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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 12, 2025

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Listing: Tokyo, Fukuoka
Securities code: 5233
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Scheduled date of commencing dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

President and Representative Director
General Manager of General Affairs Department

(Yen amounts are rounded to the nearest million.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	681,873	3.3	64,203	53.4	65,209	48.8	52,396	81.9
December 31, 2023	660,174	10.0	41,862	1,134.0	43,834	1,143.0	28,797	-

(Note) Comprehensive income: Nine months ended December 31, 2024: 56,688 million yen [(16.9)%]
Nine months ended December 31, 2023: 68,180 million yen [88.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	455.48	-
December 31, 2023	246.30	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of December 31, 2024	1,391,368	635,202	43.2
March 31, 2024	1,338,251	596,385	42.1

(Reference) Equity: As of December 31, 2024: 601,312 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: None

* Notes:

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

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

(Note) For details, please see “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to quarterly consolidated financial statements, (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 8 of the Attached Materials of these Quarterly 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 three months ended June 30, 2024, the Company has changed its method of depreciation. For details, please see “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to quarterly consolidated financial statements, (Changes in accounting policy that are difficult to distinguish from changes in accounting estimates)” on page 8 of the Attached Materials of these Quarterly Financial Results.

(4) Number of issued shares (common shares)

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

December 31, 2024: 118,191,578 shares

March 31, 2024: 121,985,078 shares

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

December 31, 2024: 5,144,067 shares

March 31, 2024: 6,405,914 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 115,033,661 shares

Nine months ended December 31, 2023: 116,920,258 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (Voluntary)

* 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 Quarterly 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 Quarterly 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 Quarterly Financial Results for the Period under Review

(1) Explanation of business results

During the nine months ended December 31, 2024, the Japanese economy showed a moderate recovery trend, partly due to the effect of various government policies under an improving employment and income situation. However, the outlook remained uncertain due to factors such as the protracted situation in Ukraine and continued yen depreciation.

As for the global economy, the U.S. economy is expected to continue expanding due to increased consumer spending and capital investment, but the continuation of high interest rate levels and policy developments need to be closely monitored. The Chinese economy continues to face stagnation in the real estate market, raising concerns about its outlook.

Under such circumstances, net sales for the nine months ended December 31, 2024 were ¥681,873 million (up ¥21,699 million year-on-year), operating profit was ¥64,203 million (up ¥22,341 million year-on-year), ordinary profit was ¥65,209 million (up ¥21,375 million year-on-year), and profit attributable to owners of parent was ¥52,396 million (up ¥23,599 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 labor shortage at construction sites, the expansion of no construction days to Saturdays also due to the adoption of a five-day week, and the problem of a lightweight aggregate shortage, 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 5.9% year-on-year to 25.15 million tons, of which, imported cement increased 25.9% year-on-year to 10 thousand tons. Total exports increased 24.9% year-on-year to 6.24 million tons.

Under these circumstances, the Group's domestic cement sales by volume, including consignment sales, decreased 4.9% year-on-year to 9.52 million tons. Exports increased 21.5% year-on-year to 2.40 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 decreased year-on-year largely due to the influx of cheap imports.

As a result of the above, net sales were ¥492,717 million (up ¥21,777 million year-on-year), and operating profit was ¥44,012 million (up ¥20,431 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 ¥67,508 million (up ¥964 million year-on-year), and operating profit was ¥8,106 million (up ¥780 million year-on-year).

③ Environmental Business

While sales in gypsum and fuel as well as waste plastic processing were sluggish, coal processing, sales in calcium carbonate, and biomass fuel sales remained strong. In addition, disaster waste treatment for the Noto Peninsula earthquake steadily progressed.

As a result, net sales were ¥51,640 million (up ¥68 million year-on-year), and operating profit was ¥5,432 million (up ¥641 million year-on-year).

④ Construction Materials Business

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

As a result, net sales were ¥53,974 million (down ¥2,099 million year-on-year), and operating profit was ¥2,912 million (down ¥1,023 million year-on-year).

⑤ Other Business

Net sales were ¥65,527 million (up ¥2,543 million year-on-year), and operating profit was ¥4,296 million (up ¥2,035 million year-on-year).

(2) Explanation of financial position

Total assets increased ¥53,117 million from the end of the previous fiscal year to ¥1,391,368 million. Current assets increased ¥28,662 million from the end of the previous fiscal year to ¥458,952 million, and non-current assets increased ¥24,454 million to ¥932,416 million. The increase in current assets was mainly due to an increase in cash and deposits. The increase in non-current assets was mainly due to an increase in construction in progress and other property, plant and equipment.

Liabilities increased ¥14,299 million from the end of the previous fiscal year to ¥756,166 million. Current liabilities increased ¥56,899 million from the end of the previous fiscal year to ¥425,002 million, and non-current liabilities decreased ¥42,600 million to ¥331,163 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 ¥17,125 million from the end of the previous fiscal year to ¥387,595 million.

Net assets increased ¥38,817 million from the end of the previous fiscal year to ¥635,202 million. This was mainly due to an increase in retained earnings.

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

The financial results forecast for the full year remains unchanged from the forecast announced on November 12, 2024 at this time.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	80,102	91,924
Notes and accounts receivable - trade, and contract assets	167,849	167,039
Electronically recorded monetary claims - operating	38,736	47,539
Merchandise and finished goods	49,341	50,688
Work in process	1,466	2,515
Raw materials and supplies	72,371	74,861
Other	20,624	24,559
Allowance for doubtful accounts	(198)	(174)
Total current assets	430,289	458,952
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	163,748	162,360
Machinery, equipment and vehicles, net	189,481	193,043
Land	158,496	159,196
Other, net	142,185	164,457
Total property, plant and equipment	653,910	679,057
Intangible assets		
Goodwill	104	73
Other	38,980	37,355
Total intangible assets	39,084	37,428
Investments and other assets		
Investment securities	132,314	131,293
Retirement benefit asset	38,906	38,907
Other	45,076	47,020
Allowance for doubtful accounts	(1,328)	(1,289)
Total investments and other assets	214,968	215,931
Total non-current assets	907,962	932,416
Total assets	1,338,251	1,391,368

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	94,951	91,544
Electronically recorded obligations - operating	17,502	22,920
Short-term borrowings	142,916	147,958
Commercial papers	-	34,000
Current portion of bonds payable	-	15,000
Income taxes payable	5,446	7,839
Provision for bonuses	6,502	3,578
Provision for loss on business withdrawal	96	70
Other provisions	322	224
Other	100,368	101,869
Total current liabilities	368,104	425,002
Non-current liabilities		
Bonds payable	70,000	55,000
Long-term borrowings	157,554	135,637
Retirement benefit liability	23,006	21,671
Provision for retirement benefits for directors (and other officers)	548	505
Provision for special repairs	305	273
Provision for product compensation	3,830	3,492
Provision for loss on business withdrawal	1,769	1,433
Other provisions	400	408
Asset retirement obligations	10,930	11,221
Other	105,421	101,523
Total non-current liabilities	373,763	331,163
Total liabilities	741,866	756,166
Net assets		
Shareholders' equity		
Share capital	86,174	86,174
Capital surplus	50,052	50,095
Retained earnings	379,126	412,428
Treasury shares	(17,942)	(16,015)
Total shareholders' equity	497,409	532,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,476	17,629
Deferred gains or losses on hedges	(20)	(8)
Revaluation reserve for land	3,697	3,550
Foreign currency translation adjustment	32,230	34,079
Remeasurements of defined benefit plans	12,419	13,379
Total accumulated other comprehensive income	65,802	68,629
Non-controlling interests	33,174	33,891
Total net assets	596,385	635,202
Total liabilities and net assets	1,338,251	1,391,368

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	660,174	681,873
Cost of sales	517,099	513,828
Gross profit	143,075	168,045
Selling, general and administrative expenses	101,213	103,842
Operating profit	41,862	64,203
Non-operating income		
Interest income	1,110	1,263
Dividend income	1,921	2,097
Share of profit of entities accounted for using equity method	1,147	751
Other	3,643	3,026
Total non-operating income	7,820	7,137
Non-operating expenses		
Interest expenses	2,701	3,184
Other	3,147	2,947
Total non-operating expenses	5,848	6,131
Ordinary profit	43,834	65,209
Extraordinary income		
Gain on disposal of non-current assets	1,243	2,842
Gain on sale of investment securities	633	1,755
Gain on extinguishment of debt	-	4,544
Insurance claim income	-	1,143
Other	275	112
Total extraordinary income	2,151	10,395
Extraordinary losses		
Loss on disposal of non-current assets	2,508	1,916
Retirement benefit expenses	-	2,684
Other	729	288
Total extraordinary losses	3,237	4,888
Profit before income taxes	42,749	70,715
Income taxes	13,761	17,008
Profit	28,988	53,707
Profit attributable to non-controlling interests	191	1,311
Profit attributable to owners of parent	28,797	52,396

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	28,988	53,707
Other comprehensive income		
Valuation difference on available-for-sale securities	2,442	243
Deferred gains or losses on hedges	(0)	(1)
Foreign currency translation adjustment	32,340	724
Remeasurements of defined benefit plans, net of tax	(241)	1,060
Share of other comprehensive income of entities accounted for using equity method	4,651	955
Total other comprehensive income	39,192	2,981
Comprehensive income	68,180	56,688
(Breakdown)		
Comprehensive income attributable to owners of parent	65,793	55,371
Comprehensive income attributable to non-controlling interests	2,387	1,318

(3) Notes to quarterly 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.

The Company purchased 2,543,200 shares of treasury shares upon resolution of the Board of Directors meeting held on October 17, 2024. As a result of such purchase, treasury shares increased ¥8,887 million.

Partly due to these reasons, retained earnings and treasury shares amounted to ¥412,428 million and ¥16,015 million, respectively, at the end of the third quarter of the fiscal year under review.

(Adoption of accounting treatment specific to the preparation of quarterly 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 third quarter of the fiscal year under review, and multiplying profit 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 three months ended June 30, 2024. These changes have no impact on the quarterly 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 three months ended June 30, 2024.

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 ¥5,062 million, and ordinary profit and profit before income taxes increased ¥5,064 million, respectively, in the third quarter of the fiscal year under review, compared with those computed based on the previous method.

(Segment information, etc)

[Segment information]

I. For the nine months ended December 31, 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	464,411	48,848	46,725	55,131	615,115	45,060	660,174	-	660,174
Inter-segment sales	6,529	17,697	4,847	941	30,014	17,924	47,939	(47,939)	-
Total	470,940	66,545	51,572	56,073	645,129	62,984	708,113	(47,939)	660,174
Segment profit	23,581	7,326	4,791	3,935	39,633	2,261	41,894	(32)	41,862

- 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 quarterly consolidated statements of income.

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

Not applicable.

II. For the nine months ended December 31, 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	486,592	49,990	47,890	52,827	637,298	44,575	681,873	-	681,873
Inter-segment sales	6,125	17,519	3,750	1,147	28,541	20,951	49,493	(49,493)	-
Total	492,717	67,508	51,640	53,974	665,839	65,527	731,366	(49,493)	681,873
Segment profit	44,012	8,106	5,432	2,912	60,462	4,296	64,758	(555)	64,203

- 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 quarterly 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 three months ended June 30, 2024.

As a result of this change, segment profit increased by ¥3,294 million in Cement Business, ¥644 million in Mineral Resources Business, ¥170 million in Environmental Business, ¥271 million in Construction Materials Business, and ¥751 million in Other in the third quarter 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 ¥5,062 million.

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

Not applicable.

(Statements of cash flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2024 have not been prepared. Depreciation (including depreciation related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2024 are as follows.

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	¥48,995 million	¥46,290 million
Amortization of goodwill	¥30 million	¥31 million