

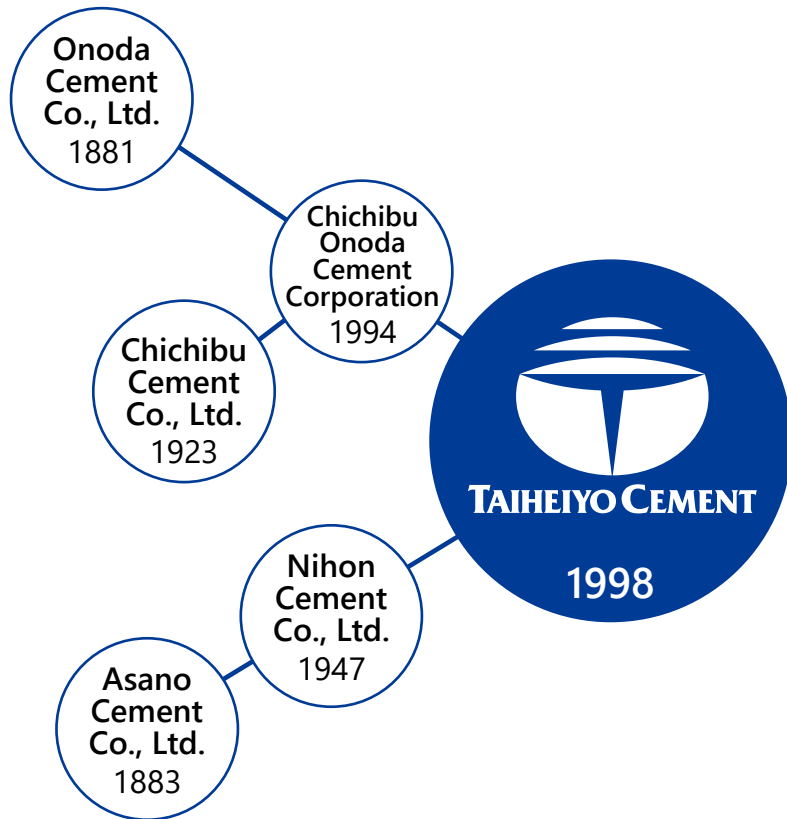


# Reference Materials of Financial Results for the Six Months Ended September 30, 2024

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November 12, 2024

TAIHEIYO CEMENT CORPORATION



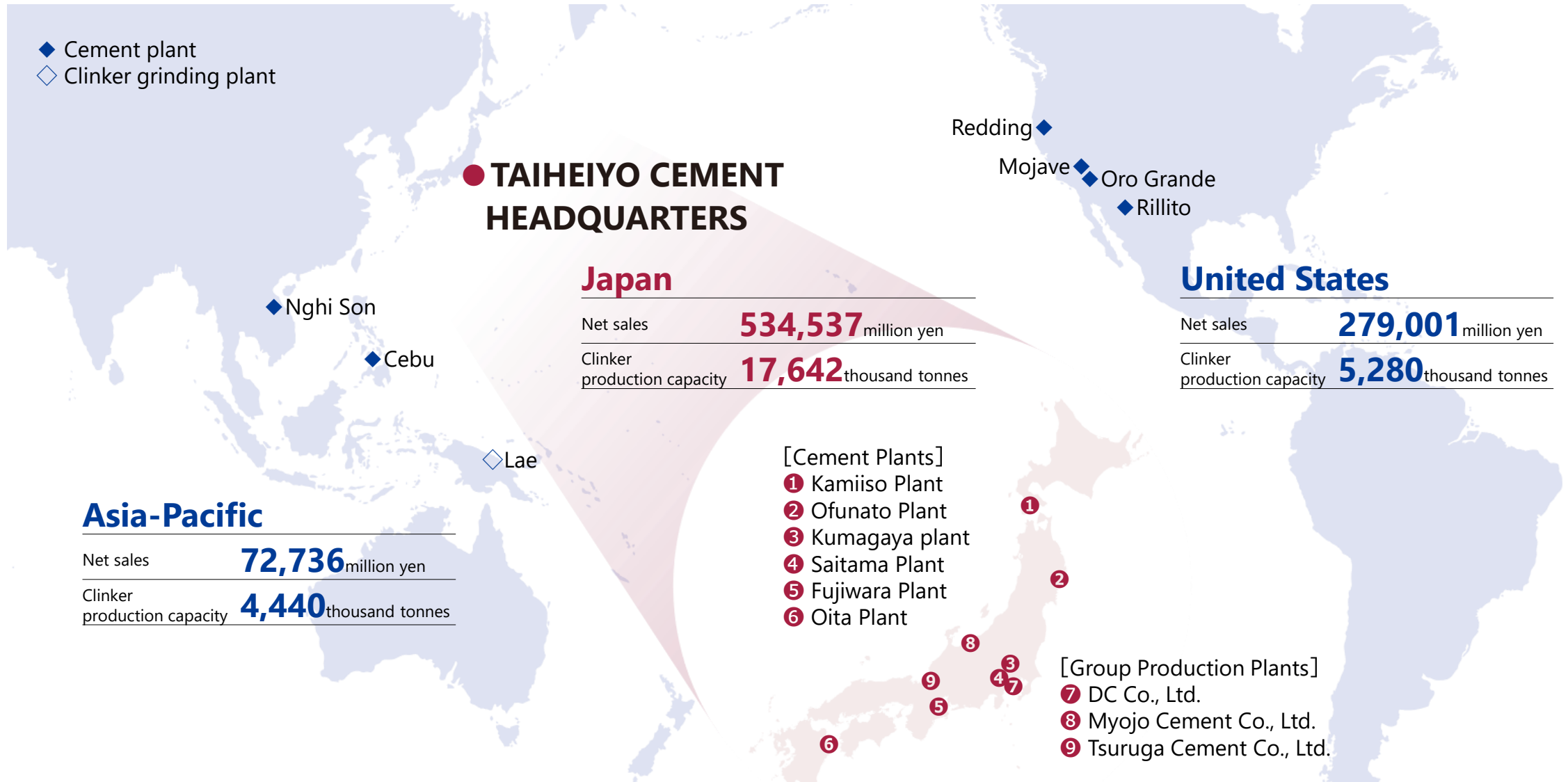
## Mission of the Taiheiyo Cement Group

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

Established	May 3, 1881
Capital	86,174 million yen
Headquarters	BUNKYO GARDEN GATE TOWER, 1-1-1, Koishikawa, Bunkyo-ku, Tokyo 112-8503, Japan
Number of employees	Consolidated: 12,540 Non-consolidated: 1,821 (not including seconded staff)
Subsidiaries	200 (including 129 consolidated subsidiaries and 4 equity-method non-consolidated subsidiaries)
Affiliates	103 (including 38 equity-method affiliates)

( as of March 31, 2024 )

# Market Area



(as of March 31, 2024)

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# 1. Highlights of Consolidated Financial Results

# 1. Highlights of Consolidated Financial Results

## 《Summary of Financial Results》

- Operating profit increased due to sales price hikes and cost improvement in domestic cement.
- Sales and profit increased because of sales price hikes at U.S. subsidiaries, etc.
- Company-wide sales and profit increased year on year.
- Interim dividends are 40 yen/share as planned.

(Million yen)

	FY2024 2Q	FY2025 2Q	Change
Net sales	418,555	<b>443,676</b>	+25,121
Operating profit	17,752	<b>36,389</b>	+18,637
Ordinary profit	20,116	<b>35,371</b>	+15,256
Profit attributable to owners of parent	13,617	<b>30,192</b>	+16,575
Interim dividend per share (Yen)	35	<b>40</b>	+5

※ Operating profit impact due to change in depreciation method (declining-balance method → straight-line method):3,032 million yen

(Amounts less than 1 million yen have been rounded to the nearest million yen from the first quarter of the current fiscal year, including figures for previous fiscal years.)

# 1. Highlights of Consolidated Financial Results

## 《Main Indicators》

	FY2024 2Q	FY2025 2Q	Change
Operating profit to net sales ratio (%)	4.2	<b>8.2</b>	+4.0
Basic earnings per share (Yen)	116.2	<b>261.2</b>	+145.0

	As of Mar. 31, 2024	As of Sep. 30, 2024	Change
Net assets per share (Yen)	4,872.9	<b>5,431.7</b>	+558.8
Capital adequacy ratio (%)	42.1	<b>45.1</b>	+3.0
Net debt/equity ratio (Times)	0.52	<b>0.47</b>	(0.04)

## 《Environmental Factors》

	FY2024 2Q	FY2025 2Q	Change
Average exchange rate (Yen/US\$)	135.0	<b>152.4</b>	+17.4
Average procurement price of imported coal, etc. for domestic (C&F \$/t)	235	<b>155</b>	(80)

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## 2. Financial Results for the Fiscal 2025 2Q



## 2. Financial Results for the Fiscal 2025 2Q

### (1) Consolidated Segment Information

(Million yen)

		Net sales			Operating profit		
		FY2024 2Q	FY2025 2Q	Change	FY2024 2Q	FY2025 2Q	Change
Cement Business	Domestic	144,208	<b>148,426</b>	+4,217	(6,064)	<b>5,000</b>	+11,064
	Overseas Subsidiaries, etc.	154,167	<b>175,138</b>	+20,971	13,941	<b>21,079</b>	+7,138
	Total	298,376	<b>323,564</b>	+25,188	7,876	<b>26,078</b>	+18,202
Mineral Resources Business		42,904	<b>43,920</b>	+1,016	4,089	<b>4,822</b>	+733
Environmental Business		32,506	<b>32,511</b>	+5	3,037	<b>2,987</b>	(50)
Construction Materials Business		34,189	<b>33,576</b>	(613)	1,881	<b>1,230</b>	(651)
Other		40,346	<b>40,584</b>	+237	947	<b>1,731</b>	+784
Total		448,321	<b>474,154</b>	+25,833	17,830	<b>36,849</b>	+19,019
Elimination		(29,767)	<b>(30,478)</b>	(712)	(77)	<b>(460)</b>	(382)
Consolidated Total		418,555	<b>443,676</b>	+25,121	17,752	<b>36,389</b>	+18,637

※ Operating profit impact due to change in depreciation method (declining-balance method → straight-line method)

Domestic Cement: 1,941 million yen, Mineral Resources: 384 million yen, Environment: 104 million yen, Construction Materials: 162 million yen, Other: 480 million yen

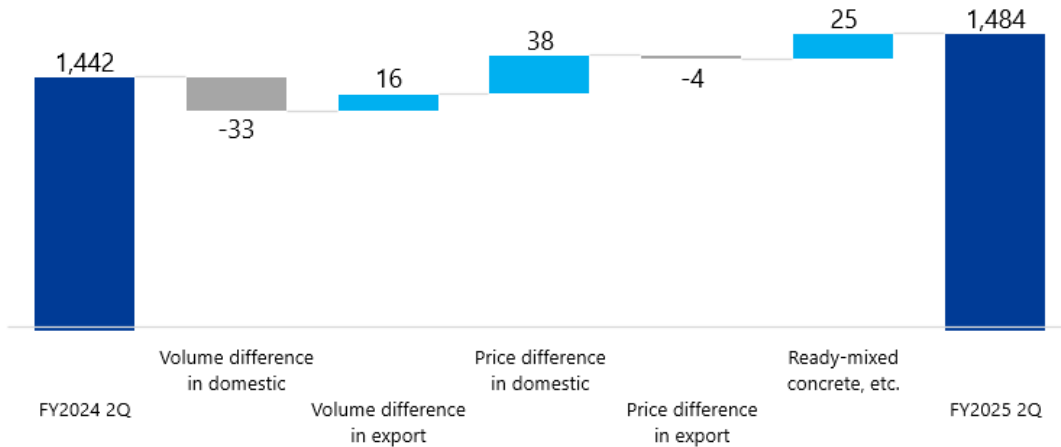
## 2. Financial Results for the Fiscal 2025 2Q

### ① Domestic Cement Business

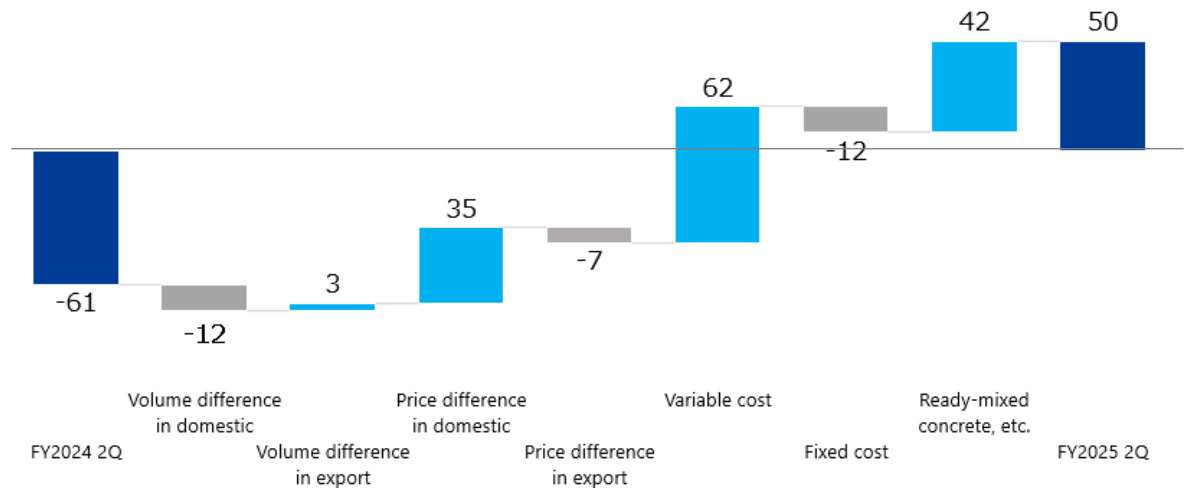
	FY2024 2Q	FY2025 2Q	Change
Sales volume (Thousand t)			
Domestic	6,486	<b>6,165</b>	(321)
Export	1,232	<b>1,462</b>	+230
Net sales (Million yen)	144,208	<b>148,426</b>	+4,217
Operating profit (Million yen)	(6,064)	<b>5,000</b>	+11,064

- Decrease in sales volume of cement due to decrease in domestic demand.
- Operating profit increased due to sales price hikes of cement and soil stabilizers, and cost improvement.

Net Sales (Hundred million yen)



Operating Profit (Hundred million yen)



## 2. Financial Results for the Fiscal 2025 2Q

### ②Overseas Subsidiaries, etc.

	FY2024 2Q	FY2025 2Q	Change
			in exchange
Net sales (Million yen)	154,167	<b>175,138</b>	+20,971 +19,036
Operating profit (Million yen)	13,941	<b>21,079</b>	+7,138 +2,443

- Sales and profit increased at Overseas Subsidiaries, etc.
- Sales and profit increased in the U.S.A.
- Continue efforts to improve profitability in Southeast Asia.

### 《U.S.A.》

	FY2024 2Q	FY2025 2Q	Change
Cement (Thousand t)	3,335	<b>3,074</b>	(262)
Ready-mixed concrete (Thousand cy)	2,933	<b>2,924</b>	(9)
Net sales (Hundred million yen)	1,291	<b>1,510</b>	+219
(Million \$)	956	991	+34
Operating profit (Hundred million yen)	159	<b>220</b>	+61
(Million \$)	118	144	+27

- Cement demand was affected by bad weather conditions and the slowdown in the housing sector, etc. as interest rates remain high.
- Despite the decrease in cement sales volume due to the decline in demand, higher prices and cost reductions contributed to higher sales and profit.

## 2. Financial Results for the Fiscal 2025 2Q

### ③ Mineral Resources, Environmental, Construction Materials and Other Business

(Million yen)

		FY2024 2Q	FY2025 2Q	Change	Main Factors of Changes in Net Sales and Operating Profit(Net Change)
<b>Mineral Resources Business</b>	Net sales	42,904	<b>43,920</b>	+1,016	While sales volume of aggregate and limestone for cement decreased, various cost increases were passed on to sales prices.
	Operating profit	4,089	<b>4,822</b>	+733	
<b>Environmental Business</b>	Net sales	32,506	<b>32,511</b>	+5	Although sales of calcium carbonate and processing of coal ash remained strong, sales of gypsum and fuel were sluggish.
	Operating profit	3,037	<b>2,987</b>	(50)	
<b>Construction Materials Business</b>	Net sales	34,189	<b>33,576</b>	(613)	Sales of construction, civil engineering materials, and Shield tunnels construction related business remained strong, but sales of ground improvement projects and ALC (Autoclaved Lightweight Concrete) remained weak.
	Operating profit	1,881	<b>1,230</b>	(651)	
<b>Other</b>	Net sales	40,346	<b>40,584</b>	+237	
	Operating profit	947	<b>1,731</b>	+784	

## 2. Financial Results for the Fiscal 2025 2Q

### (2) Consolidated Statements of Income

(Million yen)

	FY2024 2Q	FY2025 2Q	Change
Net sales	418,555	<b>443,676</b>	+25,121
Operating profit	17,752	<b>36,389</b>	+18,637
Non-operating income and expenses	2,364	<b>(1,017)</b>	(3,381)
Ordinary profit	20,116	<b>35,371</b>	+15,256
Extraordinary income and losses	(425)	<b>4,499</b>	+4,924
Profit before income taxes	19,690	<b>39,871</b>	+20,180
Income taxes	5,957	<b>8,997</b>	+3,041
Profit attributable to non-controlling interests	117	<b>681</b>	+564
Profit attributable to owners of parent	13,617	<b>30,192</b>	+16,575



## 2. Financial Results for the Fiscal 2025 2Q

### (4) Consolidated Statements of Cash Flows

(Million yen)

	FY2024 2Q	FY2025 2Q	Change
Cash flows from operating activities*	54,331	<b>41,099</b>	(13,232)
Cash flows from investing activities	(30,230)	<b>(40,499)</b>	(10,269)
<b>Free cash flows</b>	24,101	<b>600</b>	(23,501)
Cash flows from financing activities	(24,895)	<b>(5,575)</b>	+19,320
*Depreciation and amortization included	31,850	<b>29,418</b>	(2,432)

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### 3. Forecast for the Fiscal 2025



### 3. Forecast for the Fiscal 2025

#### 《Precondition》

- The precondition for the FY 2025 revised forecast is as follows

	FY2025 Previous Forecast	FY2025 Revised Forecast	Change
Domestic cement demand (Ten thousand t)	3,500	<b>3,300</b>	(200)
Average procurement price of imported coal, etc. for domestic (C&F \$/t)	165	<b>155</b>	(10)
Average exchange rate (Yen/US\$)	145.0	<b>150.0</b>	+5.0

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

#### 《Summary for the Fiscal 2025 Revised Forecast》

- Domestic cement demand was revised to 33 million tons.
- We revised forecast of overseas Subsidiaries, etc.
- We revised downward from previous forecast to reflect cost review.

### 3. Forecast for the Fiscal 2025

#### (1) Consolidated Statements of Income

(Hundred million yen)

	FY2025 Previous Forecast	FY2025 Revised Forecast	Change
Net sales	9,600	<b>9,150</b>	(450)
Operating profit	840	<b>780</b>	(60)
Non-operating income and expenses	(5)	<b>(20)</b>	(15)
Ordinary profit	835	<b>760</b>	(75)
Extraordinary income and losses	(5)	<b>(5)</b>	—
Profit before income taxes	830	<b>755</b>	(75)
Income taxes	190	<b>180</b>	(10)
Profit attributable to non-controlling interests	20	<b>15</b>	(5)
Profit attributable to owners of parent	620	<b>560</b>	(60)

### 3. Forecast for the Fiscal 2025

#### (2) Consolidated Segment Information

(Hundred million yen)

		Net sales			Operating profit		
		FY2025 Previous Forecast	FY2025 Revised Forecast	Change	FY2025 Previous Forecast	FY2025 Revised Forecast	Change
Cement Business	Domestic	3,140	<b>3,040</b>	(100)	150	<b>139</b>	(11)
	Overseas Subsidiaries, etc.	3,660	<b>3,460</b>	(200)	425	<b>385</b>	(40)
	Total	6,800	<b>6,500</b>	(300)	575	<b>524</b>	(51)
Mineral Resources Business		960	<b>910</b>	(50)	100	<b>95</b>	(5)
Environmental Business		750	<b>690</b>	(60)	61	<b>67</b>	+6
Construction Materials Business		810	<b>750</b>	(60)	50	<b>38</b>	(12)
Other		950	<b>930</b>	(20)	55	<b>61</b>	+6
Total		10,270	<b>9,780</b>	(490)	841	<b>785</b>	(56)
Elimination		(670)	<b>(630)</b>	+40	(1)	<b>(5)</b>	(4)
Consolidated Total		9,600	<b>9,150</b>	(450)	840	<b>780</b>	(60)

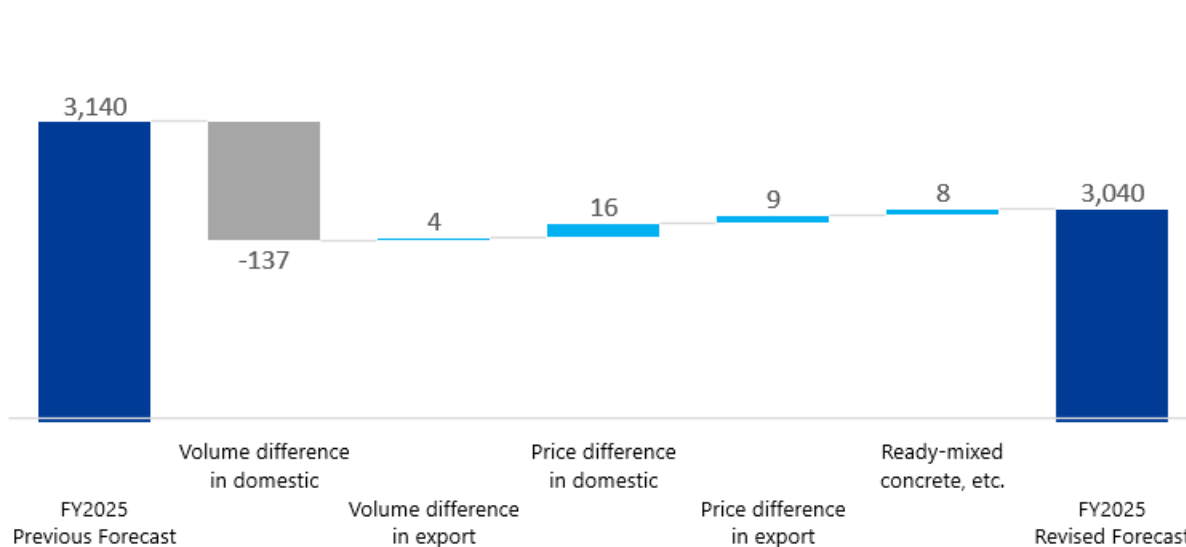
### 3. Forecast for the Fiscal 2025

#### ① Domestic Cement Business

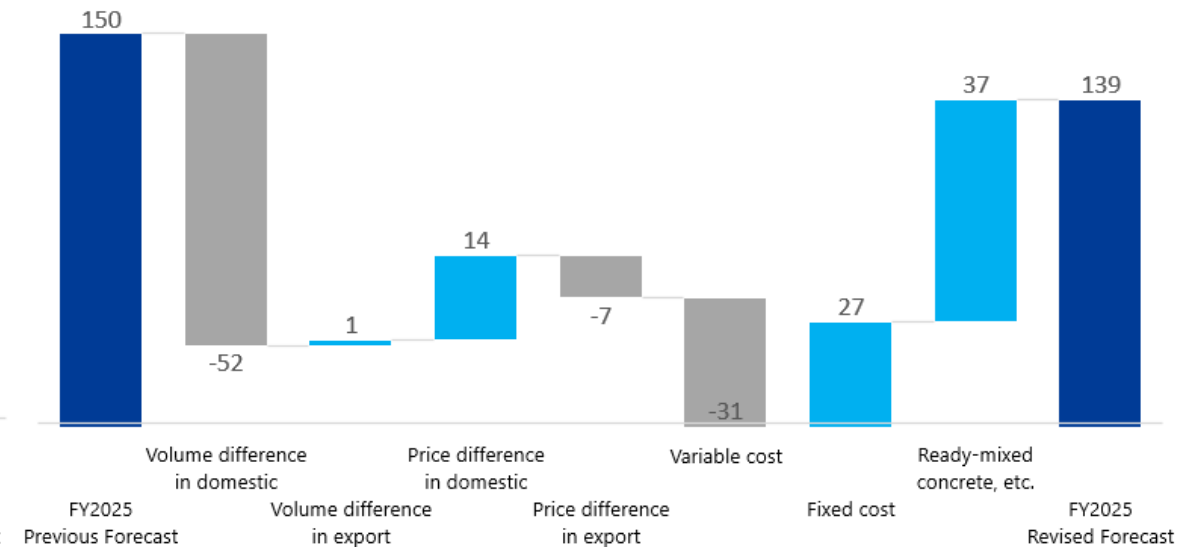
	FY2025 Previous Forecast	FY2025 Revised Forecast	Change
Sales volume (Thousand t)			
Domestic	13,300	<b>12,500</b>	(800)
Export	3,300	<b>3,300</b>	—
Net sales (Hundred million yen)	3,140	<b>3,040</b>	(100)
Operating profit (Hundred million yen)	150	<b>139</b>	(11)

- Decrease in sales volume of cement due to lower domestic demand.
- Although improvements in Ready-mixed concrete ,etc., operating profit decrease because of higher variable costs than expected.

Net Sales (Hundred million yen)



Operating Profit (Hundred million yen)



### 3. Forecast for the Fiscal 2025

#### ②Overseas Subsidiaries, etc.

	FY2025	FY2025	Change
	Previous Forecast	Revised Forecast	in exchange
Net sales (Hundred million yen)	3,660	<b>3,460</b>	(200) +129
Operating profit (Hundred million yen)	425	<b>385</b>	(40) +17

#### 《U.S.A.》

	FY2025	FY2025	Change
	Previous Forecast	Revised Forecast	
Cement (Thousand t)	6,875	<b>6,253</b>	(622)
Ready-mixed concrete (Thousand cy)	6,080	<b>5,448</b>	(632)
Net sales (Hundred million yen)	3,008	<b>2,962</b>	(46)
(Million \$)	2,074	1,960	(114)
Operating profit (Hundred million yen)	418	<b>411</b>	(7)
(Million \$)	288	272	(16)

➤ We revised previous forecast due to demand slowdown in the U.S.A. and impact of delays in the operation of new Philippine production line, etc..

➤ Cement demand is expected to decrease year on year due to the slowdown mainly in the housing sector as interest rates remain high.

➤ Although efforts of price hikes and reducing costs, we revised previous forecast due to sales volume decrease.

➤ Following the policy interest rate cuts in September and November, demand is expected to recover in the second half of next year

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## 4. Shareholder Returns

## 4. Shareholder Returns

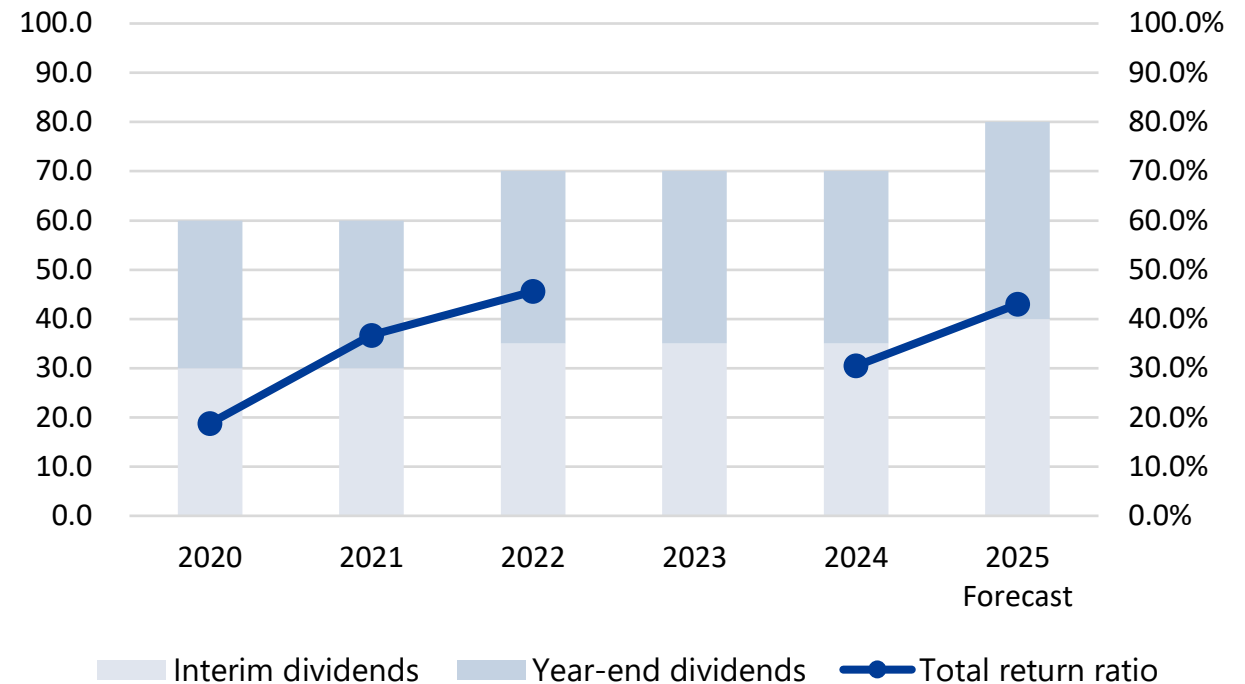
- In fiscal 2025, we plan to increase by 10 yen to 80 yen/share (including interim dividends of 40 yen/share) .
- Acquisition of treasury shares from October 18 (maximum 15.0 billion yen).

《Shareholder Return Policy》

**Total return ratio: 33% or more**

**Maintaining steady dividends**  
**:Dividend per share of 80 yen or more**

**Agile acquisition of treasury shares**



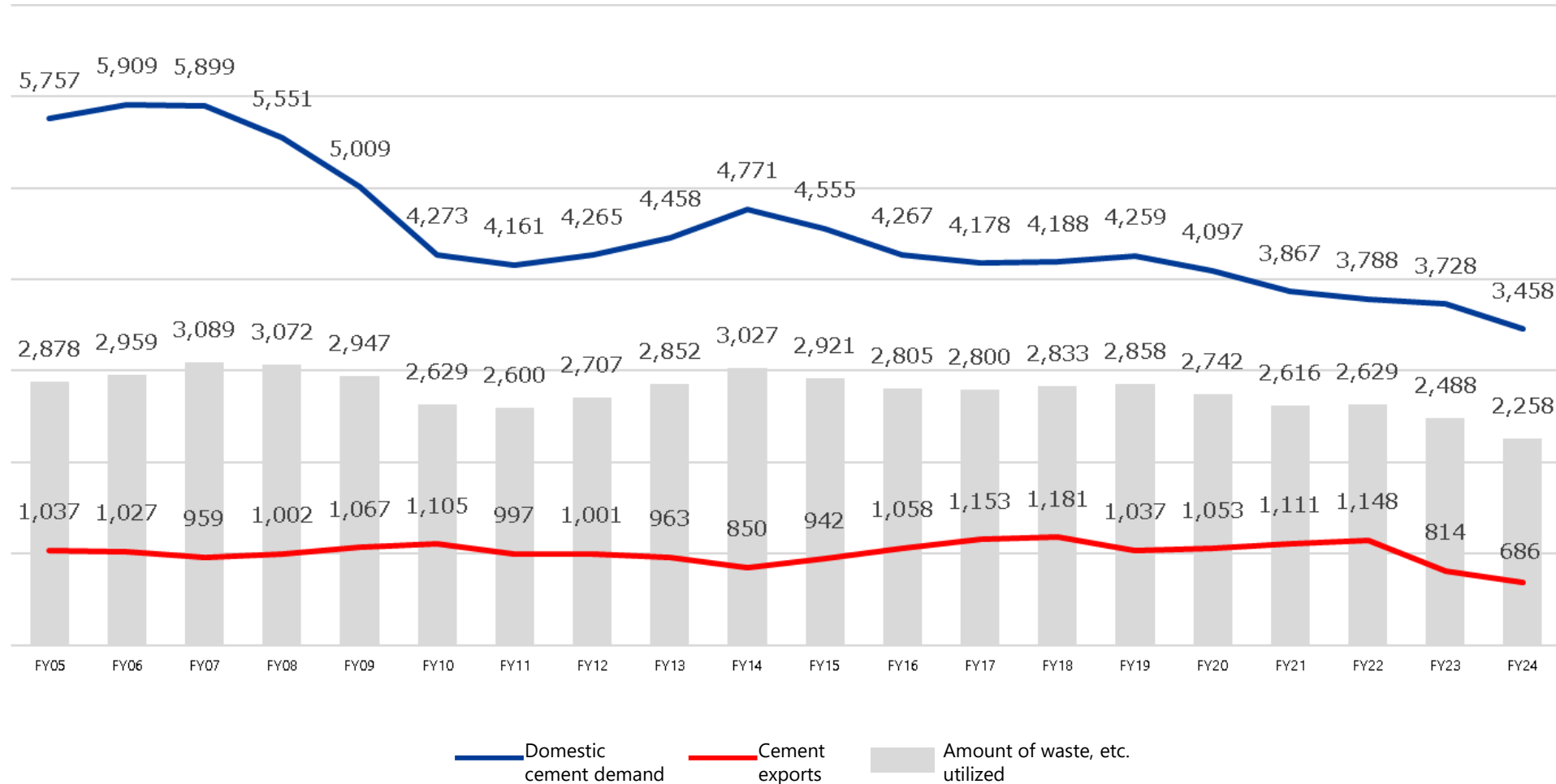
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# Appendix



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

Domestic cement demand • Cement exports • Amount of waste, etc. utilized (Ten thousand t)

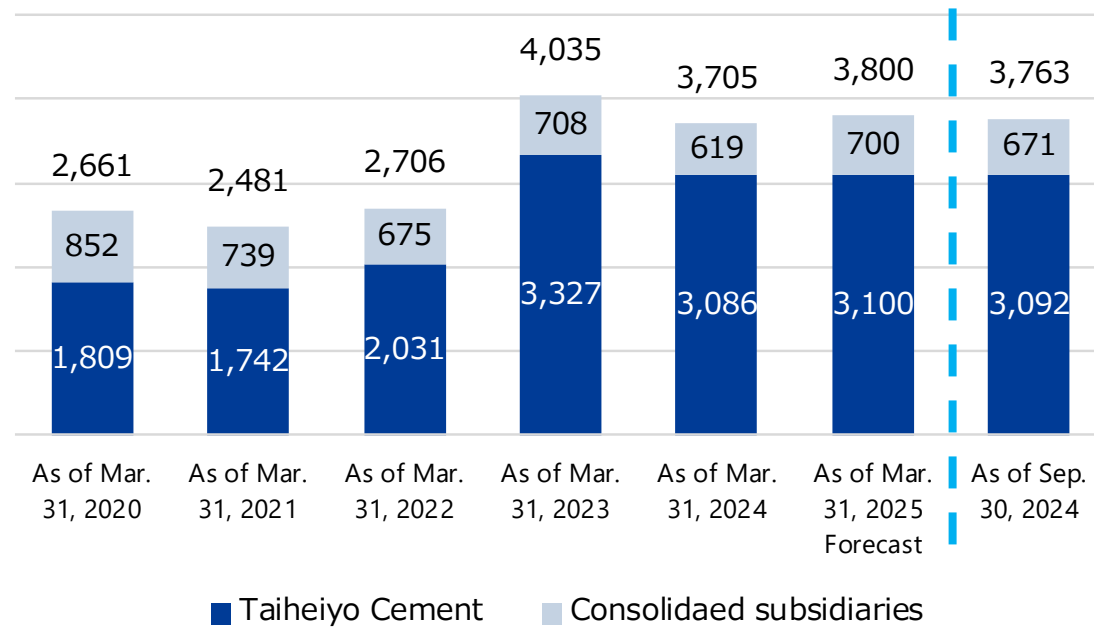


Data created from statistical data of the Japan Cement Association

# Transition Data

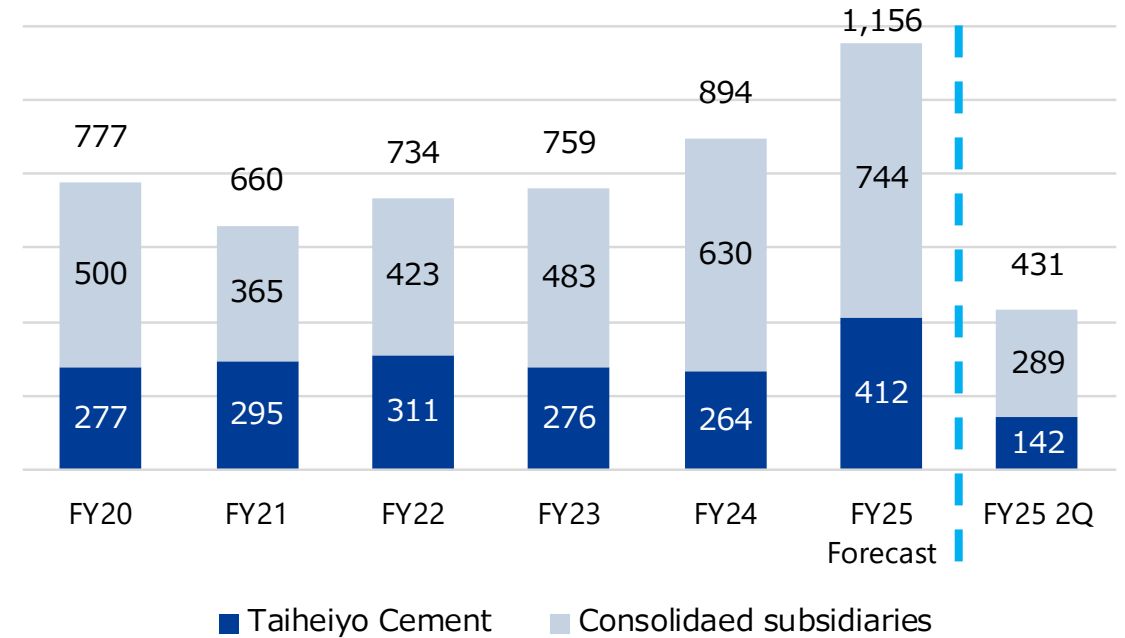
## (1) Interest-bearing Debt

(Hundred million yen)



## (2) Capital Investment

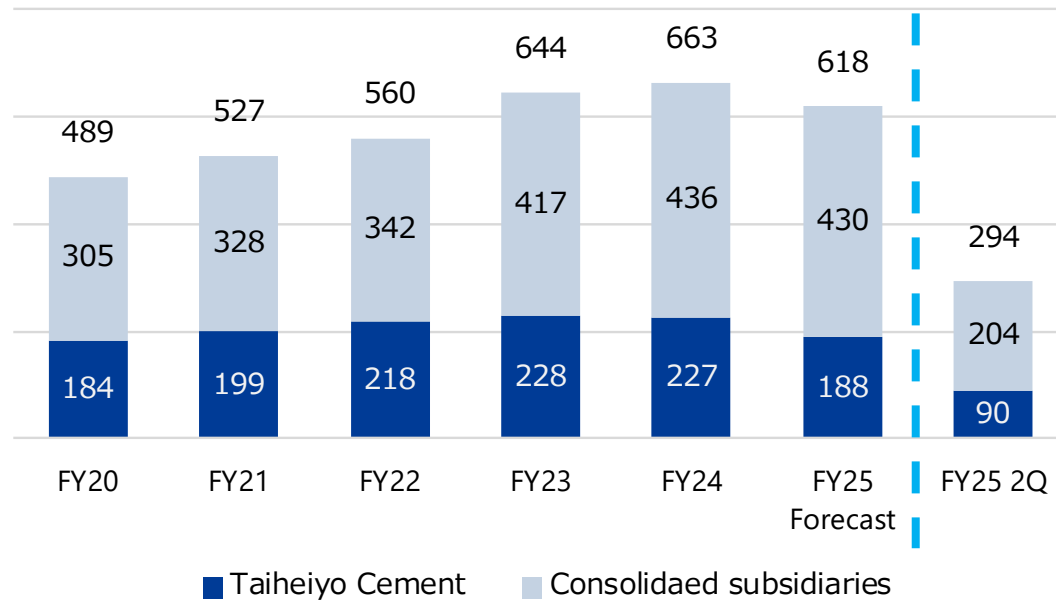
(Hundred million yen)



# Transition Data

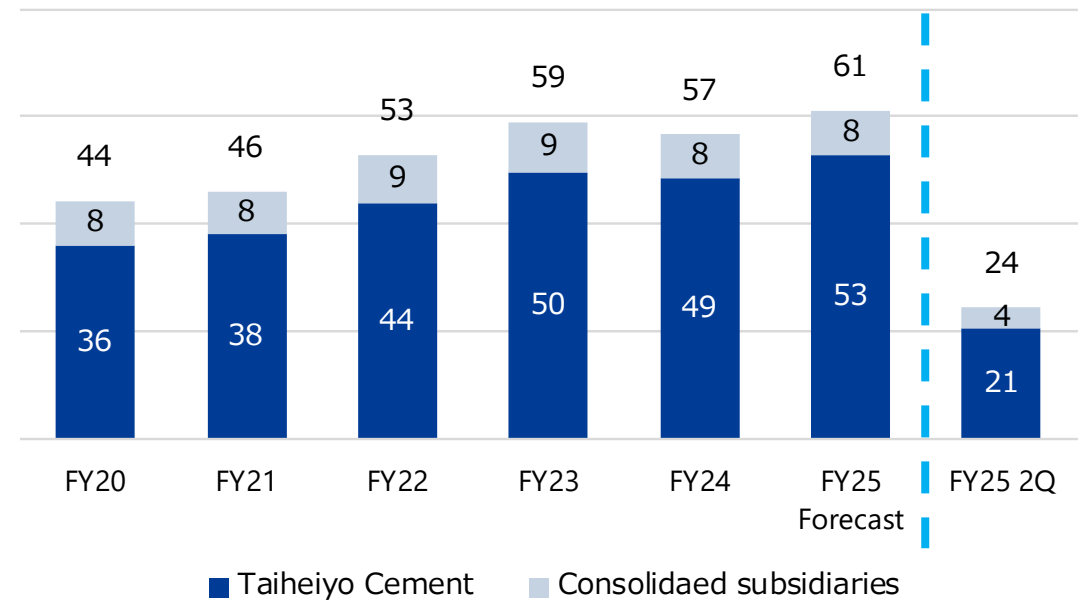
## (3) Depreciation Expenses

(Hundred million yen)



## (4) Research and Development Expenses

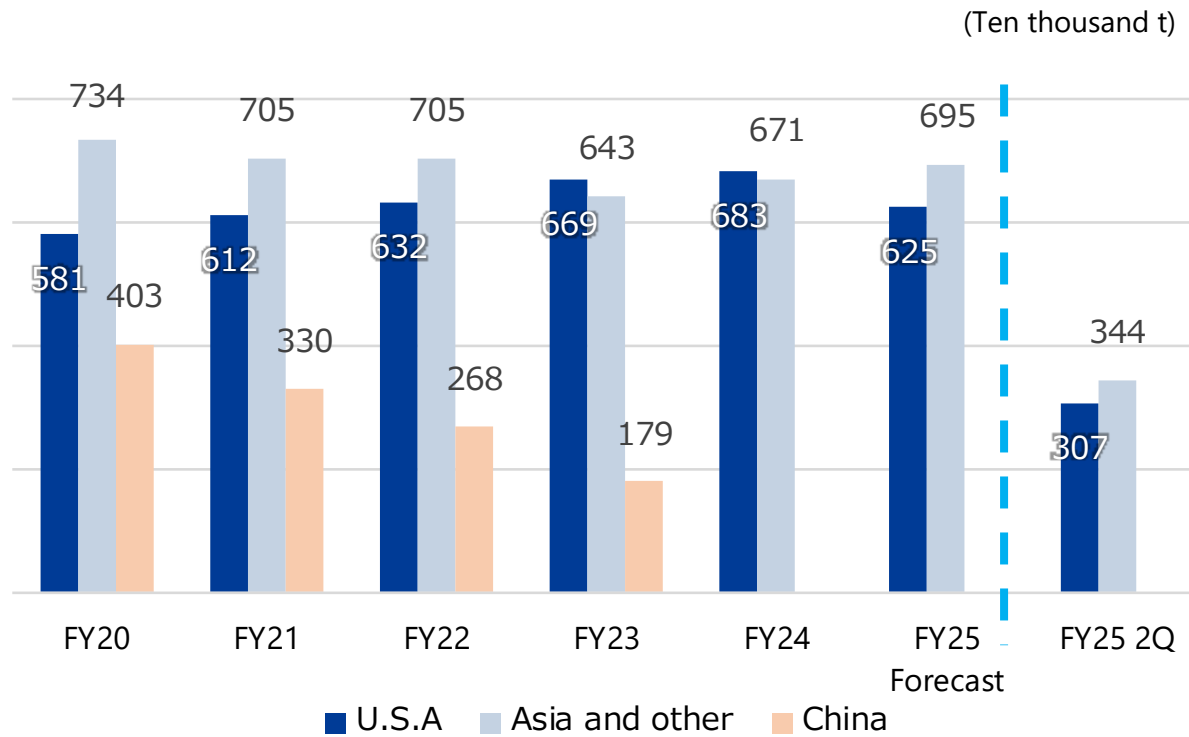
(Hundred million yen)



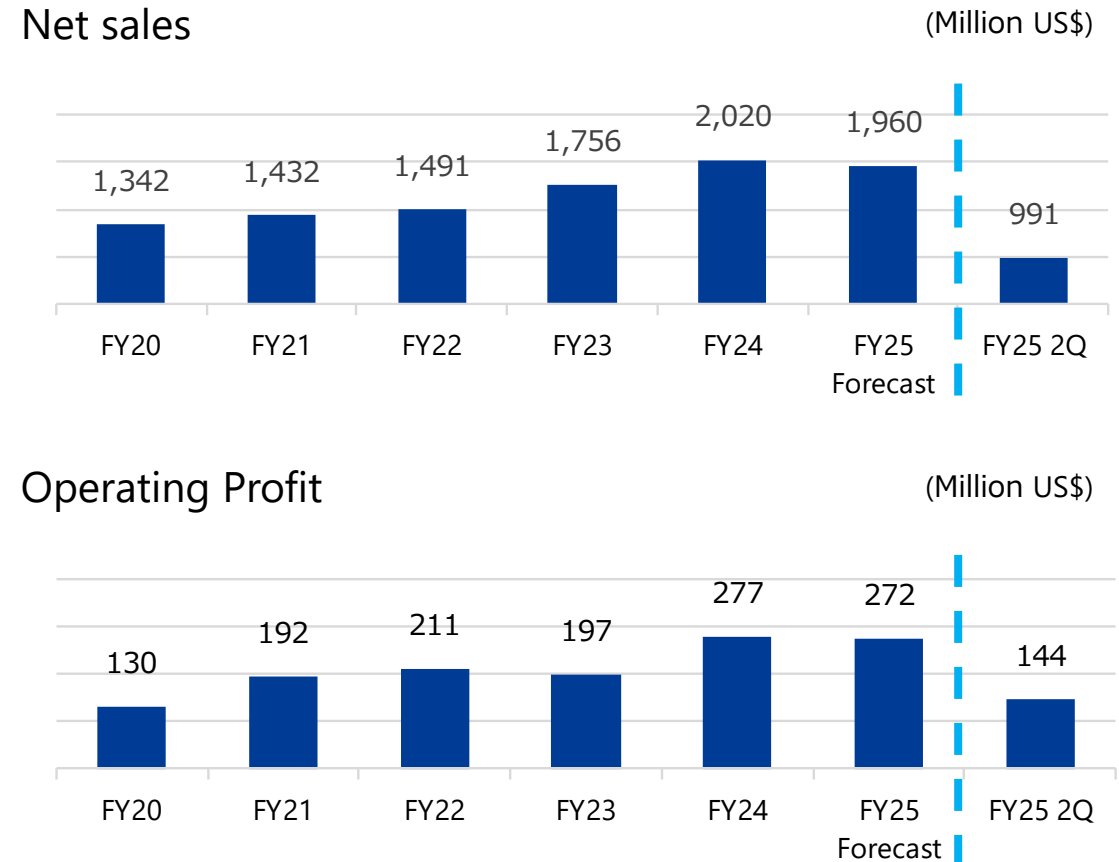
※ Change in depreciation method from FY 2025  
(declining-balance method to straight-line method)

# Transition Data

(5) Sales Volume of Cement in Overseas Subsidiaries  
(Simple sum of consolidated subsidiaries)



(6) Overview of Business in the U.S.A.



# Key Player in the Formation of a Circular Economy

The Taiheiyō Cement Group will continue to fulfill its role as a supplier of critical materials for national resilience and as a key player in the formation of a circular economy, while progressing with the steady transition to carbon neutrality.

## Utilization of waste and by-products

- Coal ash
- Various industrial waste
- Construction soil
- Incineration residues
- Household water and sewage sludge etc.
- Blast furnace slag
- Municipal waste

Key player in the formation of a circular economy



## Uses in the development of social infrastructure and the living environment

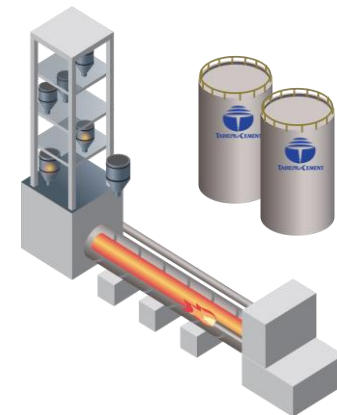
- Roads
- Ports and harbors
- Bridges
- Schools
- Commercial buildings
- Levees
- Underground facilities and more
- Railways
- Tunnels
- Hospitals
- Dams
- Housing

Supply critical materials for national resilience



Currently, the amount of waste and by-products used in the cement industry in Japan is equivalent to about 10% of the total amount of materials recycled in Japan.

Our group uses waste and by-products generated in local communities and other industries as raw materials and fuel to produce cement with a recycling rate of over 40%.



# Carbon Neutral Strategy: Road Map

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

Reduce by at least 20% specific net CO<sub>2</sub> emissions per tonne (compared to 2000)

**Carbon Neutral**

**2024**

**2026**

**2030**

**2050**

## Measures for carbon neutral

Development of innovative technologies

Existing technologies: CO<sub>2</sub> reduction

Existing technologies: CO<sub>2</sub> absorption

### Innovative Approach

— World-leading technology development —

### Progressive Approach

— Deepening of existing technologies & lateral development of new technologies —

### Immediate Approach

— Maximum utilization of existing technologies —

- Accelerate shift to blended cement
- Improve procurement systems for blended materials
- Promote alternatives to fossil fuels

- New standardization of blended cement (expansion of use)
- Gas firing (methane, hydrogen, etc.)
- Low-CO<sub>2</sub> cement (CARBOFIX®)
- Development of new grinding aid
- CO<sub>2</sub> mineralization (CARBOCATCH®)

- CO<sub>2</sub> capture (C2SP Kiln®)
- CCU (methanation, etc.)
- CCS (purification and shipping technology)

## CN model business

Cooperate with Zero Carbon Island Concept of Yakushima Town

Realize a "CN Model Plant" at DC CO., LTD.

## Measures against intensifying disasters

### Application of proprietary technologies and development of new technologies

e.g., ground improvement material, world's strongest concrete, etc.

# External Evaluation

## FTSE Blossom Japan Sector Relative Index



FTSE Blossom  
Japan Sector  
Relative Index

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



MORNINGSTAR GenDi J  
Japan ex-REIT Gender Diversity  
Tilt Index

## MSCI Japan ESG Select Leaders Index



MSCI | MSCI Japan ESG  
Select Leaders Index

## MSCI Nihonkabu ESG Select Leaders Index

## S&P/JPX Carbon Efficient Index



S&P/JPX  
カーボン  
エフィシエント  
指数

## CDP

[Selected as the "Supplier Engagement Leader"]  
[Scored A for climate change, B for water]



## JCR

[Acquired A+ in 2024]



株式会社 日本格付研究所  
Japan Credit Rating Agency, Ltd.

## R&I

[Acquired A in 2024]



## Platinum "Kurumin" certification

[Acquired in August 2023]



## Health & Productivity Management Outstanding Organization

[Consecutive since 2023]



## Human Capital Management Quality 2023

[Silver]



## DBJ Environmental Rating

[The Highest Rating for the eight consecutive year]



# List of major News Releases

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Jul.31.2024	The 2024 Noto Peninsula Earthquake Now Receiving Disaster Waste (Wood Waste) for recycling
Aug.6.2024	Low-carbon Building Blocks (Splitton Blocks) Made of CARBOFIX® Cement Applied to Public Works for the First Time
Aug.29.2024	Decision to Participation in Management and Operation of a Large-Scale Dairy Farm Facility in Namie Town, Fukushima Prefecture
Sep.4.2024	Seven Companies Announce to Conduct Engineering Design Work for Japanese Advanced CCS (Carbon Capture and Storage) Project
Sep.5.2024	Roadway Interlocking Blocks and Property Boundary Blocks Made of CARBOFIX® Cement Adopted for Public Works
Sep.26.2024	Start of a Joint Study on a CCS Project in the Kawasaki Waterfront Industrial Complex Area
Sep.27.2024	Integrated Report 「TAIHEIYO CEMENT REPORT 2024 (Japanese)」
Oct.2.2024	Advancements in DACCUS technology: Calcium carbonate concrete moves closer to the practical application
Oct.17.2024	Notice regarding the decision of matters pertaining to share repurchase (share repurchase pursuant to the Articles of Incorporation based on Article 165, Paragraph 2 of the Companies Act)
Nov.8.2024	Support for Areas and Victims of the 2024 Noto Heavy Rain



# Disclaimer

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This document is a translation of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Forecasts and other forward-looking statements in this document are based on information available to Taiheiyo Cement as of the date of the release of this document and on certain assumptions Taiheiyo Cement deems reasonable, and therefore are subject to risks and uncertainties.

As such, Taiheiyo Cement does not offer any promise or guarantee that forecasts included in this document will be realized in the future. Actual results may differ significantly due to a variety of factors.



**TAIHEIYO CEMENT**