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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 12, 2024

Company name: TAIHEIYO CEMENT CORPORATION

Listing: Tokyo, Fukuoka

Securities code: 5233

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

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Scheduled date of filing semi-annual securities report: November 13, 2024

Scheduled date of commencing dividend payments: December 3, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (For Analysts and Institutional Investors)

(Yen amounts are rounded to the nearest million.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2024	443,676	6.0	36,389	105.0	35,371	75.8	30,192	121.7
September 30, 2023	418,555	11.3	17,752	-	20,116	-	13,617	-

(Note) Comprehensive income: Six months ended September 30, 2024: 71,113 million yen [58.3%]
Six months ended September 30, 2023: 44,932 million yen [93.1%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2024	Yen 261.22	Yen -
September 30, 2023	116.25	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2024	Million yen 1,392,300	Million yen 662,983	% 45.1
March 31, 2024	1,338,251	596,385	42.1

(Reference) Equity: As of September 30, 2024: 627,869 million yen
As of March 31, 2024: 563,211 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	35.00	-	35.00	70.00
Fiscal year ending March 31, 2025	-	40.00			
Fiscal year ending March 31, 2025 (Forecast)			-	40.00	80.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	915,000	3.2	78,000	38.1	76,000	27.8	56,000	29.4	484.46

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(Note) For details, please see “2. Semi-annual Consolidated Financial Statements and Major Notes, (4) Notes to semi-annual consolidated financial statements, (Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements)” on page 10 of the Attached Materials of these Semi-annual Financial Results.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: Yes

3) Changes in accounting estimates: Yes

4) Restatement: None

(Note) From the current interim consolidated accounting period, the Company has changed its method of depreciation. For details, please see “2. Semi-annual Consolidated Financial Statements and Major Notes, (4) Notes to semi-annual consolidated financial statements, (Changes in accounting policy that are difficult to distinguish from changes in accounting estimates)” on page 10 of the Attached Materials of these Semi-annual Financial Results.

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2024: 118,191,578 shares

March 31, 2024: 121,985,078 shares

2) Total number of treasury shares at the end of the period:

September 30, 2024: 2,599,115 shares

March 31, 2024: 6,405,914 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 115,582,202 shares

Six months ended September 30, 2023: 117,138,603 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

< Cautionary Note Regarding Forward-looking Statements >

Forward-looking statements such as performance forecasts included in this document are based on information currently available to the Company and on certain assumptions deemed reasonable. However, actual results may differ materially due to various factors, including economic conditions, market demand, raw material prices, exchange rates, etc. For matters concerning earnings forecasts,

please see “1. Qualitative Information on Semi-annual Financial Results for the Period under Review, (3) Explanation of consolidated financial results forecast and other forward-looking information” on page 3 of the Attached Materials of these Semi-annual Financial Results.

<About Rounding Changes>

In the past, fractions of less than 1 million yen were rounded down, but from the "Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP] ", amounts of less than 1 million yen are rounded to the nearest million. In line with this change, comparative information is rounded to the nearest whole number.

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1. Qualitative Information on Semi-annual Financial Results for the Period under Review

(1) Explanation of business results

During the six months ended September 30, 2024, the Japanese economy recovered moderately, partly due to a pickup in capital investment and consumer spending, and firm public investments, despite rapid fluctuations in exchange rates and stock prices. However, the economic outlook remained uncertain due to factors such as the growing tension over the Middle East region and the protracted situation in Ukraine.

As for the global economy, the U.S. economy grew driven by increased consumer spending and capital investment, although the number of housing starts showed signs of weakness. The Chinese economy was sluggish due to continued stagnation in the real estate market.

Under such circumstances, net sales for the six months ended September 30, 2024 were ¥443,676 million (up ¥25,121 million year-on-year), operating profit was ¥36,389 million (up ¥18,637 million year-on-year), ordinary profit was ¥35,371 million (up ¥15,256 million year-on-year), and profit attributable to owners of parent was ¥30,192 million (up ¥16,575 million year-on-year).

Operating results by segment are as follows. The presented amounts are figures before elimination of inter-segment transactions.

① Cement Business

Domestic cement demand was affected by multiple factors, including a rise in various costs and delays in processes and construction starts caused by the labor shortage at construction sites, as well as by heavy rain, typhoons and heat waves, despite a certain level of demand mainly for the Hokkaido Shinkansen Sapporo extension project, large-scale redevelopment projects and the construction of new semiconductor-related plants. Due to this, as a whole, domestic cement demand decreased 6.0% year-on-year to 16.34 million tons, of which, imported cement increased 186.8% year-on-year to 10 thousand tons. Total exports increased 22.8% year-on-year to 4.05 million tons.

Under these circumstances, the Group's domestic cement sales by volume, including consignment sales, decreased 5.0% year-on-year to 6.17 million tons. Exports increased 18.6% year-on-year to 1.46 million tons.

At West Coast U.S. cement businesses, sales by volume decreased year-on-year mainly due to the decreased number of housing starts and adverse weather conditions, but selling prices were higher than in the same period of the previous fiscal year. In the cement business in Vietnam, although domestic sales by volume decreased year-on-year mainly due to intensified domestic competition, sales by volume including exports increased year-on-year. In the cement business in the Philippines, sales by volume were on par with the same period of the previous fiscal year.

As a result of the above, net sales were ¥323,564 million (up ¥25,188 million year-on-year), and operating profit was ¥26,078 million (up ¥18,202 million year-on-year).

② Mineral Resources Business

In the aggregates business, domestic sales by volume declined. Sales by volume of limestone for cement decreased in the mineral products business. In the geo-solutions business, sales by volume of products for immobilizing heavy metal contaminants in soil decreased. In addition, efforts to pass on various cost increases to selling prices progressed in the entire business.

As a result, net sales were ¥43,920 million (up ¥1,016 million year-on-year), and operating profit was ¥4,822 million (up ¥733 million year-on-year).

③ Environmental Business

Sales in calcium carbonate and coal processing remained strong, but sales in gypsum and fuel were sluggish. In addition, market conditions improved in biomass fuel sales, and sales relating to disaster waste treatment in the Noto Peninsula remained solid.

As a result, net sales were ¥32,511 million (up ¥5 million year-on-year), and operating profit was ¥2,987 million (down ¥50 million year-on-year).

④ Construction Materials Business

Sales of construction and civil engineering materials and shield tunnel construction-related businesses remained strong, but ground improvement projects and sales of ALC (Autoclaved Lightweight aerated Concrete) were sluggish.

As a result, net sales were ¥33,576 million (down ¥613 million year-on-year), and operating profit was ¥1,230 million (down ¥651 million year-on-year).

⑤ Other Business

Net sales were ¥40,584 million (up ¥237 million year-on-year), and operating profit was ¥1,731 million (up ¥784 million year-on-year).

(2) Explanation of financial position

Total assets increased ¥54,049 million from the end of the previous fiscal year to ¥1,392,300 million. Current assets increased ¥9,098 million from the end of the previous fiscal year to ¥439,388 million, and non-current assets increased ¥44,951 million to ¥952,913 million. The increase in current assets was mainly due to an increase in raw materials and supplies. The increase in non-current assets was mainly due to an increase in construction in progress and other property, plant and equipment.

Liabilities decreased ¥12,549 million from the end of the previous fiscal year to ¥729,317 million. Current liabilities increased ¥4,849 million from the end of the previous fiscal year to ¥372,953 million, and non-current liabilities decreased ¥17,399 million to ¥356,364 million. The increase in current liabilities was mainly due to an increase in commercial papers. The decrease in non-current liabilities was mainly due to a decrease in long-term borrowings. Interest-bearing debt (total amount of short-term borrowings, commercial papers, current portion of bonds payable, bonds payable, and long-term borrowings) increased ¥5,823 million from the end of the previous fiscal year to ¥376,293 million.

Net assets increased ¥66,598 million from the end of the previous fiscal year to ¥662,983 million. This was mainly due to an increase in foreign currency translation adjustment.

(3) Explanation of consolidated financial results forecast and other forward-looking information

Looking ahead, the Japanese economy is expected to continue recovering at a moderate pace with a pickup in capital investment and consumer spending. However, the economic outlook has remained highly uncertain due to factors such as the impact of monetary policies in Japan and overseas and prolonged price hikes.

Under these circumstances, turning our attention to the Group's business environment, in our core domestic cement business, a certain amount of demand is expected owing to redevelopment investment in Tokyo and other urban areas, construction of new semiconductor-related plants, construction related to the Linear Chuo Shinkansen, Hokkaido Shinkansen Sapporo extension project, countermeasure construction for national resilience, and renewal of aging social infrastructure, etc. In addition, the Group will contribute to rapid recovery from intensifying disasters, including the earthquake and torrential rain in the Noto Peninsula, through the supply of cement and acceptance of disaster waste. On the other hand, delays in construction progress and prolonged construction periods caused by the shortage of skilled workers at construction sites are putting downward pressure on demand and some redevelopment projects have been postponed due to soaring construction costs. The current situation remains weak partly due to these factors. With regard to the revision of the cement selling price, the Group has requested an increase of at least ¥2,000 per ton from the current price for shipments after April 2025. The Group will continue to adjust its selling prices.

In the U.S., the economy is expected to grow mainly due to the implementation of public investments in earnest based on an infrastructure investment bill and investments related to the Los Angeles Olympics and Paralympics scheduled to be held in 2028, in addition to strong consumer spending. However, the impact of policy changes and trends in financial markets in response to presidential election results must be monitored closely.

The full-year consolidated financial results forecasts have been revised as follows. For details, please see the "Notice Regarding the Revision of Financial Results Forecasts for the Fiscal Year Ending March 31, 2025" released today.

Consolidated financial results forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	960,000	84,000	83,500	62,000	536.43
Revised forecast (B)	915,000	78,000	76,000	56,000	484.46
Change (B-A)	(45,000)	(6,000)	(7,500)	(6,000)	-
Change (%)	(4.7)	(7.1)	(9.0)	(9.7)	-

2. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	80,102	80,820
Notes and accounts receivable - trade, and contract assets	167,849	166,430
Electronically recorded monetary claims - operating	38,736	34,337
Merchandise and finished goods	49,341	54,466
Work in process	1,466	2,139
Raw materials and supplies	72,371	78,070
Other	20,624	23,304
Allowance for doubtful accounts	(198)	(179)
Total current assets	430,289	439,388
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	163,748	164,310
Machinery, equipment and vehicles, net	189,481	201,742
Land	158,496	163,063
Other, net	142,185	167,586
Total property, plant and equipment	653,910	696,701
Intangible assets		
Goodwill	104	83
Other	38,980	40,303
Total intangible assets	39,084	40,386
Investments and other assets		
Investment securities	132,314	131,015
Retirement benefit asset	38,906	39,022
Other	45,076	47,120
Allowance for doubtful accounts	(1,328)	(1,332)
Total investments and other assets	214,968	215,825
Total non-current assets	907,962	952,913
Total assets	1,338,251	1,392,300

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	94,951	83,942
Electronically recorded obligations - operating	17,502	17,767
Short-term borrowings	142,916	139,658
Commercial papers	-	27,000
Income taxes payable	5,446	5,385
Provision for bonuses	6,502	6,547
Provision for loss on business withdrawal	96	-
Other provisions	322	314
Other	100,368	92,340
Total current liabilities	368,104	372,953
Non-current liabilities		
Bonds payable	70,000	70,000
Long-term borrowings	157,554	139,635
Retirement benefit liability	23,006	23,409
Provision for retirement benefits for directors (and other officers)	548	492
Provision for special repairs	305	344
Provision for product compensation	3,830	3,521
Provision for loss on business withdrawal	1,769	2,009
Other provisions	400	423
Asset retirement obligations	10,930	11,647
Other	105,421	104,886
Total non-current liabilities	373,763	356,364
Total liabilities	741,866	729,317
Net assets		
Shareholders' equity		
Share capital	86,174	86,174
Capital surplus	50,052	50,095
Retained earnings	379,126	394,653
Treasury shares	(17,942)	(7,122)
Total shareholders' equity	497,409	523,800
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,476	16,848
Deferred gains or losses on hedges	(20)	15
Revaluation reserve for land	3,697	3,550
Foreign currency translation adjustment	32,230	69,777
Remeasurements of defined benefit plans	12,419	13,879
Total accumulated other comprehensive income	65,802	104,069
Non-controlling interests	33,174	35,115
Total net assets	596,385	662,983
Total liabilities and net assets	1,338,251	1,392,300

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	418,555	443,676
Cost of sales	333,695	338,106
Gross profit	84,860	105,570
Selling, general and administrative expenses	67,108	69,181
Operating profit	17,752	36,389
Non-operating income		
Interest income	621	911
Dividend income	1,619	1,726
Share of profit of entities accounted for using equity method	707	-
Foreign exchange gains	1,594	-
Other	1,661	913
Total non-operating income	6,202	3,550
Non-operating expenses		
Interest expenses	1,773	2,022
Share of loss of entities accounted for using equity method	-	465
Foreign exchange losses	-	140
Other	2,065	1,939
Total non-operating expenses	3,838	4,567
Ordinary profit	20,116	35,371
Extraordinary income		
Gain on disposal of non-current assets	700	2,680
Gain on sale of investment securities	27	114
Gain on extinguishment of debt	-	4,571
Insurance claim income	-	878
Other	175	93
Total extraordinary income	902	8,335
Extraordinary losses		
Loss on disposal of non-current assets	1,129	920
Retirement benefit expenses	-	2,700
Other	198	215
Total extraordinary losses	1,327	3,836
Profit before income taxes	19,690	39,871
Income taxes	5,957	8,997
Profit	13,734	30,873
Profit attributable to non-controlling interests	117	681
Profit attributable to owners of parent	13,617	30,192

Semi-annual Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	13,734	30,873
Other comprehensive income		
Valuation difference on available-for-sale securities	2,143	(477)
Deferred gains or losses on hedges	0	(2)
Foreign currency translation adjustment	24,835	36,468
Remeasurements of defined benefit plans, net of tax	(143)	1,488
Share of other comprehensive income of entities accounted for using equity method	4,363	2,763
Total other comprehensive income	31,198	40,240
Comprehensive income	44,932	71,113
(Breakdown)		
Comprehensive income attributable to owners of parent	42,675	68,607
Comprehensive income attributable to non-controlling interests	2,257	2,507

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	19,690	39,871
Depreciation	31,829	29,397
Amortization of goodwill	21	21
Share of loss (profit) of entities accounted for using equity method	(707)	465
Loss (gain) on valuation of investment securities	5	1
Increase (decrease) in net retirement benefit liability and net retirement benefit asset	162	724
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(36)	(56)
Increase (decrease) in provision for bonuses	222	44
Increase (decrease) in allowance for doubtful accounts	41	(34)
Increase (decrease) in provision for loss on business withdrawal	(2,647)	(104)
Increase (decrease) in other provisions	(194)	(256)
Interest and dividend income	(2,241)	(2,637)
Interest expenses	1,773	2,022
Loss (gain) on sale of investment securities	(27)	(114)
Loss (gain) on disposal of non-current assets	429	(1,760)
Gain on extinguishment of debt	-	(4,571)
Decrease (increase) in trade receivables	(30,423)	10,966
Decrease (increase) in inventories	12,778	(6,071)
Increase (decrease) in trade payables	17,351	(11,716)
Other, net	9,070	(7,210)
Subtotal	57,099	48,984
Interest and dividends received	3,013	3,464
Interest paid	(1,868)	(2,131)
Income taxes paid	(3,913)	(9,217)
Net cash provided by (used in) operating activities	54,331	41,099
Cash flows from investing activities		
Decrease (increase) in time deposits	300	(396)
Purchase of non-current assets	(32,618)	(42,635)
Proceeds from sale of non-current assets	1,156	3,131
Purchase of other depreciated assets	(134)	(274)
Proceeds from sale of depreciation and amortization assets	-	2
Purchase of investment securities	(48)	(100)
Proceeds from sale of investment securities	117	214
Loan advances	(1,362)	(475)
Proceeds from collection of loans receivable	1,262	245
Other, net	1,098	(211)
Net cash provided by (used in) investing activities	(30,230)	(40,499)

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,550)	(118)
Increase (decrease) in commercial papers	(23,000)	27,000
Proceeds from long-term borrowings	21,060	8,107
Repayments of long-term borrowings	(28,946)	(30,265)
Proceeds from issuance of bonds	20,000	-
Purchase of treasury shares	(8)	(14)
Dividends paid	(4,103)	(4,049)
Dividends paid to non-controlling interests	(619)	(509)
Other, net	(4,729)	(5,727)
Net cash provided by (used in) financing activities	(24,895)	(5,575)
Effect of exchange rate change on cash and cash equivalents	2,708	4,561
Net increase (decrease) in cash and cash equivalents	1,915	(414)
Cash and cash equivalents at beginning of period	70,828	71,147
Increase in cash and cash equivalents resulting from merger	40	-
Cash and cash equivalents at end of period	72,783	70,733

(4) Notes to semi-annual consolidated financial statements

(Note relating to going concern assumption)

Not applicable.

(Notes in the case of significant changes in amount of shareholders' equity)

The Company cancelled 3,793,500 shares of treasury shares on May 31, 2024 upon resolution of the Board of Directors meeting held on May 14, 2024. As a result of such cancellation, capital surplus and treasury shares decreased ¥10,785 million and ¥10,785 million, respectively. As the balance of other capital surplus became negative due to the retirement of treasury stock, other capital surplus was reduced to zero and the negative value was reduced from other retained earnings.

Partly due to this, retained earnings and treasury shares amounted to ¥394,653 million and ¥7,122 million, respectively, at the end of the first six months of the fiscal year under review.

(Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements)

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the first six months of the fiscal year under review, and multiplying net income before income taxes by such estimated effective tax rate. However, in cases where the calculation of tax expenses using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the result is multiplied by the statutory income tax rate.

(Changes in accounting policy)

(Application of Accounting Standard for Current Income Taxes)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, revised on October 28, 2022), "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, revised on October 28, 2022) and "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, revised on October 28, 2022) from the beginning of the first six months of the fiscal year under review. These changes have no impact on the semi-annual consolidated financial statements.

(Changes in accounting policy that are difficult to distinguish from changes in accounting estimates)

(Change in method of depreciation for property, plant and equipment)

The Company and its domestic consolidated subsidiaries previously had depreciated property, plant and equipment (excluding leased assets) mainly using the declining balance method, except for buildings (excluding accompanying facilities) purchased on and after April 1, 1998 and accompanying facilities and structures purchased on and after April 1, 2016, which are computed based on the straight-line method, but changed to the straight-line method from the first six months of the fiscal year under review.

Based on the 26 Medium-Term Management Plan, the Group is implementing a large-scale capital investment, focusing on strengthening its plants and mines, with the aim of establishing stable production systems over the long term. In line with this, the Company reconsidered the method of depreciation for property, plant and equipment and determined, in view of the fact that stable operation of production facilities is expected over the long term, that this change from the declining balance method to the straight-line method, which equally allocates expenses, would more appropriately reflect the actual use of property, plant and equipment.

As a result, operating profit increased ¥3,032 million, and ordinary profit and profit before income taxes increased ¥3,033 million, respectively, in the first six months of the fiscal year under review, compared with those computed based on the previous method.

(Segment information, etc)

[Segment information]

I. For the six months ended September 30, 2023

1. Information on net sales, profit or loss by reportable segment

(Million yen)

	Reportable segment					Other (Note) 1	Total	Adjustments (Note) 2	Consolidated Total (Note) 3
	Cement Business	Mineral Resources Business	Environ- mental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	294,300	31,511	30,669	33,543	390,023	28,532	418,555	-	418,555
Inter-segment sales	4,076	11,393	1,837	646	17,952	11,814	29,767	(29,767)	-
Total	298,376	42,904	32,506	34,189	407,975	40,346	448,321	(29,767)	418,555
Segment profit	7,876	4,089	3,037	1,881	16,883	947	17,830	(77)	17,752

- Notes:
1. The “Other” section is a business segment that is not included in the reportable segments and includes the real estate, engineering, data processing, finance, transportation and warehousing, chemical products, sports, and electric power supply businesses.
 2. Adjustments to segment profit consist of elimination of inter-segment transactions.
 3. Segment profit is adjusted with the operating profit in the semi-annual consolidated statements of income.

2. Information on impairment losses on non-current assets, goodwill, etc. by reportable segment

Not applicable.

II. For the six months ended September 30, 2024

1. Information on net sales, profit or loss by reportable segment

(Million yen)

	Reportable segment					Other (Note) 1	Total	Adjustments (Note) 2	Consolidated Total (Note) 3
	Cement Business	Mineral Resources Business	Environ- mental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	319,746	32,810	30,437	32,819	415,812	27,864	443,676	-	443,676
Inter-segment sales	3,817	11,110	2,075	757	17,759	12,720	30,478	(30,478)	-
Total	323,564	43,920	32,511	33,576	433,571	40,584	474,154	(30,478)	443,676
Segment profit	26,078	4,822	2,987	1,230	35,118	1,731	36,849	(460)	36,389

- Notes:
1. The “Other” section is a business segment that is not included in the reportable segments and includes the real estate, engineering, data processing, finance, transportation and warehousing, chemical products, sports, and electric power supply businesses.
 2. Adjustments to segment profit consist of elimination of inter-segment transactions.
 3. Segment profit is adjusted with the operating profit in the semi-annual consolidated statements of income.

2. Matters concerning changes in reportable segments, etc.

(Change in method of depreciation for property, plant and equipment)

As stated in “Changes in accounting policy that are difficult to distinguish from changes in accounting estimates,” the Company and its domestic consolidated subsidiaries previously had depreciated property, plant and equipment (excluding leased assets) mainly using the declining balance method, except for buildings (excluding accompanying facilities) purchased on and after April 1, 1998 and accompanying facilities and structures purchased on and after April 1, 2016, which are computed based on the straight-line method, but changed to the straight-line method from the first six months of the fiscal year under review.

As a result of this change, segment profit increased by ¥1,941 million in Cement Business, ¥384 million in Mineral Resources Business, ¥104 million in Environmental Business, ¥162 million in Construction Materials Business, and ¥480 million in Other in the first six months of the fiscal year under review, compared with those computed based on the previous method. The total increase in segment profit after elimination of inter-segment transactions was ¥3,032 million.

3. Information on impairment losses on non-current assets, goodwill, etc. by reportable segment
Not applicable.

(Significant events after reporting period)

1. Purchase of treasury shares

At the Board of Directors meeting held on October 17, 2024, the Company has resolved the matters pertaining to the purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, Paragraph 3 of the same Act.

(1) Reasons for the purchase of treasury shares

Based on the Medium-Term Management Plan, the Company has decided to purchase treasury shares in order to enhance shareholder returns.

(2) Details of the purchase

- | | |
|---|--|
| 1) Class of shares to be purchased | Common shares of the Company |
| 2) Total number of shares to be purchased | 6,000,000 shares (maximum)
(5.18% of the total issued shares (excluding treasury shares)) |
| 3) Total purchase amount | ¥15,000,000,000 (maximum) |
| 4) Period of the purchase | From October 18, 2024 to March 31, 2025 |
| 5) Method of the purchase | Purchase through the Tokyo Stock Exchange |