc. utilized.

Financial Results for the Fiscal 2024 ② Overseas Subsidiaries, etc.

2. Financial Results for the Fiscal 2024

②Overseas Subsidiaries, etc.

	FY2023	FY2024	Change / in exchange
Net sales (Million yen)	297,301	**334,700**	+37,399
			+20,685
Operating profit (Million yen)	22,019	**34,191**	+12,172
			+2,333

- Continued strong performance in U.S.A. covered the difficult situation in Southeast Asia, and as a result, increased in sales and profit

《U.S.A.》

		FY2023	FY2024	Change
Cement (Thousand t)		6,693	**6,825**	+132
Ready-mixed concrete (Thousand cy)		5,596	**6,101**	+505
Net sales	(Hundred million yen)	2,310	**2,840**	+530
	(Million $)	1,755	2,019	(+263)
Operating profit	(Hundred million yen)	259	**390**	+130
	(Million $)	197	277	+80

- U.S.A. demand fell 2.5% year-on-year due to a slowdown in housing demand caused by high interest rates
- Sales and profit increased due to penetration of sales price increases and the effect of acquisitions (full-year effect of acquisition in July 2022) and others, despite the impact of bad weather in the first quarter

TAIHEIYO CEMENT

This is about overseas subsidiaries, etc. The US business continued to perform well, and sales of overseas subsidiaries, etc. totaled JPY334.7 billion, up about JPY37.3 billion YoY. Of this amount, the foreign exchange impact was approximately JPY20.6 billion. Operating profit was about JPY34.1 billion, up about JPY12.1 billion YoY, and the foreign exchange impact was about JPY2.3 billion.

The table at the bottom of the slide shows the results in the US business. The cement segment as a whole, including overseas subsidiaries, etc. and domestic cement, showed operating profit of JPY32.7 billion, a YoY improvement of JPY47.6 billion.

Financial Results for the Fiscal 2024 ③Mineral Resources, Environmental, Construction Materials and Other Business

2. Financial Results for the Fiscal 2024

③Mineral Resources, Environmental, Construction Materials and Other Business

(Million yen)

		FY2023	FY2024	Change	Main Factors of Changes in Net Sales and Operating Profit(Net Change)
Mineral Resources Business	Net sales	82,706	**87,674**	+4,968	Increase in aggregate sales volume in the Hokkaido, and Kansai region Increase in various type of costs passed on to sales prices
	Operating profit	5,556	**8,455**	+2,899	
Environmental Business	Net sales	77,911	**68,254**	(9,656)	Decrease in fuel sales
	Operating profit	5,871	**6,138**	+266	Sales of calcium carbonate used for flue gas desulfurization and gypsum remained strong
Construction Materials Business	Net sales	68,270	**73,456**	+5,185	Ground improvement projects and Shield tunnels construction related business were strong
	Operating profit	2,351	**4,208**	+1,856	Price optimization of ALC (Autoclaved Lightweight Concrete), construction and civil engineering materials
Other	Net sales	86,926	**89,397**	+2,471	
	Operating profit	5,108	**4,691**	(417)	

TAIHEIYO CEMENT

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This is about the segments other than cement. In the mineral resources segment, the aggregate business in the Hokkaido and Kansai regions remained strong, and cost increases were increasingly passed on to sales prices. As a result, net sales increased by approximately JPY4.9 billion YoY and operating profit increased by approximately 2.8 billion.

In the environmental business, sales declined by around JPY9.6 billion YoY due to lower fuel sales, but operating profit increased by JPY266 million to some JPY6.1 billion due to strong sales of calcium carbonate used for flue gas desulfurization and gypsum, which have higher profit margins than fuel.

In the construction materials business, both sales and profit increased YoY due to strong ground improvement projects and the price optimization of ALC (Autoclaved Lightweight Concrete), construction and civil engineering materials. Net sales in the business were about JPY73.4 billion and operating profit was about JPY4.2 billion.

Other businesses reported a YoY decrease in profit of JPY400 million due to higher fuel and other costs in the power generation business.

Financial Results for the Fiscal 2024 (2) Consolidated Statement of Income

2. Financial Results for the Fiscal 2024

(2)Consolidated Statements of Income

(Million yen)

	FY2023	FY2024	Change
Net sales	809,542	**886,275**	+76,733
Operating profit	4,456	**56,470**	+52,013
Non-operating income and expenses	(3,440)	**3,002**	+6,443
Ordinary profit	1,015	**59,472**	+58,457
Extraordinary income and losses	(17,382)	**(1,438)**	+15,944
Profit before income taxes	(16,366)	**58,034**	+74,401
Income taxes	17,872	**14,358**	(3,513)
Profit attributable to non-controlling interests	(1,032)	**403**	+1,435
Profit attributable to owners of parent	(33,206)	**43,272**	+76,479

TAIHEIYO CEMENT

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This is the consolidated statement of income. I will explain the figures below operating profit.

Non-operating income and expenses increased by around JPY6.4 billion to around JPY3 billion, which includes JPY3.6 billion in improved share of profit of entities accounted for using equity method . Other positive items included foreign exchange gains, while negative items included an increase in the balance of interest-bearing debt and an increase in interest payment expenses due to higher interest rates.

Extraordinary income and losses for the fiscal year under review included 2.5 billion in insurance income. In FY2023, profit before income taxes was in negative territory due to special circumstances, but income taxes were around JPY17.8 billion. This was due to the reversal of deferred tax assets in H2 of the preceding year.

Final profit attributable to owners of parent improved by about JPY76.4 billion YoY to JPY43.2 billion.

Financial Results for the Fiscal 2024 (3) Consolidated Balance Sheets

2. Financial Results for the Fiscal 2024

(3)Consolidated Balance Sheets

(Million yen)

		As of Mar. 31, 2023	As of Mar. 31, 2024	Change
Current assets	Cash and deposits	79,842	**80,101**	+259
	Trade receivables	182,963	**206,584**	+23,620
	Inventories	138,373	**123,177**	(15,195)
	Other	29,228	**20,425**	(8,803)
	Total current assets	430,408	**430,289**	(118)
Non-current assets	Total property, plant and equipment	620,083	**653,910**	+33,827
	Total intangible assets	39,766	**39,083**	(683)
	Total investments and other assets	178,604	**214,967**	+36,363
	Total non-current assets	838,454	**907,961**	+69,507
	Total assets	1,268,862	**1,338,251**	+69,388

			As of Mar. 31, 2023	As of Mar. 31, 2024	Change
Liabilities		Current liabilities	385,784	**368,103**	(17,680)
		Non-current liabilities	354,221	**373,762**	+19,541
		Total liabilities	740,005	**741,866**	+1,861
Net assets	Shareholders' equity	Share capital	86,174	**86,174**	—
		Capital surplus	49,729	**50,051**	+322
		Retained earnings	342,880	**379,125**	+36,245
		Treasury shares	(13,738)	**(17,942)**	(4,204)
		Total shareholders' equity	465,045	**497,409**	+32,363
		Accumulated other comprehensive income	29,911	**65,801**	+35,890
		Non-controlling interests	33,899	**33,174**	(725)
		Total net assets	528,857	**596,384**	+67,527
		Total liabilities and net assets	1,268,862	**1,338,251**	+69,388

	As of Dec. 31, 2022	As of Dec. 31, 2023	Change
Exchange rate at end of period (Yen/US$)	132.7	**141.8**	+9.1

	As of Mar. 31, 2023	As of Mar. 31, 2024	Change
Interest-bearing debt (Million yen)	403,485	**370,469**	(33,016)

TAIHEIYO CEMENT

This shows the consolidated balance sheets. I will explain only items with large increases/decreases.

On the left side of the slide are assets. Total assets at the end of the year amounted to JPY1,338.2 billion, a YoY increase of JPY69.3 billion. The most significant factor for the increase was the depreciation of the yen by JPY9.1 to JPY141.8 to the US dollar at the end of the period. The impact of this change resulted in an increase of about JPY25.2 billion.

Current assets increased due to an increase in trade receivables resulting from higher domestic cement prices, as well as due to bank holidays. The increase in non-current assets was mainly due to an increase in construction in progress resulting from renovation work at Taiheiyo Cement Philippines, Inc.

Total liabilities on the right side of the slide increased by JPY1.8 billion YoY to JPY741.8 billion. The foreign exchange effects boosted the amount by about JPY7.3 billion. Other factors contributing to the increase included the impact of bank holidays.

However, overall liabilities increased slightly YoY due to a decrease in interest-bearing debt. Interest-bearing debt decreased by JPY33 billion YoY to JPY370.4 billion. The main factor is an improvement in cash flows from operating activities.

Total net assets increased by JPY67.5 billion YoY. In addition to profit attributable to owners of parent, there was a gain of JPY18.4 billion in foreign currency translation adjustments due to the weaker yen and a gain of JPY5.4 billion in unrealized gains on available-for-sale securities due to higher stock prices.

Financial Results for the Fiscal 2024 Consolidated Statements of Cash Flows

2. Financial Results for the Fiscal 2024

(4)Consolidated Statements of Cash Flows

(Million yen)

	FY2023	FY2024	Change
Cash flows from operating activities	(268)	**140,543**	+140,812
Cash flows from investing activities	(93,344)	**(82,138)**	+11,206
Cash flows from financing activities	112,080	**(59,476)**	(171,556)
Effect of exchange rate change on cash and cash equivalents	2,048	**1,350**	(697)
Net increase (decrease) in cash and cash equivalents	20,515	**278**	(20,236)
Other	99	**39**	(59)
Cash and cash equivalents at beginning of period	50,213	**70,828**	+20,614
Cash and cash equivalents at end of period	70,828	**71,146**	+318

TAIHEIYO CEMENT

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This shows the statements of cash flows. Due to the significant improvement in profit before income taxes and a decrease in inventories, cash flows from operating activities improved by approximately JPY140.8 billion YoY to around JPY140.5 billion.

Forecast for the Fiscal 2025 《Precondition》

3. Forecast for the Fiscal 2025

《Precondition》

- The precondition for the FY 2025 forecast is as follows

	FY2024(Actual)	FY2025(Forcast)	Change
Domestic cement demand (Ten thousand t)	3,457	**3,500**	+43
Average procurement price of imported coal, etc. for domestic (C&F $/t)	210	**165**	(45)
Average exchange rate (Yen/US$)	140.7	**145.0**	+4.3

(Sensitivity: Impact on operating profit)100 million yen negative impact by 1 yen drop in foreighn exchange

《Summary for the Fiscal 2025 Forecast》

- Expect to increase in sales and profits from the previous year
- Domestic cement business is expected to increase in operating profit due to an improvement of coal prices
- Overseas subsidiaries, etc. are expected to increase in sales and profit due to a strong performance in the U.S.A.
- Depreciation expense decreased by 7.8 billion yen due to change in depreciation method (declining-balance method → straight-line method)

TAIHEIYO CEMENT

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Finally, I would like to explain the earnings forecast for FY2025. First, this shows the precondition for the forecast. Domestic cement demand is set at 35 million tons, the average procurement price of imported coal, etc. for domestic (C&F) is set at USD165 per ton, and the average exchange rate is set at JPY145 to the US dollar.

In addition, in the current year, we changed the depreciation method from the declining-balance method to the straight-line method. This will result in a decrease in depreciation expenses of JPY7.8 billion.

Forecast for the Fiscal 2025 (1) Consolidated Statements of Income

3. Forecast for the Fiscal 2025

(1) Consolidated Statements of Income

(Hundred million yen)

	FY2024(Actual)	FY2025(Forcast)	Change
Net sales	8,862	**9,600**	+738
Operating profit	564	**840**	+276
Non-operating income and expenses	30	**(5)**	(35)
Ordinary profit	594	**835**	+241
Extraordinary income and losses	(14)	**(5)**	+9
Profit before income taxes	580	**830**	+250
Income taxes	143	**190**	+47
Profit attributable to non-controlling interests	4	**20**	+16
Profit attributable to owners of parent	432	**620**	+188

TAIHEIYO CEMENT

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This shows the consolidated statements of income. We forecast net sales at JPY960 billion, up JPY73.8 billion YoY, operating profit at JPY84 billion, up JPY27.6 billion, ordinary profit at JPY83.5 billion, up JPY24.1 billion, and profit attributable to owners of parent at JPY62 billion, up JPY18.8 billion.

Forecast for the Fiscal 2025 (2) Consolidated Segment Information

3. Forecast for the Fiscal 2025

(2) Consolidated Segment Information

(Hundred million yen)

		Net sales			Operating profit		
		FY2024 (Actual)	FY2025 (Forcast)	Change	FY2024 (Actual)	FY2025 (Forcast)	Change
Cement Business	Domestic	2,951	**3,140**	+189	(14)	**150**	+164
	Overseas Subsidiaries, etc.	3,347	**3,660**	+313	341	**425**	+84
	Total	6,298	**6,800**	+502	327	**575**	+248
Mineral Resources Business		876	**960**	+84	84	**100**	+16
Environmental Business		682	**750**	+68	61	**61**	—
Construction Materials Business		734	**810**	+76	42	**50**	+8
Other		893	**950**	+57	46	**55**	+9
Total		9,486	**10,270**	+784	562	**841**	+279
Elimination		(623)	**(670)**	(47)	1	**(1)**	(2)
Consolidated Total		8,862	**9,600**	+738	564	**840**	+276

※Decrease in depreciation expenses due to change in depreciation method (declining-balance method → straight-line method)
Domestic Cement: 49 hundred million yen, Mineral Resources: 11 hundred million yen, Environmental: 3 hundred million yen, Construction Materials: 3 hundred million yen, Other: 10 hundred million yen

TAIHEIYO CEMENT

This shows segment information. All segments are expected to report an increase in sales, and no segment will report a decrease in profit.

Forecast for the Fiscal 2025 ①The domestic Cement Business

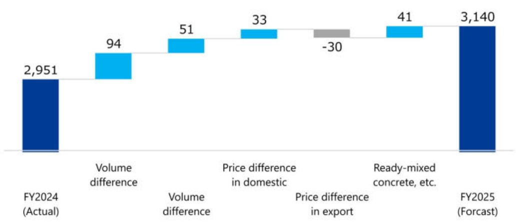
3. Forecast for the Fiscal 2025

①The domestic Cement Business

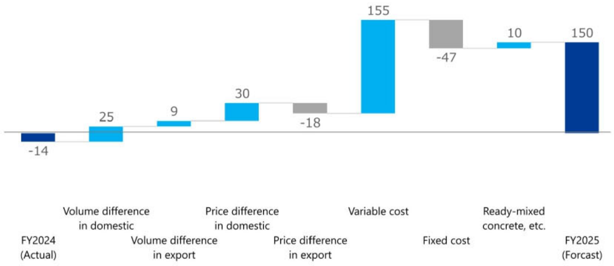
	FY2024 (Actual)	FY2025 (Forcast)	Change
Sales volume (Thousand t)			
Domestic	12,950	**13,300**	+350
Export	2,552	**3,300**	+748
Net sales (Hundred million yen)	2,951	**3,140**	+189
Operating profit (Hundred million yen)	(14)	**150**	+164

- Expect to increase in sales volume of cement and soil stabilizers due to a slight increase in domestic demand
- Expect to Increase in operating profit due to a price improvement of coal, etc.

Net Sales (Hundred million yen)



Operating Profit (Hundred million yen)



TAIHEIYO CEMENT

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This is about the domestic cement business. Domestic sales volume is forecast to increase by 350,000 tons to 13.3 million tons, while export volume is expected to increase by 748,000 tons to 3.3 million tons.

Net sales in the business are projected to increase by JPY18.9 billion YoY to JPY314 billion, and operating profit is projected to improve by JPY16.4 billion to JPY15 billion. The main reason for the increase in profit is a decrease in variable costs due to a price improvement of coal.

Forecast for the Fiscal 2025 ② Overseas Subsidiaries, etc.

3. Forecast for the Fiscal 2025

②Overseas Subsidiaries , etc.

	FY2024 (Actual)	FY2025 (Forcast)	Change	in exchange
Net sales (Hundred million yen)	3,347	**3,660**	+313	+101
Operating profit (Hundred million yen)	341	**425**	+84	+13

- U.S.A. and Asia, etc. is expected to increase in sales and profit
- The new Philippine plant is scheduled to start commercial production in July 2024

《U.S.A.》

		FY2024 (Actual)	FY2025 (Forcast)	Change
Cement (Thousand t)		6,825	**6,875**	+49
Ready-mixed concrete (Thousand cy)		6,101	**6,080**	(21)
Net sales	(Hundred million yen)	2,840	**3,008**	+167
	(Million $)	2,019	2,074	+54
Operating profit	(Hundred million yen)	390	**418**	+28
	(Million $)	277	288	+11

- U.S.A. is expected to increase in national demand by about 1.0% from the previous year, supported by infrastructure investment, etc., although a slowdown in private demand is expected
- Sales volume is expected to be similar to the previous year. However, sales and profit are expected to increase due to price increases and cost reductions

TAIHEIYO CEMENT

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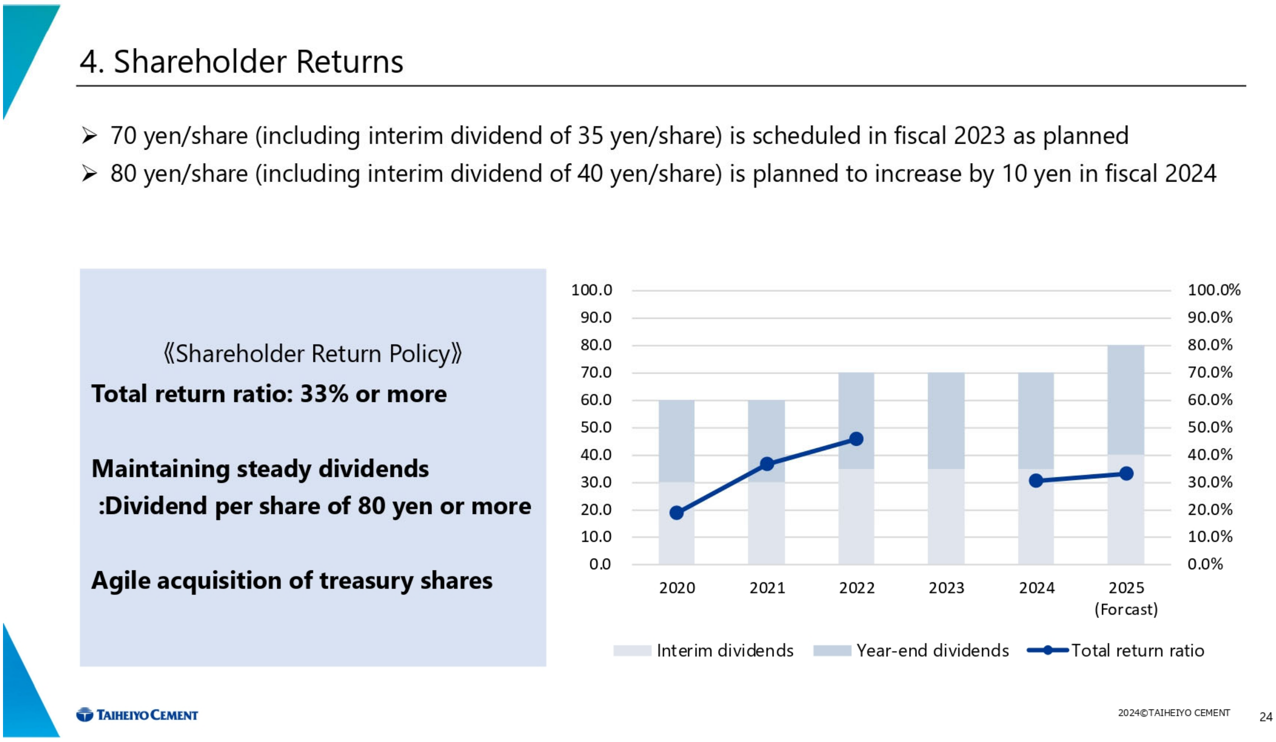
At overseas subsidiaries, both sales and profit are expected to increase in the US, Asia, etc. The new plant in the Philippines is scheduled to begin commercial production in July 2024. Net sales are projected to increase by JPY31.3 billion YoY to JPY366 billion, and operating profit by JPY8.4 billion to JPY42.5 billion.

The table at the bottom of the slide shows the forecast for the US business. Although sales volume is expected to remain flat, we anticipate an increase in both sales and profit due to price hikes.

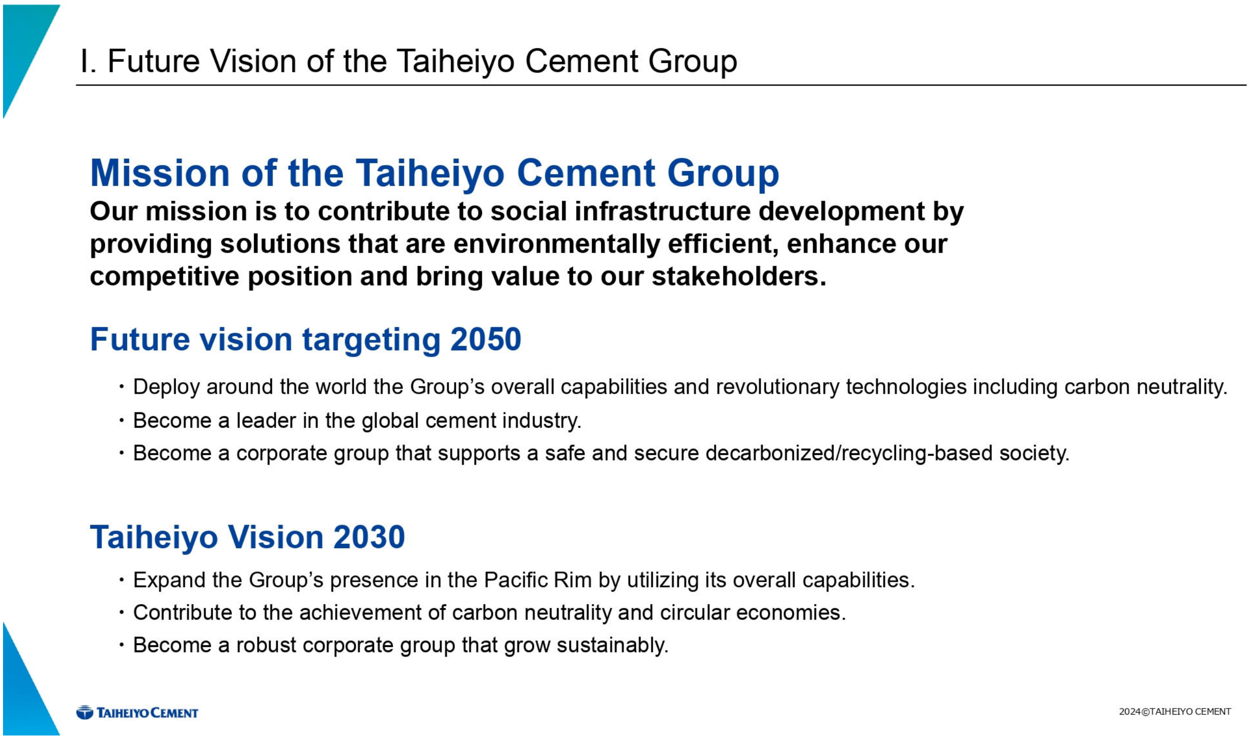
Shareholder Returns



This shows expected shareholder returns. For FY2024, the dividend will be JPY70 per share as planned. For FY2025, we plan to increase the dividend by JPY10 to JPY80 per share.

Please see the shareholder return policy on the left side of the slide.

Future Vision of the Taiheiyo Cement Group [Mission]



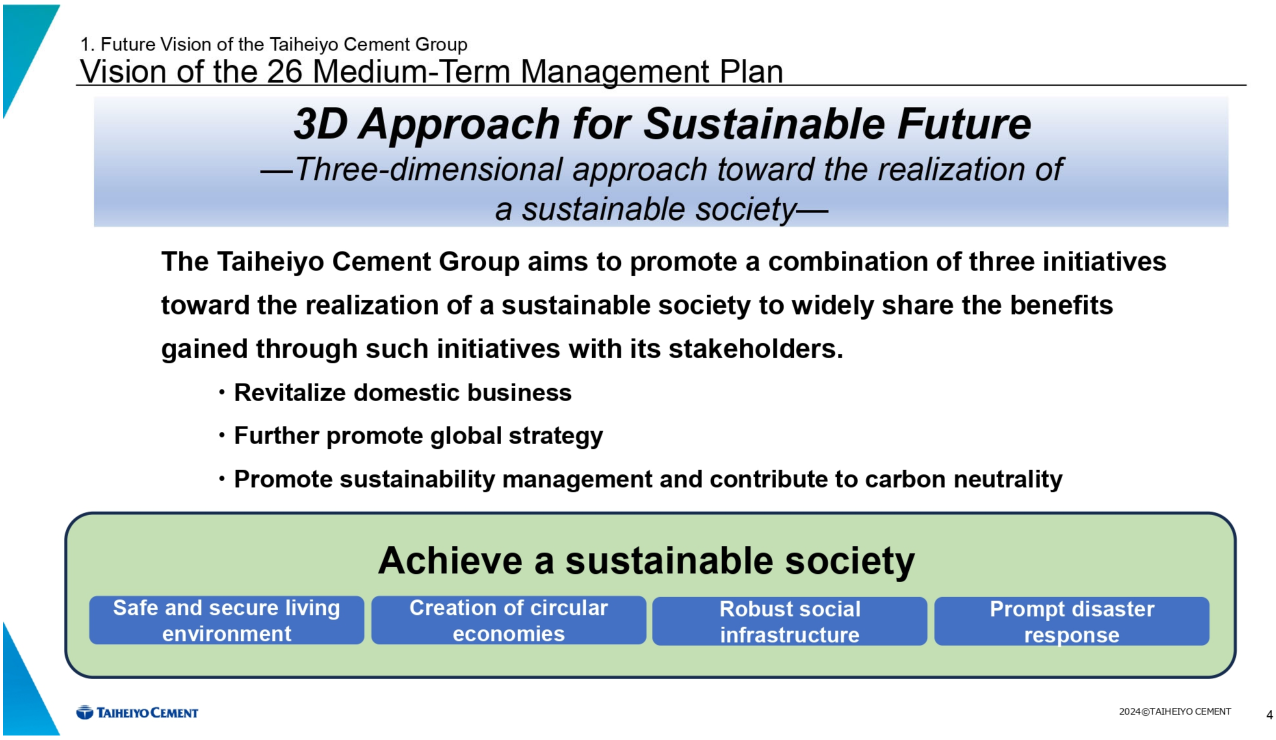
Hideaki Asakura: I would like to explain the "26 Medium-Term Management Plan."

First is our mission. 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.

Our vision for 2050 is to be a leader in the global cement industry by deploying the Group's overall capabilities and revolutionary technologies including carbon neutrality, including carbon neutral technology, and to be a corporate group that supports a safe and secure decarbonized/recycling-based society.

Backcasting from these, we created the "Taiheiyo Vision 2030," and the "26 Medium-Term Management Plan" is a concrete plan based on the "Taiheiyo Vision 2030."

Future Vision of the Taiheiyo Cement Group Vision Aimed to Realize through the 26 Medium-Term Management Plan



The basic concept of the "26 Medium-Term Management Plan" is a "3D Approach for Sustainable Future." This catchphrase incorporates the image of increasing corporate value by creating synergy among the three dimensional combination of core initiatives, namely, the domestic business, overseas business, and carbon neutrality.

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

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	◆Operating income on sales 6.4% ◆ROE 8.2% ◆Growth investments ・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 ・Green Innovation Fund Project (C2SP Kiln®) ・Upgrading of plant production management ・Development of the Shin-Tsukumi Quarry and the Toumi Quarry
Returns to shareholders	◆Steady dividend payments and repurchased Taiheiyo Cement Corporation shares ・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	◆Net DER 0.52 times ・Net interest-bearing debt 290.3 billion yen

Review

Benefits
- ・Proceeded growth investments as planned
- ・Steady progress in initiatives to achieve carbon neutrality
- ・Provided steady returns to shareholder

Challenges
- ・Strengthen the earnings capacity of domestic cement businesses
- ・Improve financial structure

TAIHEIYO CEMENT

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This shows a review of the 23 Medium-Term Management Plan. Unfortunately, we did not achieve the management target figures of the "23 Medium-Term Management Plan" shown in the table on the left of the slide for both operating income on sales and ROE.

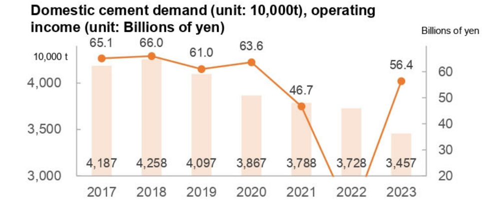
Review of the 23 Medium-Term Management Plan (2) Management Targets and Guidelines

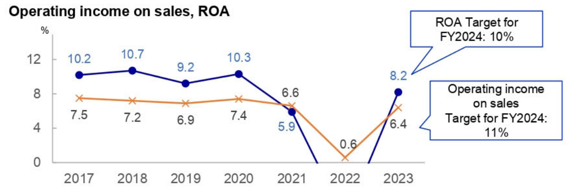
II. Review of the 23 Medium-Term Management Plan

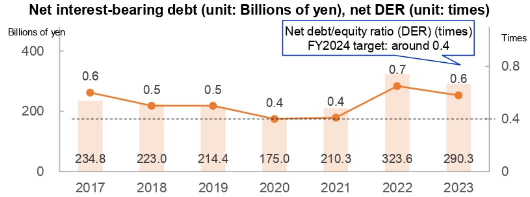
(2) Management Targets and Guidelines

(Billions of yen, unless otherwise stated)

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







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2024©TAIHEIYO CEMENT 6

With regard to shareholder returns, despite fluctuations in business performance, we were able to achieve our total return ratio, which includes stable dividends and share buybacks.

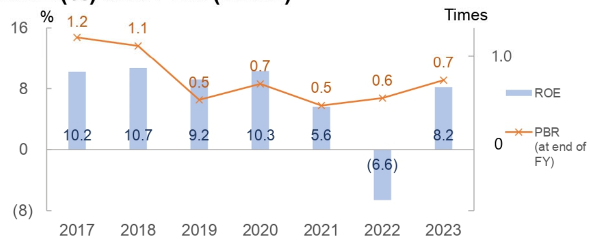
We also made good progress in our growth investments and carbon neutrality initiatives. At the same time, we are beginning to see challenges such as strengthening earnings capacity of the domestic business and improving the financial structure.

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.

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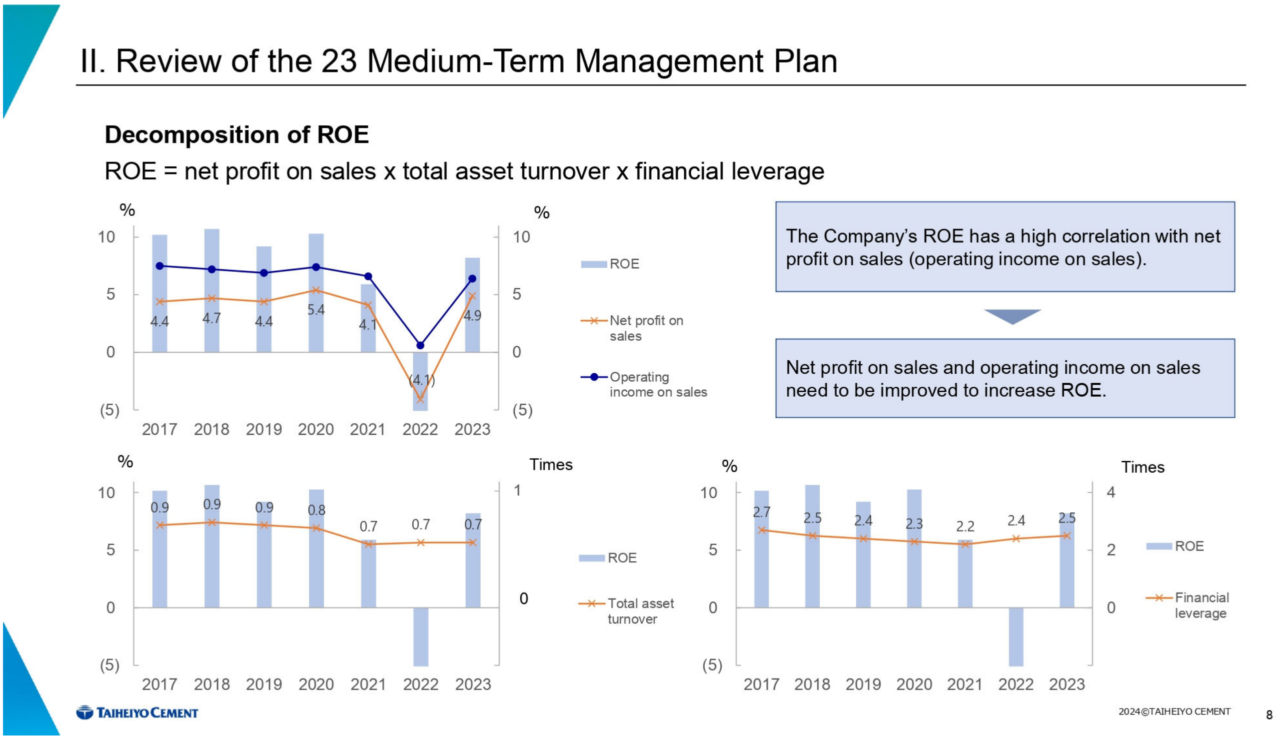
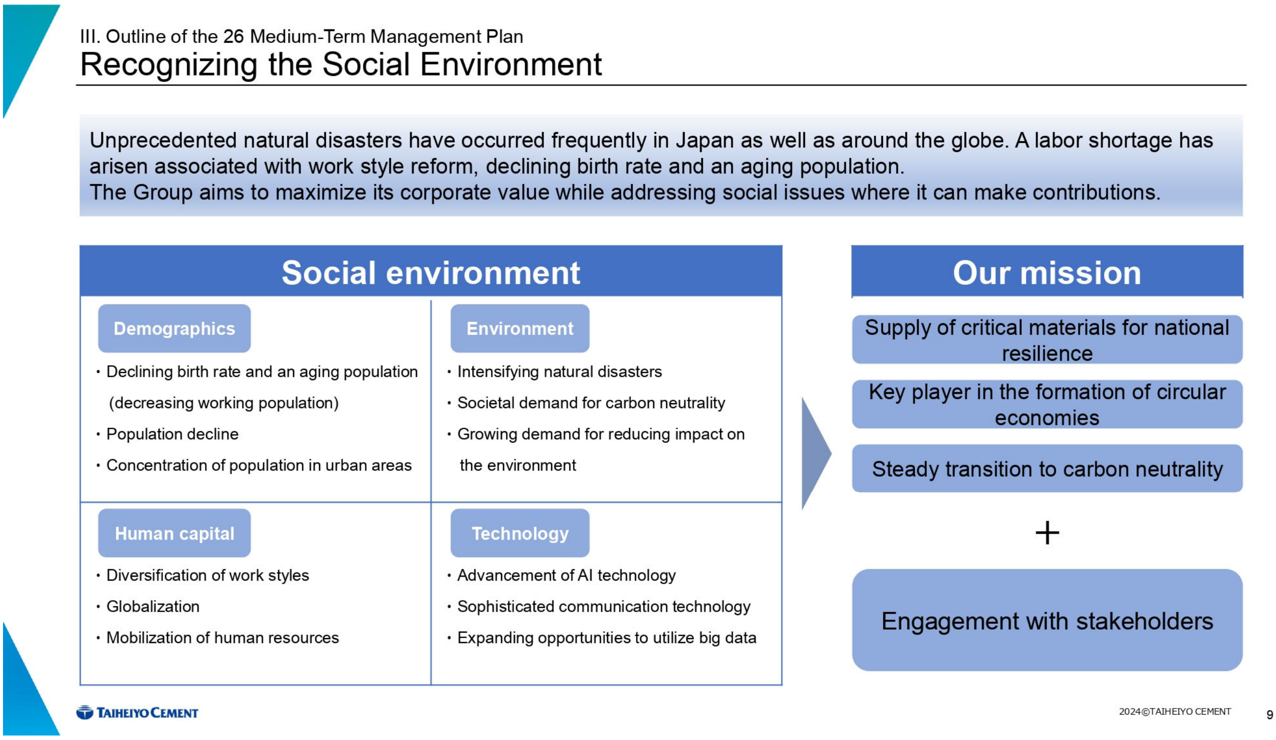
The graph below shows our ROE and PBR over the past seven years. ROE for FY2024 was 8.2%, PBR was around 0.7x recently, and our perceived cost of capital was around 8%. We will strive to improve profitability and enhance shareholder returns so that PBR will exceed 1x as soon as possible.

Review of the 23 Medium-Term Management Plan Decomposition of ROE



Please see the graph on the upper left of the slide, ROE, net profit on sales, and operating income on sales. It is clear from the graph that these three indicators are closely correlated. Therefore, we believe that increasing profitability is essential to improving ROE.

Outline of the 26 Medium-Term Management Plan Recognizing the Social Environment

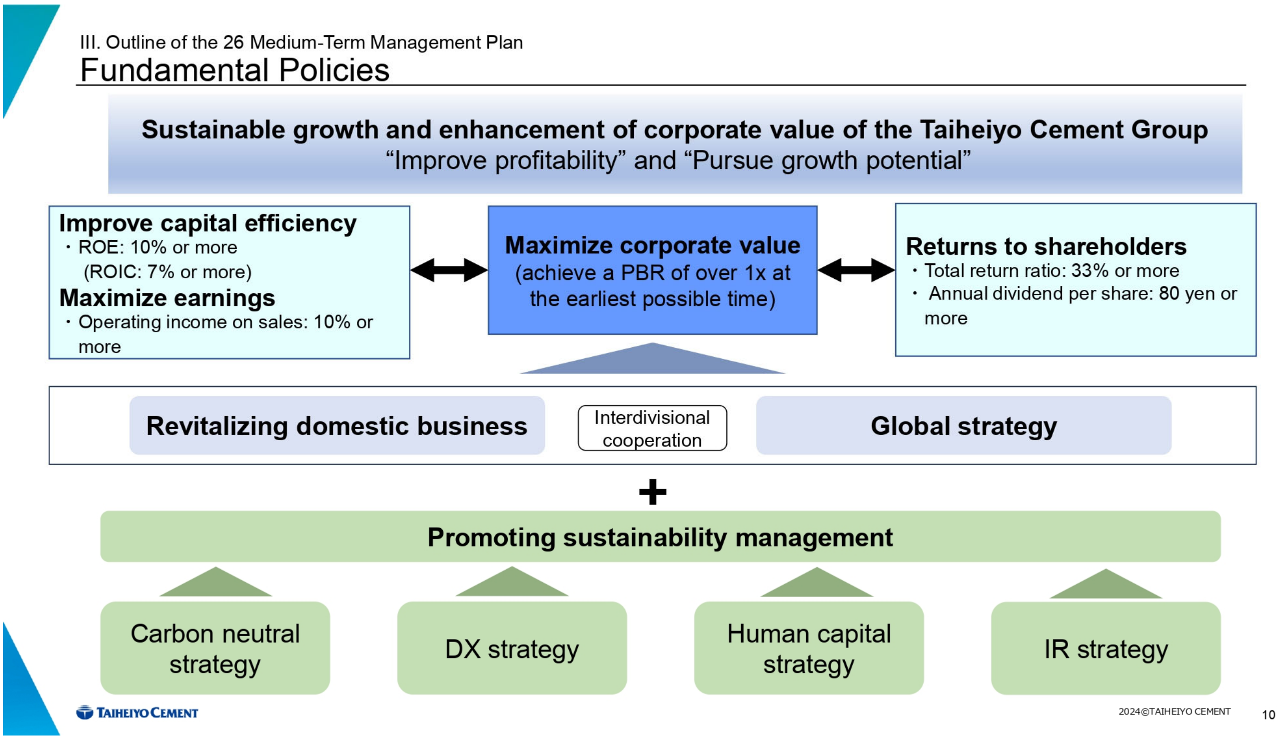


In preparing this Medium-Term Management Plan, we have summarized our recognition of the social environment and our mission in this environment.

In the social environment, there are the declining birthrate, aging society, and declining population; in the natural environment, there are intensifying natural disasters; in human capital, major changes and diversification of work styles; and in technology, there is advancement of AI technology. All of them are expected to progress during the "26 Medium-Term Management Plan."

In this context, we consider that our mission is to supply critical materials for national resilience, to be a key player in the formation of circular economies, and to make a steady transition to carbon neutrality with an eye to the future.

Outline of the 26 Medium-Term Management Plan Fundamental Policies



The basic policies are "Sustainable growth and enhancement of corporate value of the Taiheiyo Cement Group" based on the mission of the 26 Medium-Term Management Plan. The slide includes images such as management target figures and other KPIs.

"Maximize corporate value" at the center, we set the ROE target of 10% or more and the operating income on sales target of 10% or more on the left side, while the right side shows the target for the total return ratio of 33% or more, and the annual dividend target of JPY80 per share or more.

Outline of the 26 Medium-Term Management Plan Management Targets and Guidelines

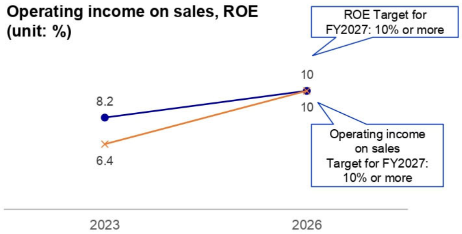
III. Outline of the 26 Medium-Term Management Plan

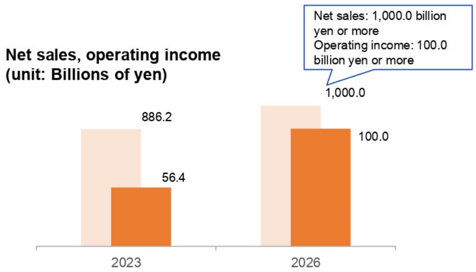
Management Targets and Guidelines

		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)

		FY2024 Results	FY2027 Target
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**





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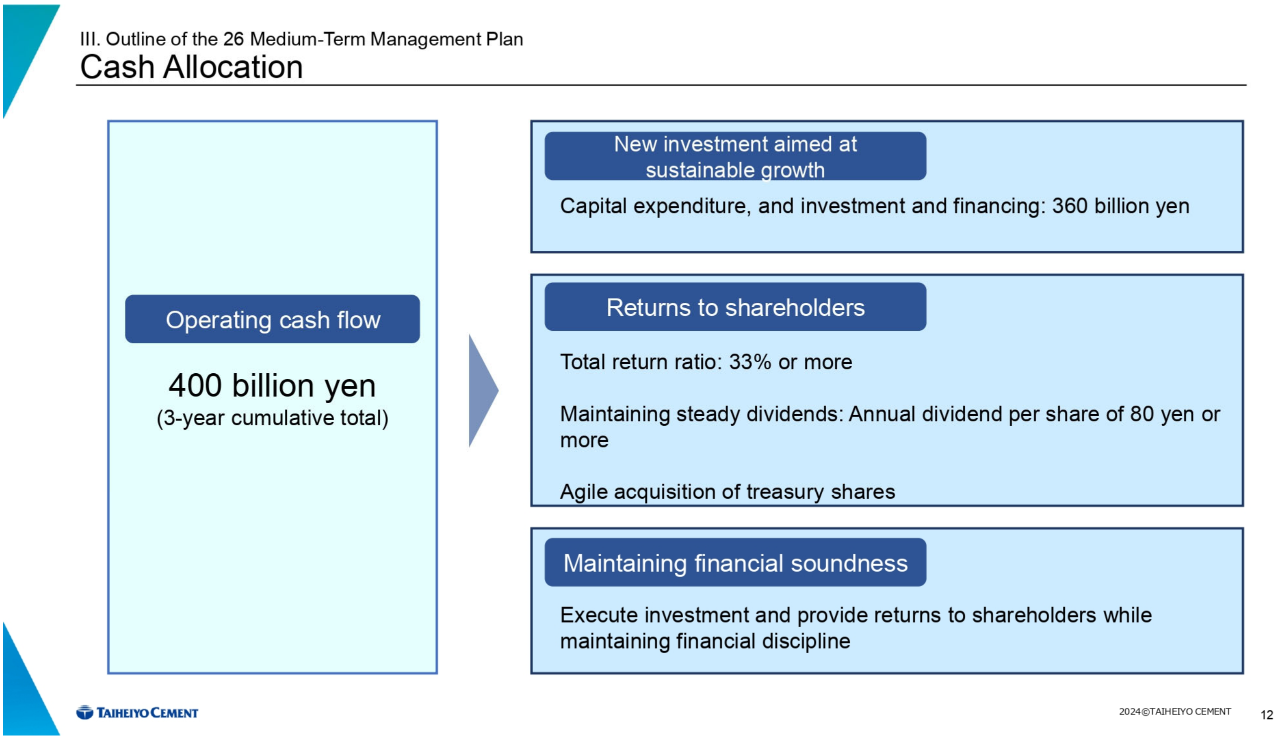
The slide shows the actual results for FY2024 and planned values for FY2027, the final year of the "26 Medium-Term Management Plan."

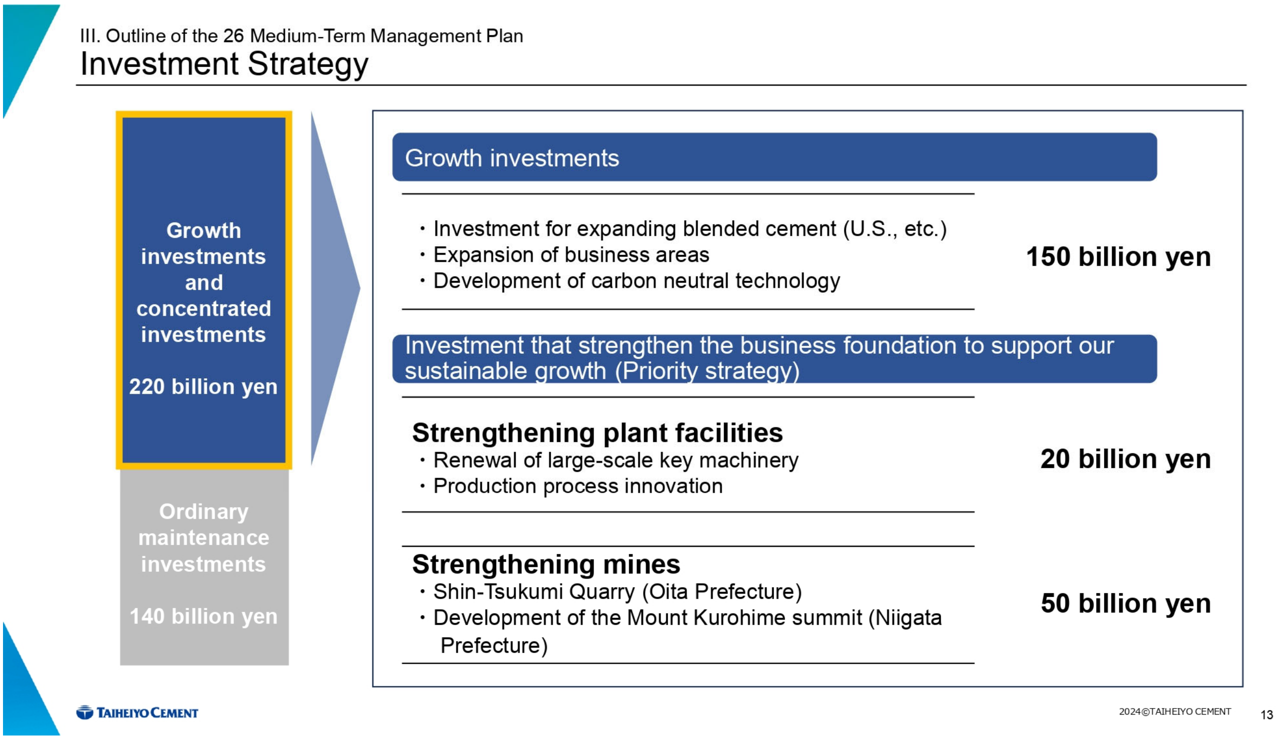
As the guidelines for achieving the management indicators in this Medium-Term Management Plan, we have set sales of JPY1 trillion or more, operating profit of JPY100 billion or more, and ROIC of 7% or more.

Outline of the 26 Medium-Term Management Plan Cash Allocation.



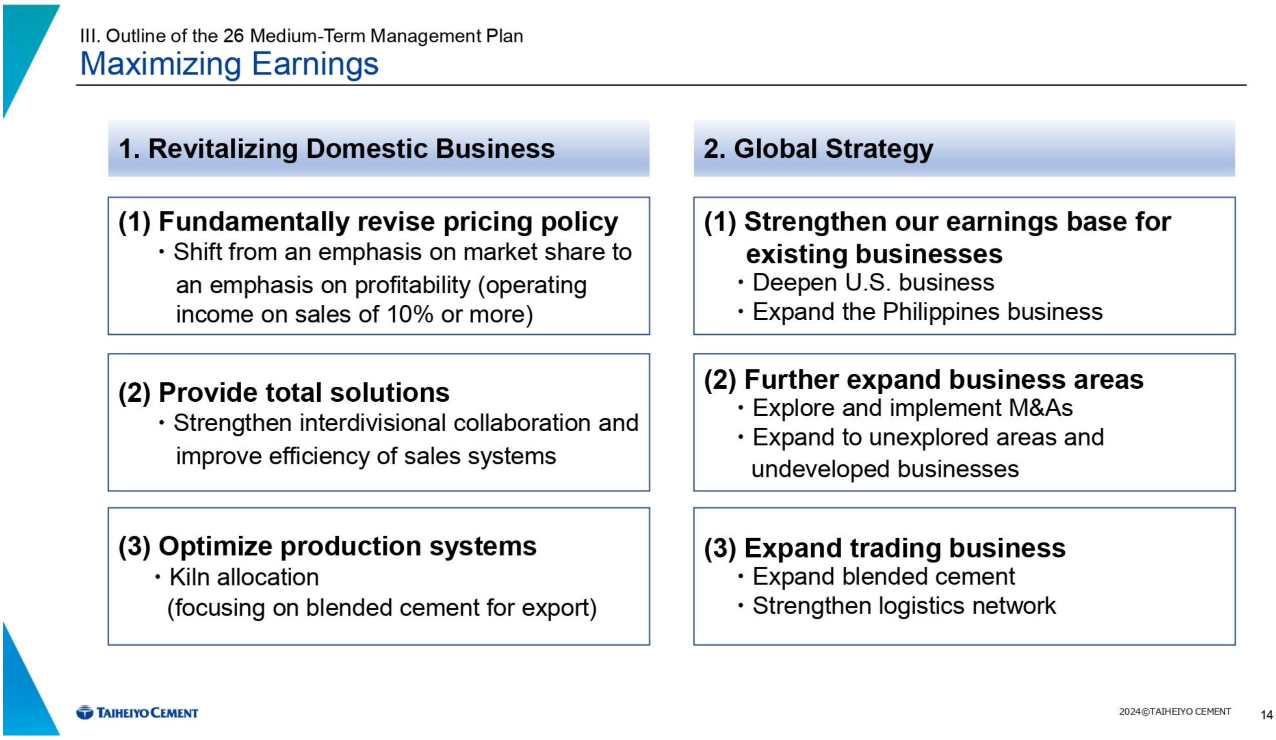
Here is our operating cash allocation policy. Operating cash flows are expected to be approximately JPY400 billion over the next three years. First, we would like to return profits to shareholders, and then allocate around JPY360 billion for investment.

Outline of the 26 Medium-Term Management Plan Investment Strategy



The following is a breakdown of the planned investments. We expect to spend JPY150 billion for growth investments, JPY20 billion for strengthening plant facilities, and JPY50 billion for strengthening mines.

Outline of the 26 Medium-Term Management Plan Maximizing Earnings



The slide shows the initiatives for generating cash flows from operating activities. First and foremost is the revitalization of our domestic business, and we have three initiatives to achieve this.

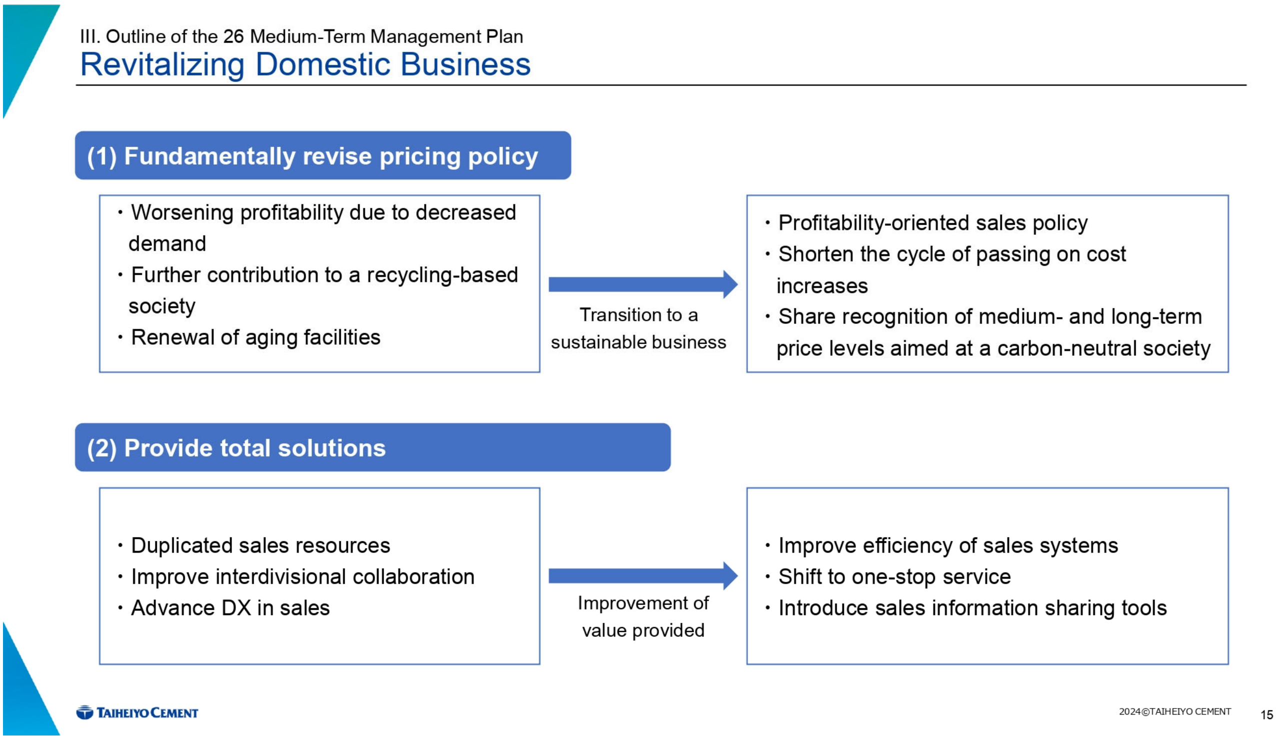
The first is to revise the pricing policy. We announced another price increase last week, and we want to ensure a shift from an emphasis on market share to an emphasis on profitability. This time, since we gave one year's notice of the price increase, we believe that we will be able to gain the understanding of our customers for the price hike more smoothly.

The second is to provide total solutions. About 70% of our customers are ready-mixed concrete manufacturers, and in many cases, they purchase both cement and aggregates from us. Therefore, we would like to specifically integrate sales activities for cement and aggregates.

The third is to optimize the production systems. We will maintain the capacity utilization rate of our domestic plants by expanding exports of blended cement, which is in demand in overseas markets.

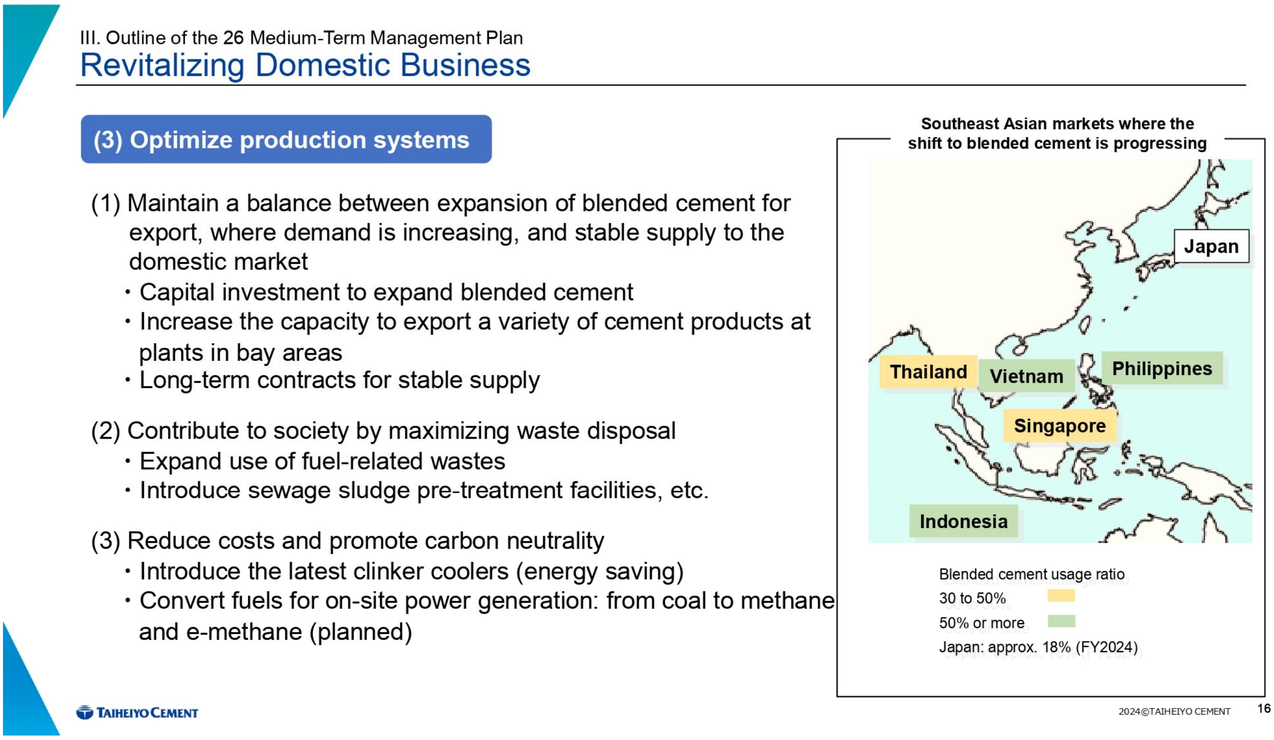
In our global strategy, we aim to strengthen our earnings base for existing businesses, explore and implement new M&As, and expand our trading business, including strengthening exports of blended cement.

Outline of the 26 Medium-Term Management Plan: Revitalizing Domestic Business



The slide shows a little more specifically what we told you in the revitalization of our domestic business.

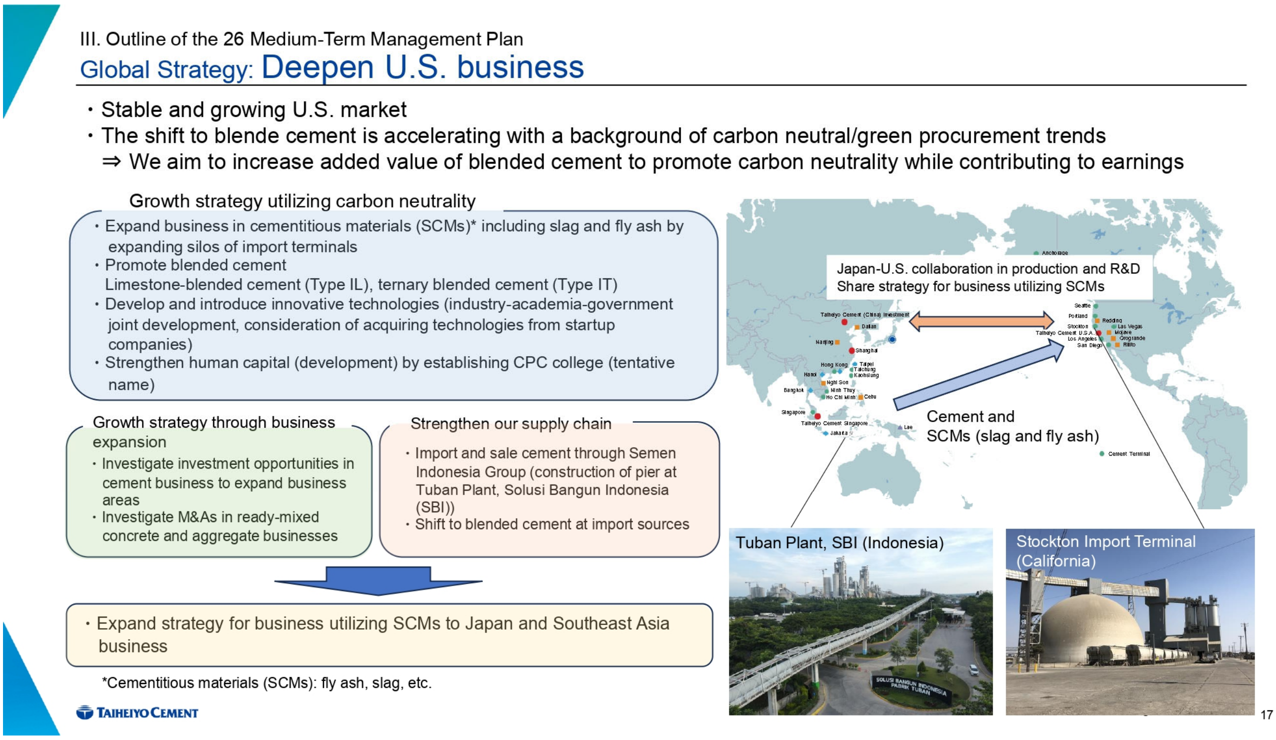
Outline of the 26 Medium-Term Management Plan: Revitalizing Domestic Business



Please see the right side of the slide. There is a map of Asian countries surrounding Japan, and in fact, blended cement is a predominant product in many of the nearby countries. We have received many inquiries from these countries about exporting blended cement, and at this point, we expect to be able to secure further earnings by utilizing waste, etc. at our domestic plants and exporting blended cement.

We believe that this approach can contribute to decarbonization because it will lead at the same time to carbon neutrality.

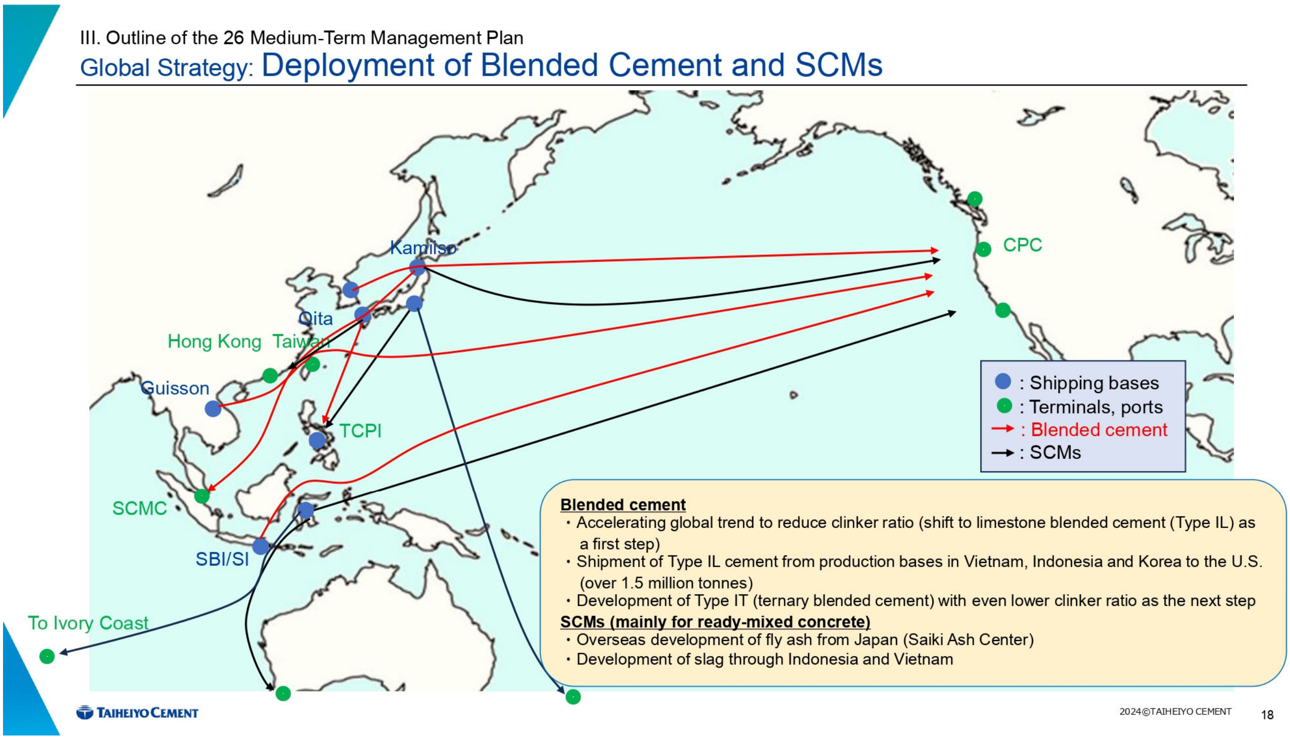
Outline of the 26 Medium-Term Management Plan Global Strategy: Deepen US Business



I will explain the situation in the US, which is at the forefront in the distribution of blended cement. Limestone-blended cement is already distributed in the US cement market. In the future, we plan to manufacture and sell ternary blended cement with an even higher mixing ratio.

We are also planning to expand silos of our import terminals in anticipation of utilizing more slag and fly ash, which are conventional mixing agents. Therefore, we intend to utilize our expertise in the production of blended cement to further promote the distribution of blended cement in the Pacific Rim market.

Outline of the 26 Medium-Term Management Plan Global Strategy: Deployment of Blended Cement and SCMs



The image of each location is shown on the slide.

Outline of the 26 Medium-Term Management Plan Promoting Sustainability Management

III. Outline of the 26 Medium-Term Management Plan

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)

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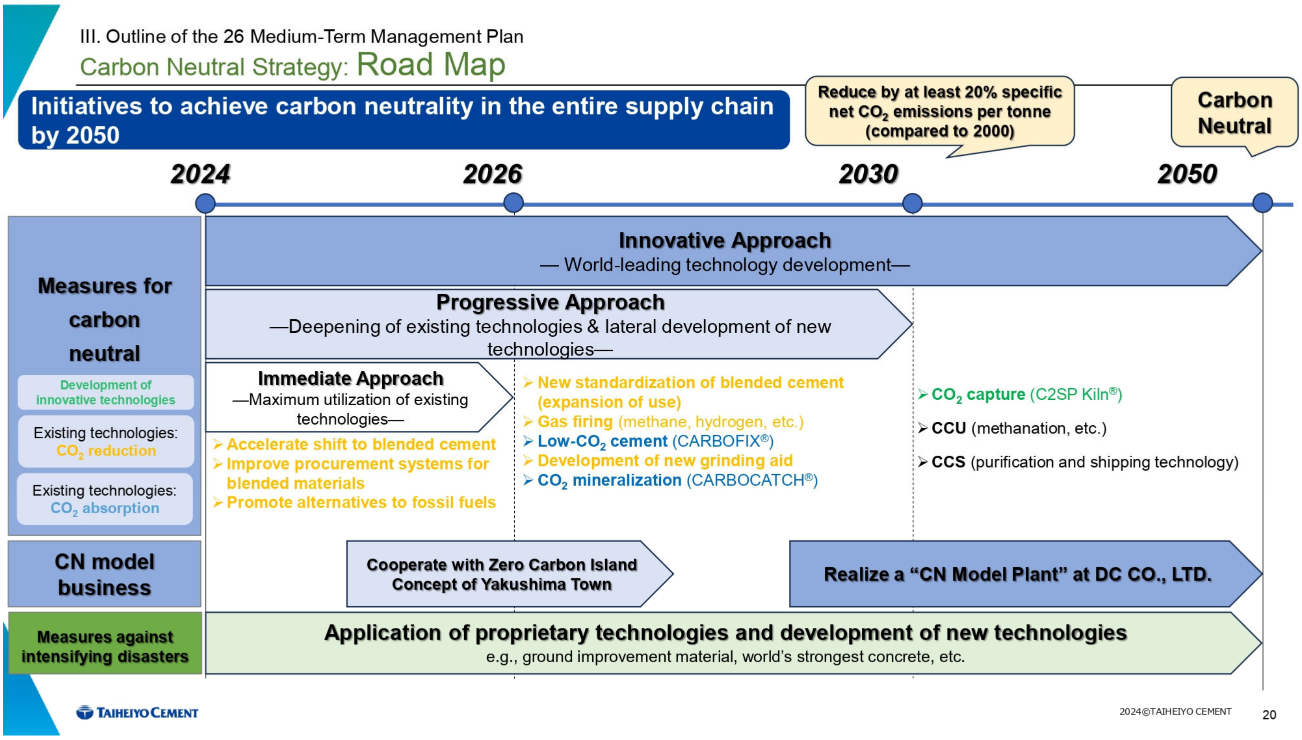
Next is about sustainability. Sustainability-related targets are shown on the slide, and I will focus on carbon neutrality in this briefing.

Outline of the 26 Medium-Term Management Plan Carbon Neutral Strategy: Roadmap



I will explain a roadmap to 2050 for our carbon neutral strategy. We have three periods on the roadmap: the period of the "26 Medium-Term Management Plan," the period up to 2030, and that up to 2050.

During the first period for the Medium-Term Management Plan, we will focus on implementing an immediate approach by utilizing existing technologies. The main content is to accelerate the shift to blended cement and promote alternatives to fossil fuel. The progressive approach phase using new technologies mainly involves the implementation of low-CO2 cement (CARBOFIX®) and CO2 fixation technology (CARBOCATCH®).

In the third phase, we would like to recover CO2 from the C2SP Kiln®, which is our proprietary technology, and begin implementation at a model plant.

Outline of the 26 Medium-Term Management Plan Carbon Neutral Strategy: Initiatives for Carbon Neutral Business (1)

III. Outline of the 26 Medium-Term Management Plan

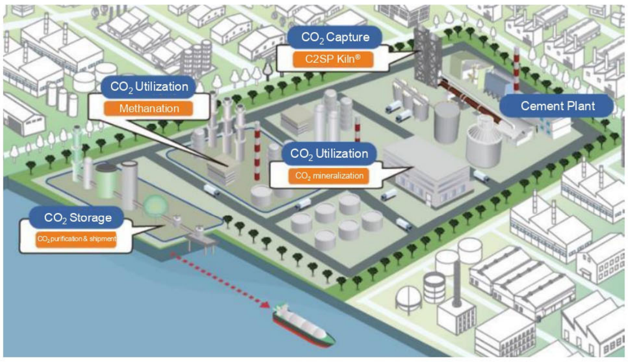
Carbon Neutral Strategy: Initiatives for Carbon Neutral Business (1)

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.)



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Here is a drawing based on DC CO., LTD.'s Kawasaki Plant, showing an image of the C2SP Kiln®, which is currently undergoing experiments in Yamaguchi Prefecture. In a nutshell, this plant improves CO2 recovery efficiency without changing the structure of the current cement plant too much. The following is an illustration of what it would look like if you introduce this system.

Outline of the 26 Medium-Term Management Plan Carbon Neutral Strategy: Initiatives for Carbon Neutral Business (2)

III. Outline of the 26 Medium-Term Management Plan

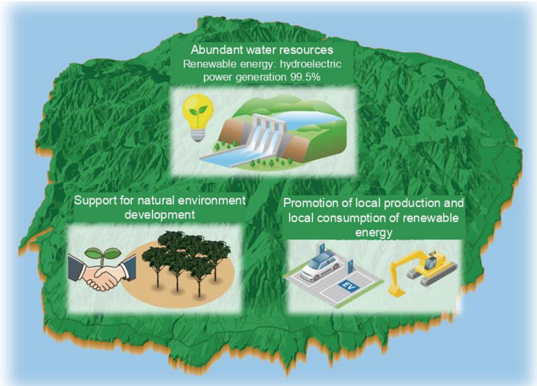
Carbon Neutral Strategy: Initiatives for Carbon Neutral Business (2)

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



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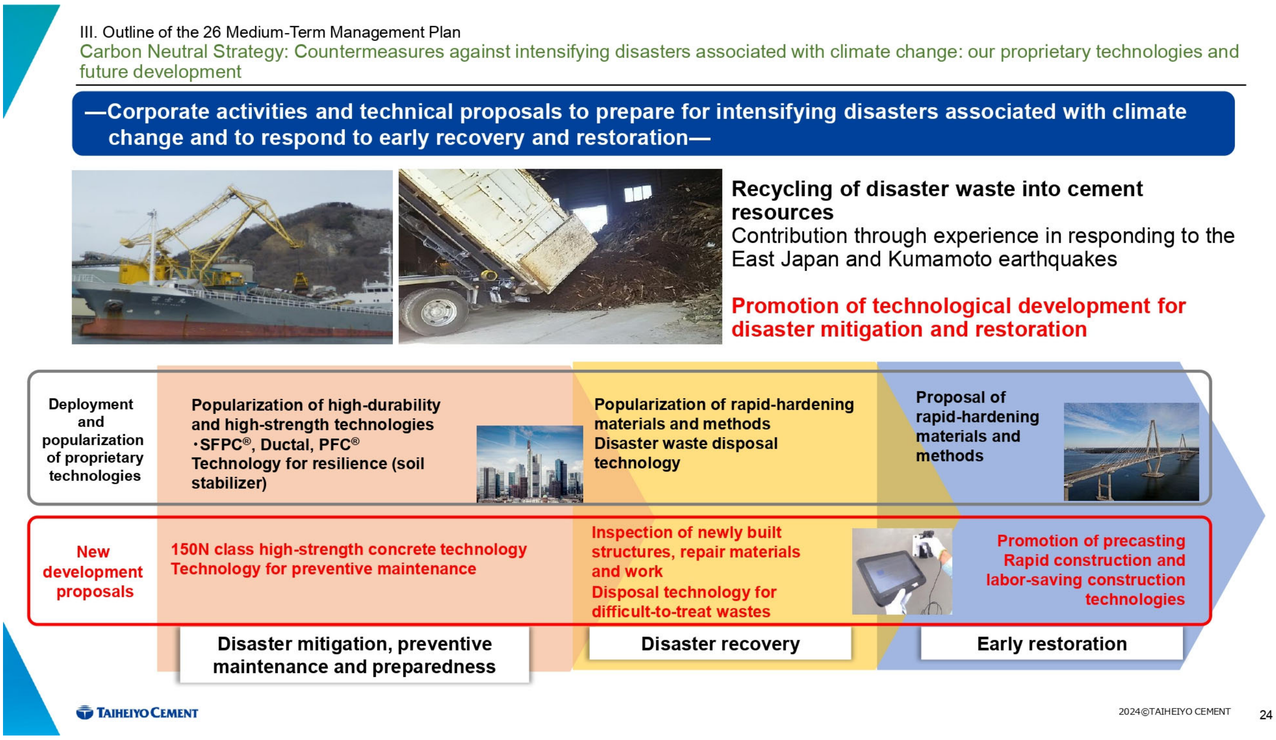
Since one of our group companies is located on Yakushima Island, we would like to cooperate with the zero carbon island concept of Yakushima. We will use hydroelectric power generation on Yakushima Island to support the development of the natural environment.

Outline of the 26 Medium-Term Management Plan Carbon Neutral Strategy: Countermeasures against intensifying disasters associated with climate change: our proprietary technologies and future development



This slide describes our proud technology related to countermeasures against disasters and restoration.

There are three levels of technology for countermeasures against disasters. The first stage is the technology for disaster mitigation, preventive maintenance and preparedness. Here, we will focus on high-strength concrete technology, which can lead to disaster prevention, and soil stabilizer technology, which can toughen the ground.

With regard to the second phase of disaster recovery, we are looking to further enhance our waste disposal technology. In the final phase, we will focus on proposing rapid hardening materials and methods and promoting labor-saving construction techniques for the earliest possible reconstruction.

Outline of the 26 Medium-Term Management Plan DX Strategy

III. Outline of the 26 Medium-Term Management Plan

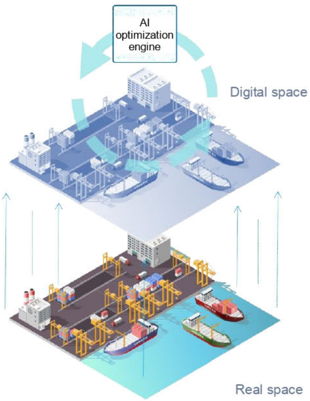
DX Strategy

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



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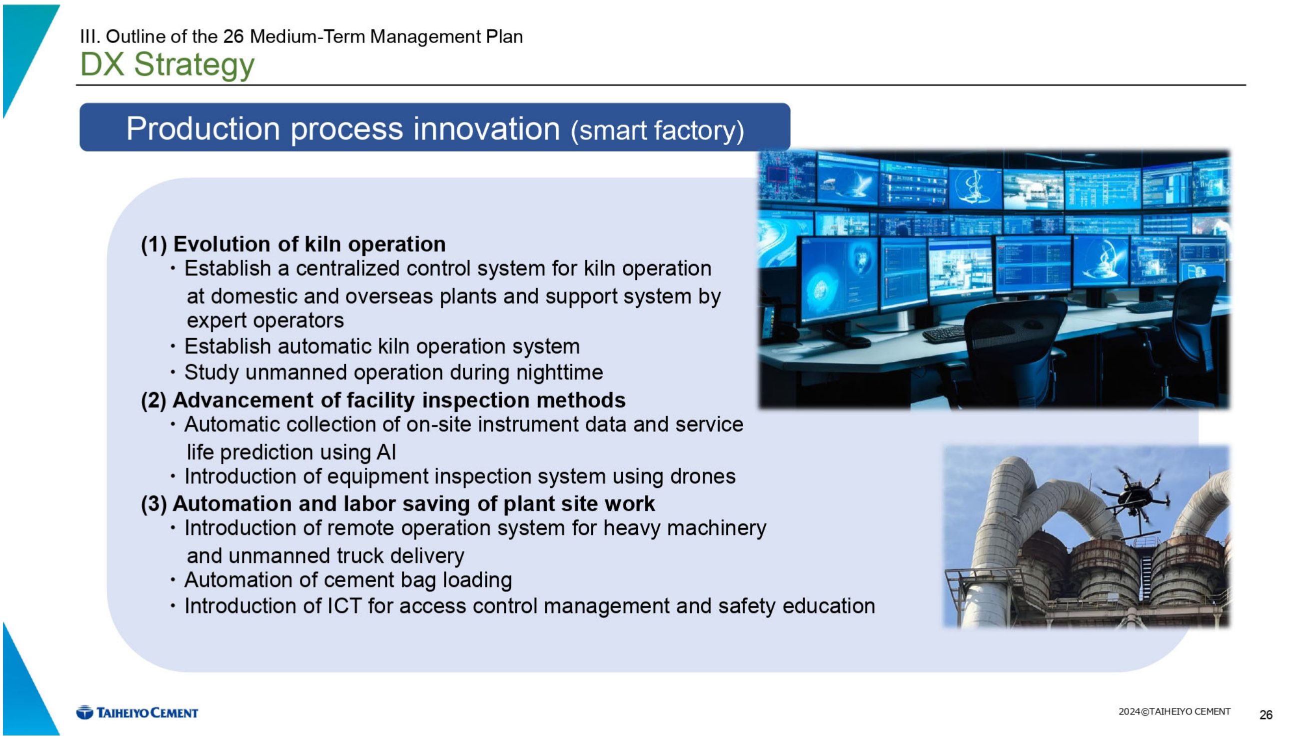
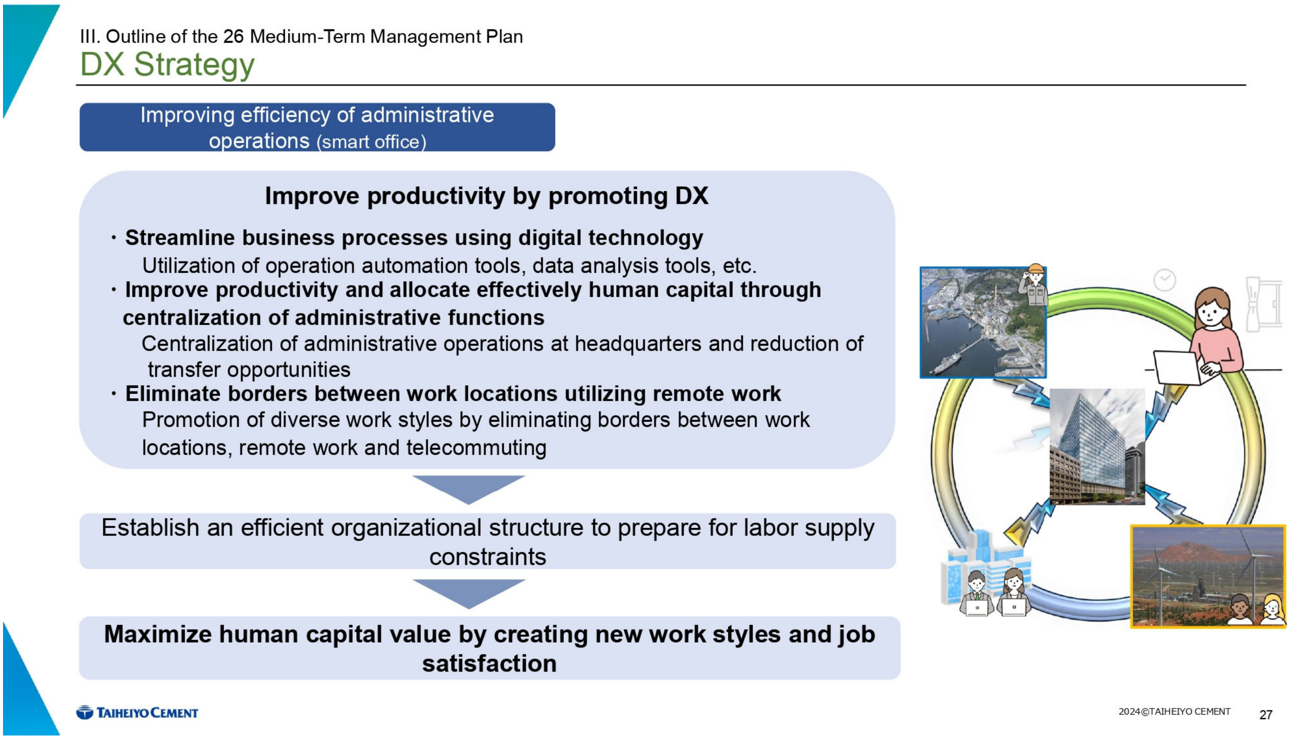
I will briefly discuss the DX strategy. As you already know, in the logistics sector, AI is being used to assign tankers and automatically dispatch trucks. What I would like to draw your attention to this time is the way DX is being promoted in the production process.

Outline of the 26 Medium-Term Management Plan DX Strategy Production process innovation (smart factory)



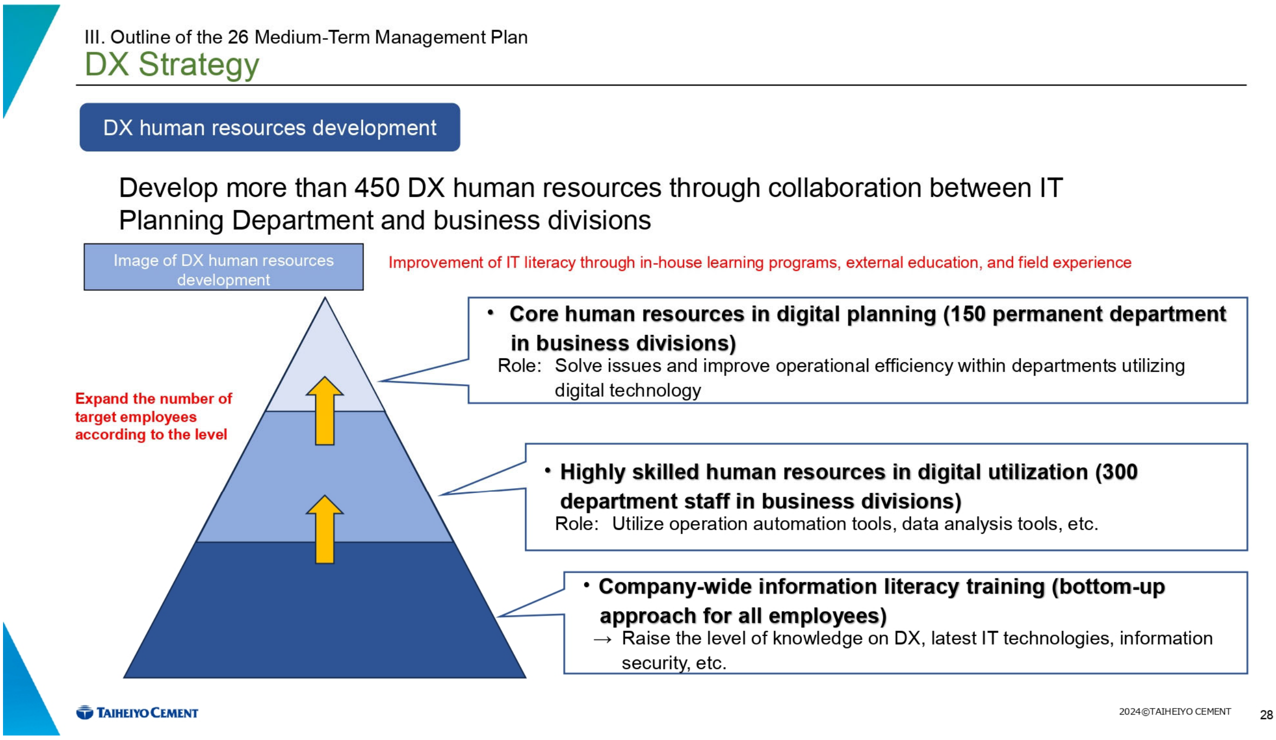
As shown in the photos on the slide, we are already looking at centralized management of kiln operations at our factories worldwide, as well as automated operation systems and unmanned nighttime operations. In maintenance and inspection, we have also started trials of drone-based inspection and maintenance and AI-based machine service life prediction.

Outline of the 26 Medium-Term Management Plan DX Strategy Improving efficiency of administrative operations (smart office)



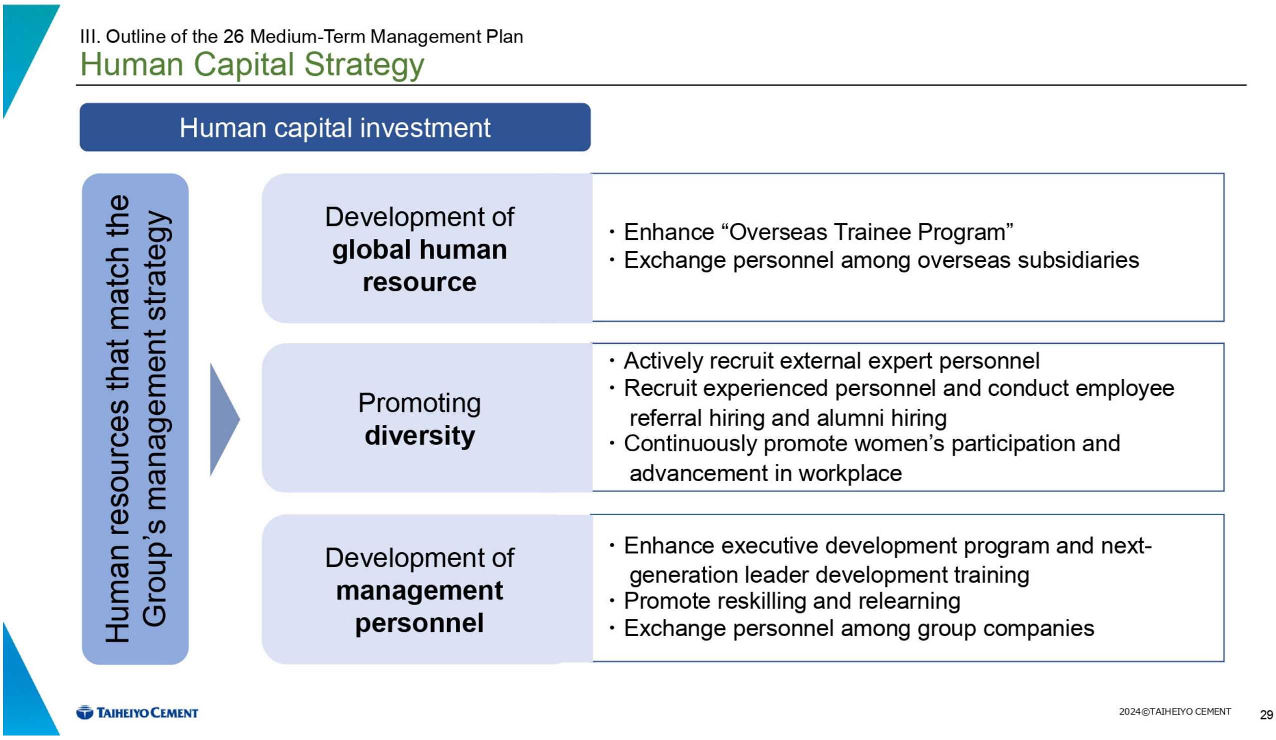
We also believe it is important to promote DX related to administrative operations. In anticipation of the declining population, we hope to provide a more efficient and enjoyable workplace through the promotion of DX.

Outline of the 26 Medium-Term Management Plan DX Strategy DX human resources development



To this end, the development of DX human resources is also essential. The slide shows the DX human resources development plan for more than 450 people.

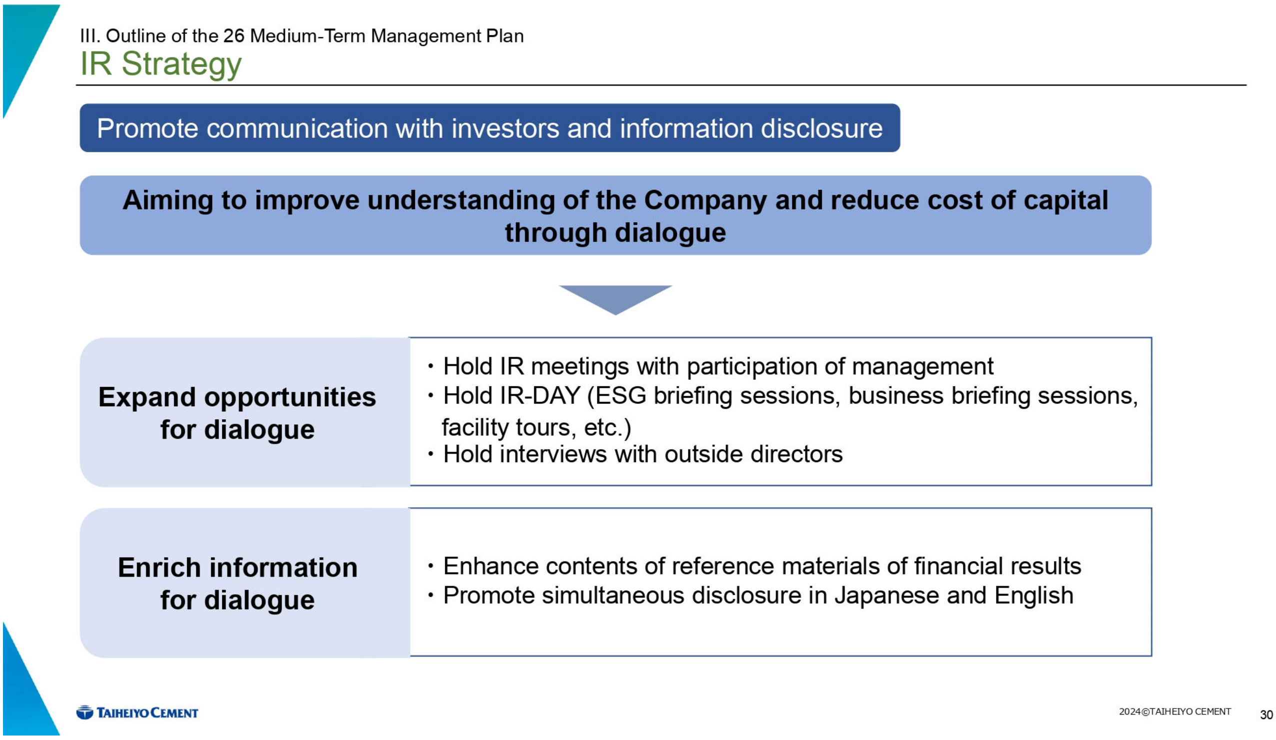
Outline of the 26 Medium-Term Management Plan Human Capital Strategy



This slide summarizes our investment plan in human capital. The development of the Company depends on its human resources for our initiatives, including the development of global human resources who will carry out the management strategies, the promotion of diversity, and the development of management personnel.

Therefore, we intend to invest more than ever in human capital.

Outline of the 26 Medium-Term Management Plan IR Strategy



Regarding communication with investors, we would like to invite them to participate in IR meetings with management, mainly financial results briefings, as well as in meetings with outside directors.

In addition, since we have many foreign shareholders, we would like to enhance our disclosure in English even more than before.

Appendix Net Sales and Operating Income by Segment

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**

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The rest is the appendix. We hope you will find this information useful as we describe our strategy for each segment.

Please note that the table on the slide reflects a JPY2,000 price hike to be implemented in the next fiscal year. The operating income target was set in light of the factors such as higher costs for coal and labor. That's all for my explanation.

Question & Answer

Q&A: Strategy to achieve operating profit target for domestic cement business

Participant: President Taura, you are quite strong in the overseas operations, but I would venture to ask you about the domestic business.

This time, you have announced a price increase of JPY2,000. I think it will be difficult to improve the profitability of the domestic business in the future unless this JPY2,000 price increase is firmly penetrated. I think this is related to the feasibility of the Medium-Term Management Plan. In addition to the JPY2,000 price hike in the domestic business, there is also the transfer of operations from Denka.

Based on these factors, what should you do to aim for operating profit of JPY35 billion, or even more, as stated in the Medium-Term Management Plan? What is your strategy, if any, in Japan?

Respondent 1: There are many things that need to be addressed in Japan. As far as Denka is concerned, they will stop cement production in the next fiscal year and we will start making everything at our plants. We recognize that there is a logistics problem and that it must be addressed reasonably at existing service stations and other locations.

Of course, there are numerous cost issues. The costs may rise partly and may be controlled partly, and the last issue that needs to be addressed is the price pass-through to obtain reasonable profits. We have come to this decision because we believe that it is inevitable, even if it is not the only means.

Participant: Am I correct in assuming that the way you are responding to price increases has changed considerably from what it used to be? What should we consider regarding the degree of penetration, etc.?

Respondent 1: Until now, we have only asked for price increases to cover our costs, but this time we are proceeding with the price shift against the backdrop of not only the objective of stabilizing quality and supply, but also of improving profitability to continue our business and earn appropriate profits.

However, it is a difficult situation, not to say that the survival of the Company is at stake. Therefore, I believe that we must have a domestic cement business that can make money and invest in its own domestic projects. We would like to do our best from this perspective.

Respondent 2: I would like to add something. I think what we must now aim for is total solutions.

For example, if the construction cost is JPY100 million, how many tons of cement are used and how much is the cost? It is said to be 2% or 3%, including ready-mixed concrete.

A 5% increase in steel and labor costs, which account for a very large portion of the non-cement costs, is about the same as a 50% increase in cement cost. Each company is working hard to build a system that will accept all of them.

Under these circumstances, what we must now aim for is to provide high value-added services in three very important factors: quality, cost, and supply capability.

The total solutions we are now promoting mean that we can supply not only cement but also aggregates and provide services in human resources training.

Although human resources education is not mentioned on the slide, we are discussing how to train ready-mixed concrete technicians and truck drivers for logistics.

What we are aiming for is the total solutions, where "if you ask Taiheiyo Cement, we can provide you with all the materials for concrete, we will not be delayed in terms of logistics, and we can also provide you with sufficient training for ready-mixed concrete technicians.

I think it is important to take the viewpoint of building and offering the benefits of a long-term relationship with customers in this way.

Participant: If so, is it correct to think that you will aim to provide the total solutions, which you envision based on human resource development, supply chain stabilization, prices, etc.?

Respondent 2: You are quite right.

Q&A: Growth prospects for the US business.

Participant: Regarding the overseas cement business, the Medium-Term Management Plan projects operating profit of JPY45 billion for fiscal 2027, but the plan for the current fiscal year 2025 is JPY42.5 billion, so your plan is for an increase of only JPY2 billion to JPY3 billion during this period.

However, President Taura's rather strong comments earlier mentioned that demand will grow in Southeast Asia and the US as well.

Given this situation, we believe that there is more growth potential for the overseas business. Can you tell us a little more about the potential of your overseas business?

Respondent : I think you have a point. As for the US, what we are trying to work on is the construction of terminals, with the expectation that the business will still grow. We are planning to build two 20,000-ton terminals from which we will handle slag, fly ash, and supplementary cementitious materials, or SCMs.

We are thinking that this will encourage the use of blended cement, which is progressing rapidly over there. However, since the construction of these terminals will take time, there is a prospect that results will be seen in the final year of the Medium-Term Management Plan.

In the Philippines, we are trying to build a terminal on Luzon. We see Luzon as an island with much growth potential.

While there are plans to move forward with preliminary work for the construction, it may be to the next medium-term management plan that it will actually make a significant contribution. The 26 Medium-Term Management Plan only includes the projections that we are able to achieve some results in the final year, and I believe that such moderate projections may appear to lead to insufficient profits.

Participant: In other words, should we assume that the 26 Medium-Term Management Plan does not fully incorporate the results of terminal construction, etc., even though you won't say it is a conservative plan, and that there is a possibility that the results will gradually blossom from the next Medium-Term Management Plan?

Respondent 2: You are quite right.

Q&A: Rationale for growth investment plans in overseas operations.

Participant: Regarding the investment strategy, there are growth investments and priority investments, and the growth investments are set at JPY150 billion. What is the background behind setting this amount? Can you tell us the rationale for your growth investment plans in overseas operations, including whether there is any upside from M&As in the US, which you have been doing for the past two years?

Respondent 1: As President Taura mentioned at the beginning, and as you mentioned, we expect to add terminals and others in the US. In addition, we are considering the possibility of downstream investment in

California, such as aggregates and ready-mixed concrete, as we expanded the operations into other areas, although we are aware that there may be antitrust issues.

The US is in that situation, and we are also considering expansion measures in Southeast Asia, Oceania, etc. There are still a few of blank spots for our operations in Southeast Asia. We will naturally target these areas in the future, and we would like to be proactive in the Oceania region as well, if we find good projects there.

In this sense, there is still room to add to this JPY150 billion. This breakdown includes a certain amount as one large group.

Respondent 2: Since you would like to hear a breakdown, I will give you a rough image. Regarding investment for the expansion of blended cement, I hope you can see it as about JPY20 billion for terminals, etc., which the President mentioned earlier, about JPY20 billion for the development of carbon neutral technology, and the rest for the expansion of new business areas, such as M&A projects.

Q&A: Use of funds in the event of cash inflows on the Medium-Term Management Plan.

Participant: My question is about cash allocation in the Medium-Term Management Plan. The slide shows cash outflows against cash flows from operating activities, but if there are cash inflows from the sale of non-core assets or cash flows from investing activities during the Medium-Term Management Plan period, how would you consider using the funds? Please let me know this to the extent possible.

Respondent 1: Of course, our first priority is to return profits to shareholders. As stated on the slide, we will ensure a total return ratio of 33% or more, based on the assumption that the dividend per share will be JPY80 or more, and we will execute share buybacks in a flexible manner as needed, while recognizing that we must also maintain our financial soundness.

Respondent 2: The intent of the Participant I am guessing is, "Isn't the dividend payout ratio low?" Or, "JPY400 billion minus JPY360 billion leaves the Company with only JPY40 billion, which is a little insufficient for their annual dividend cost of slightly less than JPY10 billion."

Of course, the previous Medium-Term Management Plan had a target total return ratio of "around"33%, but the tone here was weak, so we added "more than" to indicate our commitment to "do at least this much."

Of course, we are not completely satisfied with these operating cash flows of JPY400 billion, and we would like to raise them further, including through share repurchases. While the timing of your investment is also a factor, I would like to add that our first priority is to return profits to shareholders.

Respondent 3: In our plan, if we actually spend JPY360 billion based on a total return ratio of 33% or more, JPY400 billion would probably be not enough. However, as I mentioned earlier, when there are extraordinary gains, etc., they can of course be allocated here. Of the JPY150 billion to be invested in growth, we believe that the portion that has not been fully used over these three years will be used as a resource for returning dividends.

Q&A: Capacity for Shareholder Returns

Participant: Thank you very much for your very academic explanation at the beginning. Since we are in the midst of the earnings announcement season and it is not easy to understand the detailed situation, we would appreciate it if the IR staff could hold another briefing session like the one on the overseas business, including the content of your previous discussion, focusing on blended cement.

What I am really curious about is the price hikes and shareholder returns. As you mentioned earlier, the previous Medium-Term Management Plan stated that the "three-year average of around 33%" was the target. This time, you replaced it with "33% or more." However, only the figure "33%" is rooted in market players' minds, and they have the impression that there is no difference between the two.

Considering the possibility of changing that mindset, do you judge it is a bit premature in setting a figure such as 40% or 50% of total returns, which is generally accepted, instead of "33%," considering the time when your company needs to promote investment for growth and your balance sheet?

Respondent : We plan to spend most of our operating cash flows on the growth investment plan worth JPY360 billion. We still have much to do, including overseas. There are many things I cannot talk about, but I still think that now would be the time to "put the money there."

However, as I mentioned earlier, I recognize that the 33% "or more" will probably be lost in your perception and you will think, "What, just 33%?"

As for that, as we did last year, we are of course thinking of putting the unused amount into share buybacks if we think it is an opportunity.

Q&A: Regarding the nuance of indicating the dividend amount as "JPY80 or more"

Participant: I think the dividend increase is a wise decision, as your company is probably aware that you have a large number of shares outstanding. On the other hand, how should we accept the amount of "JPY80 or more" here? Can I draw an image of a transition from JPY80 to JPY90 and to JPY100 over the three years? Or is it better to understand that you consider the cash flow situation at the time while keeping the base of JPY80 as a lower limit?

Respondent 4: The latter. Our story has always been that we always follow what we once told you. After we used to keep the amount at JPY70, from this time on, we are thinking of "JPY80 or more" as meaning "at least JPY80." Beyond this, we are now beginning to discuss within the Company that, although the nuances will be different, we still have to consider things like DOE.

Respondent 2: We have discussed this point quite a bit. After all, increasing PBR is a very big issue, so we raised the question, "What shall we do?" There are two major policies in that.

One is to increase the return ratio or dividends and become an attractive company. The other policy is that we must achieve more significant growth.

We are in a situation of recovery, or revival, but not of significant growth in Japan. In the US, we are getting on track to some extent, but not yet in Asia.

We are not enough yet to grow the Asia business sharply and bring its position close to the US and Japan, so we would like to prioritize the use of our funds for this growth area.

Q&A: Domestic cement prices (1)

Participant: This is about your domestic pricing policy. All along, you have commented that "we will come up with a fair, transparent, and firm pricing policy in the new Medium-Term Management Plan and make it permeate the market." Based on this, am I correct in understanding that your company's response at present is to raise the price as shown in the notice?

Respondent 2: That is the way we are considering now. The other is that we have a desire to establish that based on a fixed-term contract.

I am not sure if it is correct to call it a notice price increase, but I imagine that we ask the customers to prepare in advance and tell them that we will ask for a price increase as of such and such a date, and that this is a contract for the next one year.

We do not know if the next measure will be a price increase or a price decrease, but we think the two points are different in the sense that we would like to conclude the next contract again for a fixed period of time.

Participant: Is that a one-year period?

Respondent 2: At this stage we see this as a one-year contract.

Participant: I understand.

Q&A: Domestic cement prices (2)

Participant: In your explanation regarding the JPY2,000 increase, I believe you are correct that it is necessary "for business continuity." I also think the President is right when he said that you must promote profitable carbon neutrality. However, considering the increased cost of carbon neutrality compliance, it will probably not end with simply saying, "We have raised the price by JPY2,000 this time."

In your integrated report, you mentioned that if you work on the current C2SP Kiln® and others, you would need to invest JPY100 billion per kiln, or as much as JPY2 trillion for the entire domestic group alone.

Is there any means of giving notice, such as, "Looking into the future, this is how much costs are expected to increase," or "10 years from now, this is how much they will be?"

This would help spread your stance that "this JPY2,000 increase is not the final one" and provide an opportunity for the industry to get involved and for your company to move more smoothly. In short, from the way it is now, you will be asked, "Why JPY2,000?"

Your company has not been very successful in implementing the coal surcharge system. Your most recent surcharge was in the JPY400 range. In that sense, I understand that you have to do it, but how about explaining that cost story a little further to penetrate your intentions?

Respondent 2: I appreciate your points and advice, but we are still in the demonstration stage of carbon neutrality, so the cost is not yet clear. Even if achieving carbon neutrality costs more than you imagine, the prices cannot reflect all the costs.

So we have not yet included a price hike for carbon neutrality because we are currently in the research phase and it is only R&D expenses. Under these circumstances, should all carbon neutral costs be reflected in the prices?

A different form of business may be occurring at different times, and it may be possible to recover from the sale of the intellectual property of the carbon neutral technology. We do not even know in what form a new business will be born. For this reason, we would be grateful if we could do what you mentioned, but it is difficult to take the step at this stage, and we would appreciate your patience.

Respondent 5: On page 15 of the Medium-Term Management Plan document, in the right frame of "Revitalizing Domestic Business (1)," we described, "Share recognition of medium and long term price levels aimed at a carbon neutral society," which is exactly what you just mentioned.

For example, if we proceed with the C2SP Kiln® project at the DC CO., LTD.'s plant, we assume that it would cost about JPY125 billion. Dividing this by 700,000 tons of production, the selling price of cement would be about JPY50,000, which is about four times the current price of cement.

We will send out information on the cost of a full carbon-neutral project in some form or another, and for the time being, we will promote the use of blended cement.

Naturally, general contractors asked, "Do you have any cement complying with the carbon neutral standards?" I think it is necessary to send out some form of information to them, saying, "It will actually cost that much if you deal with the problem," like imprinting, though this may be inadequate wording. The policy is written on page 15 in this regard.

Respondent 1: I think you make a very good point, but if you look at the current carbon neutral initiatives in Japan and around the world, they stressed at first the need for very challenging hard work for innovation. For example, I think the hydrogen reduction of steel is one such example, but such talks are progressing rapidly.

We, too, have been hearing more and more about wondering if this C2SP Kiln®, which is an unprecedented innovation, can really be done. Each company has a different way, but I have heard some examples that what was initially described as a very catchy topic has been reaffirmed as "greenwashing."

In such a situation, we are now thinking about a breakdown of each buildup as we really have to take one earnest step.

Therefore, implementing C2SP Kiln® in all the kilns in the Group would require a huge investment amount, but after building up methods such as "No, we will use this kind of blended cement for about 30% of the work here," or "We will proceed in a different way for this," or "We will use low-grade coal for this," and so on, eventually, there may be a case in which "Sorry, we can only reduce CO2 emissions by only 50%," in the end.

If we say the price now, we may commit to saying that we are going to do 100% carbon neutral, so we would like to have more time to discern that.

It is our policy to do our initiatives absolutely. However, as time is limited and the deadline approaches, it is difficult to say by which date we will be able to commit ourselves 100%.

Therefore, I think we should negotiate how to reflect this in the prices as a more realistic discussion, while keeping an eye on the situation.

Looking at how the world is moving, while many countries are saying by 2050, China is saying it will achieve carbon neutrality by 2060.

While looking at such global, Japanese, and other companies' movements, we must ask ourselves, "What is it that we can really work on?" and "How long will it take?" We need to commit ourselves to such problems. In the process, I believe we will understand how the costs and prices are reflected.