

Financial Results Briefing for the Fiscal Year Ended March 31, 2025 Business Overview

May 14, 2025

TAIHEIYO CEMENT CORPORATION

Ambidexterity (Ambidextrous Management)

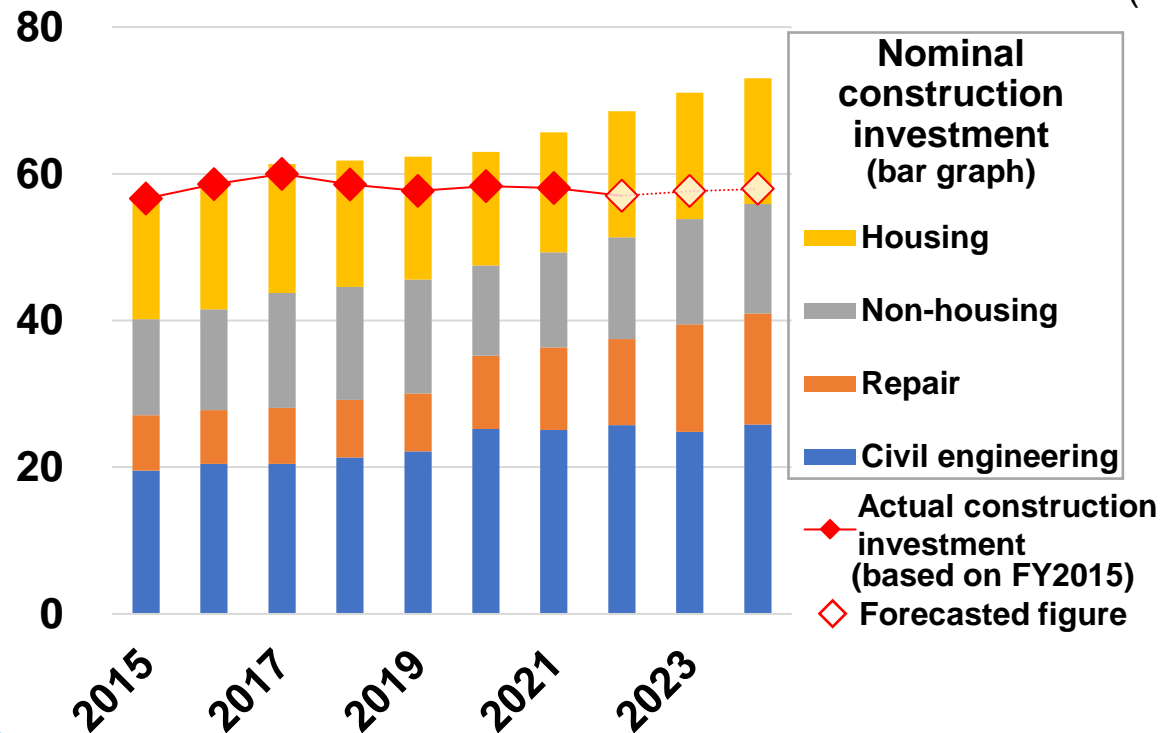
	Proactive	Protective
Domestic business	Export of blended cement Promote CN/DX	Increase sales prices (refrain from chasing market share)
Overseas business development	Strengthen U.S. business	Shift from China to Southeast Asia
U.S. business	Import of slag and FA/blended cement Development of zeolite quarries	Deepening of vertical integration (acquisition of aggregate quarries/ready-mixed concrete)
Trading business	Development of high-value-added cement Exploration of new export destinations (export from Japan)	Export from third countries Indonesia { Coal prices Unaffected by ETS
Organization	CN, DX, GX Promotion Departments Research and Development Division	Transition to Taiheiyo Cement Group mountain ranges
Increased PBR	Growth investments Rearrange portfolio	Dividend increases Share repurchases

Domestic Demand Forecast

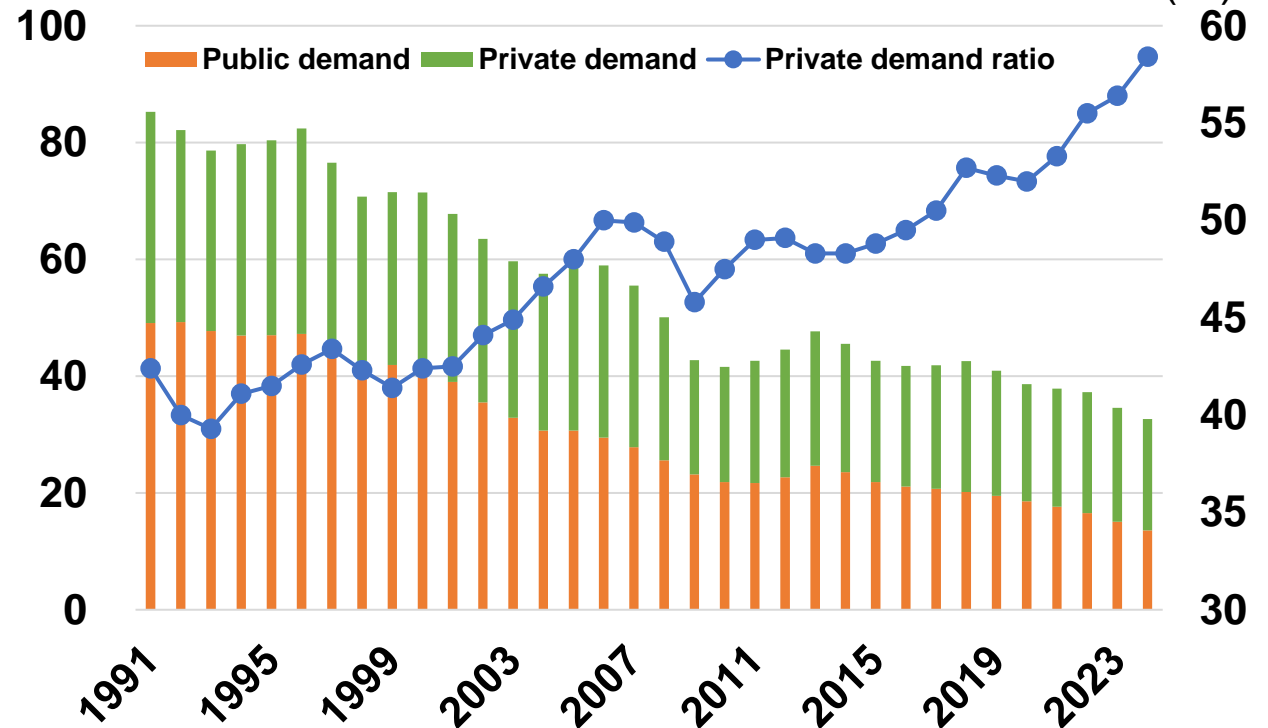
● Trends in domestic construction market

- Despite being on a rising trend in terms of nominal value due to the influence of inflation, etc., **the actual amount of construction investment remains flat**.
- On the other hand, cement demand has experienced a **long-term decreasing trend** due to prolonged construction periods against the background of changing construction methods and the chronic shortage of human resources in addition to hikes in construction costs, with a **particularly significant decline in public demand**.

(Trillion yen) **Construction investments**



(Million t) **Domestic cement demand (by public/private)** (%)

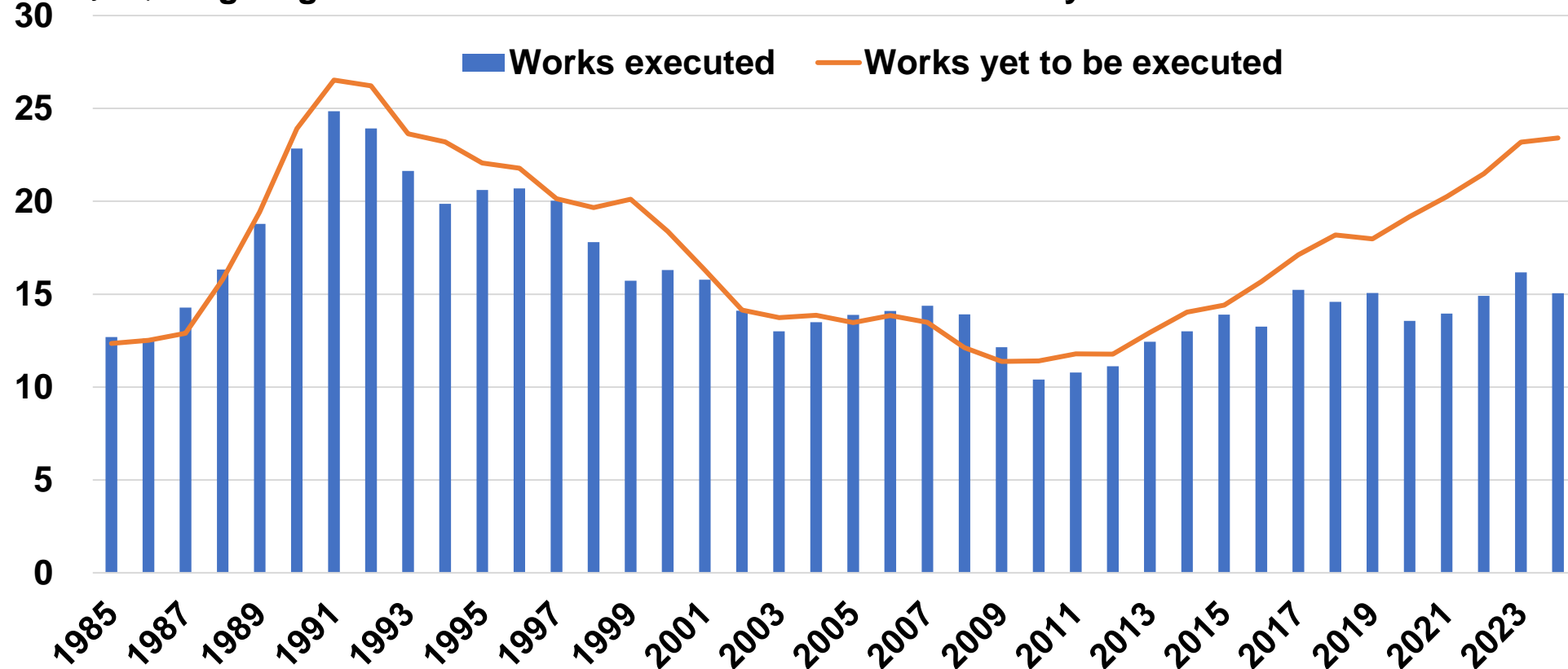


Domestic Demand Forecast

● Trends in domestic construction market

- In recent years, public works businesses have been subjected to poor conditions and stunted progress as a result of the labor shortage.
- The **quantity of construction work yet to be executed for the supply side has been building up** as a result of the imbalance in supply and demand (≡ supply-demand gap), **and the industry continues to face difficulties in extinguishing the situation.**

(Trillion yen) **Big 50 general contractors: Works executed & works yet to be executed**



Domestic Demand Forecast

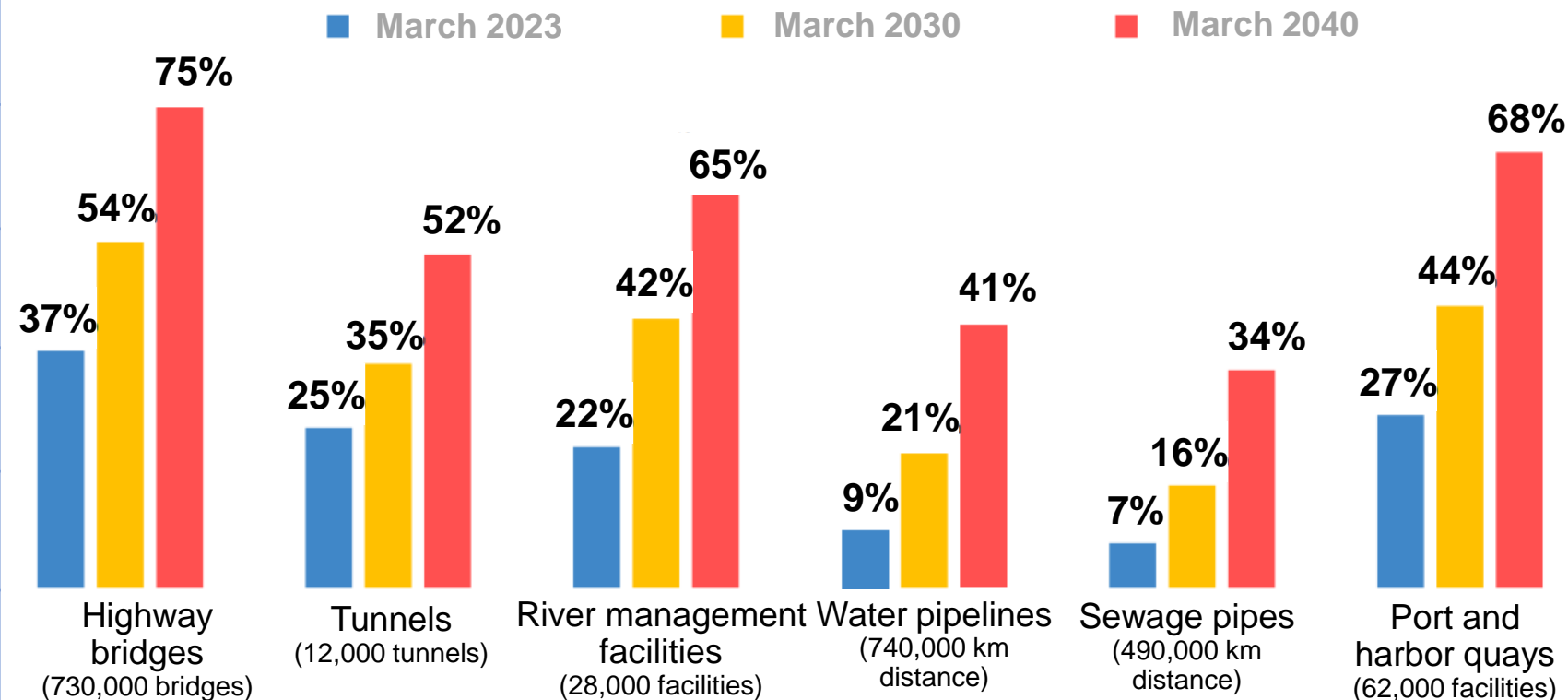
● Demand for maintenance and renewal of aging infrastructure

- The aging of social infrastructure in Japan is progressing **and causing material damage in many different areas**.
- The **proportion of facilities** remaining from the social infrastructure developed since the period of rapid economic growth that **will reach 50 years of age or older will expand at an accelerating pace over the next 15 years**, and full-scale demand is expected for the maintenance and renewal of aging infrastructure

Examples of issues arising from aging infrastructure

2007	Mie Prefecture Kisogawa Bridge; truss diagonal member breakage
2012	Chuo Expressway Sasago Tunnel; ceiling plate collapse
2018	Tokyo Ruptured water pipe
2018	Hiroshima Prefecture Check dam collapse due to West Japan torrential rain
2021	Wakayama Prefecture Water pipe bridge collapse
2025	Saitama Prefecture Yashio City road sinkhole

Percentage of social infrastructure that is 50 years of age or older (as of March 2023)



Prepared based on Ministry of Land, Infrastructure, Transport and Tourism's
"Current Status and Future Progression of Aging of Social Infrastructure"

Domestic Demand Forecast

- Estimate of domestic demand

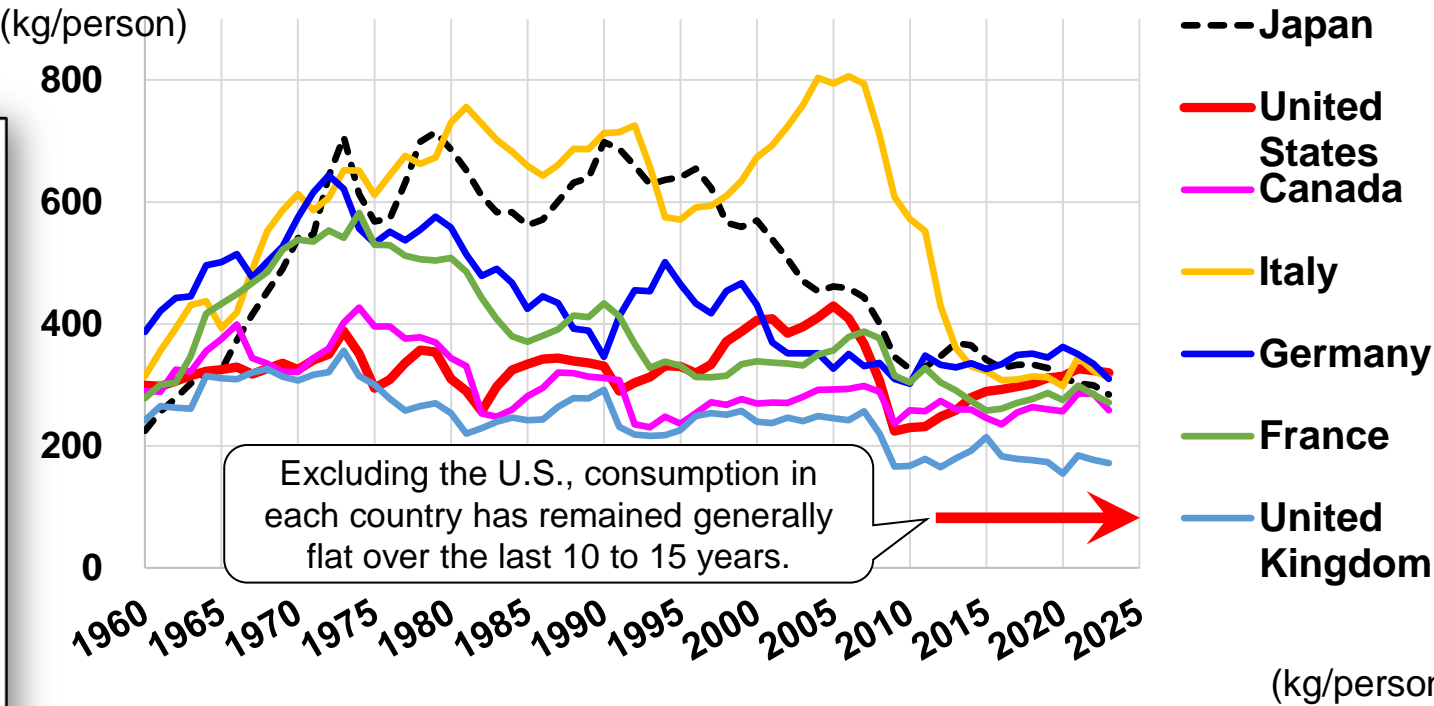
Domestic demand estimated from population projection and per capita consumption

	Population projection (thousand people)	Per capita cement consumption (kg/person)	Domestic demand estimate (million t)
2025	123,262	248 to 288	30.6 to 35.5
2030	120,116		29.8 to 34.6
2035	116,639		28.9 to 33.6
2040	112,837		28.0 to 32.5

Assuming Japan's per capita cement consumption remains at 248 to 288 kg, domestic demand is expected to settle at **around 30 million tons**.

Source: Adopted from population projection based on the assumption of medium fertility and medium morality in the National Institute of Population and Social Security Research's "Population Projections for Japan (2023 Projection)"

Per capita cement consumption in G7 countries

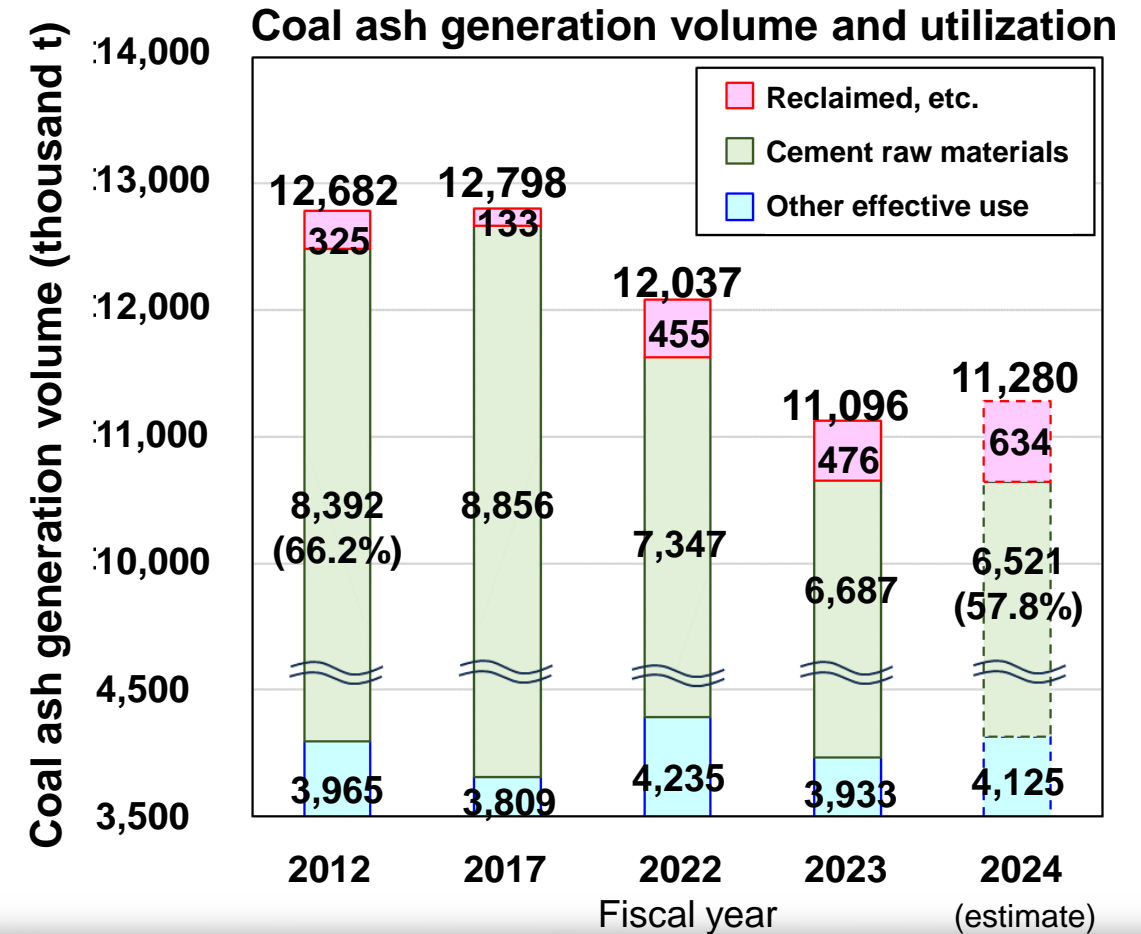
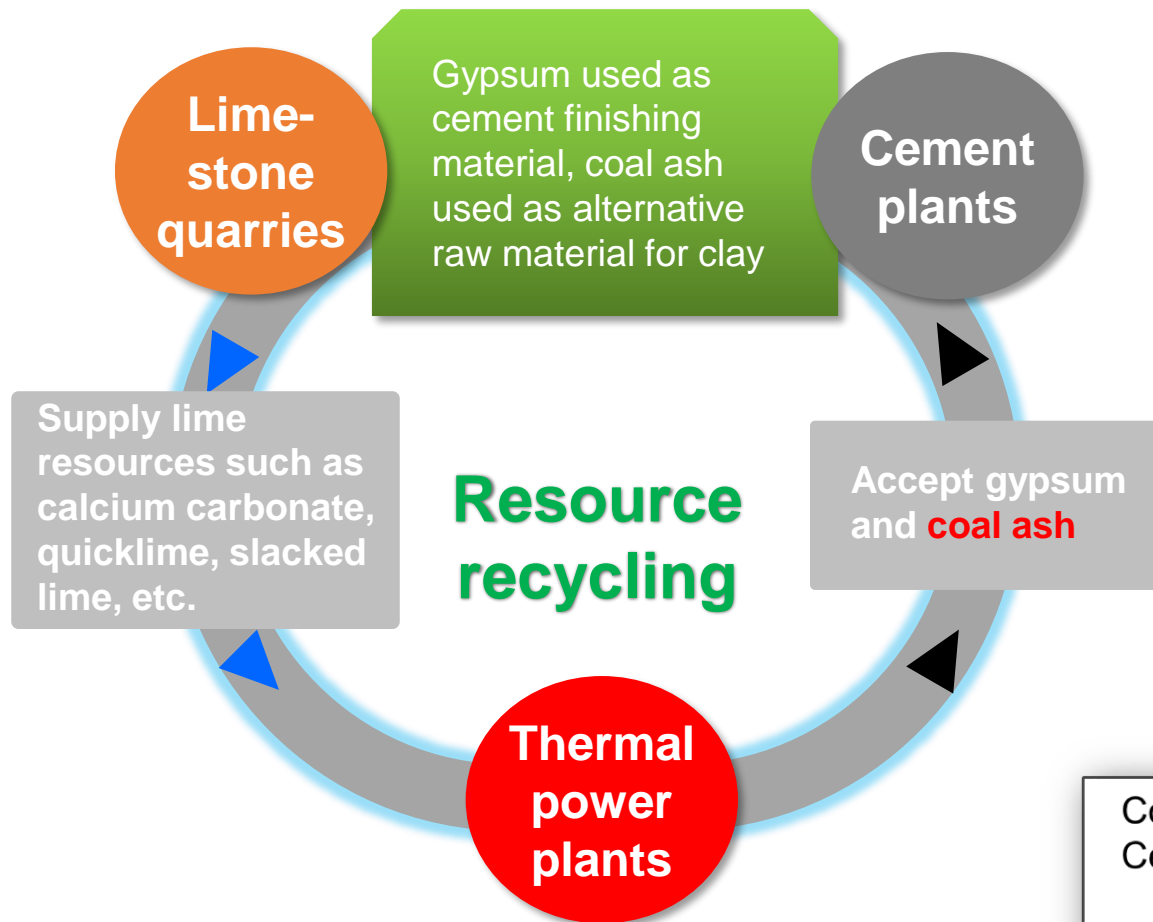


	Japan	United States	Canada	Italy	Germany	France	United Kingdom	Average
Lowest figure since 2000	267	225	235	298	302	258	155	248
	2024	2009	2016	2020	2010	2015	2020	
Most recent actual figure	267	304	286	346	351	299	185	291
	2024	2024	2021					
Most recent actual 10-year average	313	310	260	333	342	280	180	288

Prepared based on Japan Cement Association materials, Global Cement Report, and World Bank Open Data

Countermeasures Against Decline in Domestic Demand

- Resource recycling business with thermal power plants



Coal ash generation volume: No significant decrease over the last 10 years
 Cement raw materials use: Declining trend in line with the decrease in cement production, and materials that cannot be fully treated are being **moved to private landfills** (many power plants retain own landfills)

Countermeasures Against Decline in Domestic Demand

● Export of FA cement

Taiheiyo Cement

- ☆ **Maintain** domestic plant operation rate
- ☆ Promote CN

Power companies

- ☆ **Stable operation of thermal power plants**
- ☆ Extend lifespan of landfills

Relationship of “quadrilateral positivity”



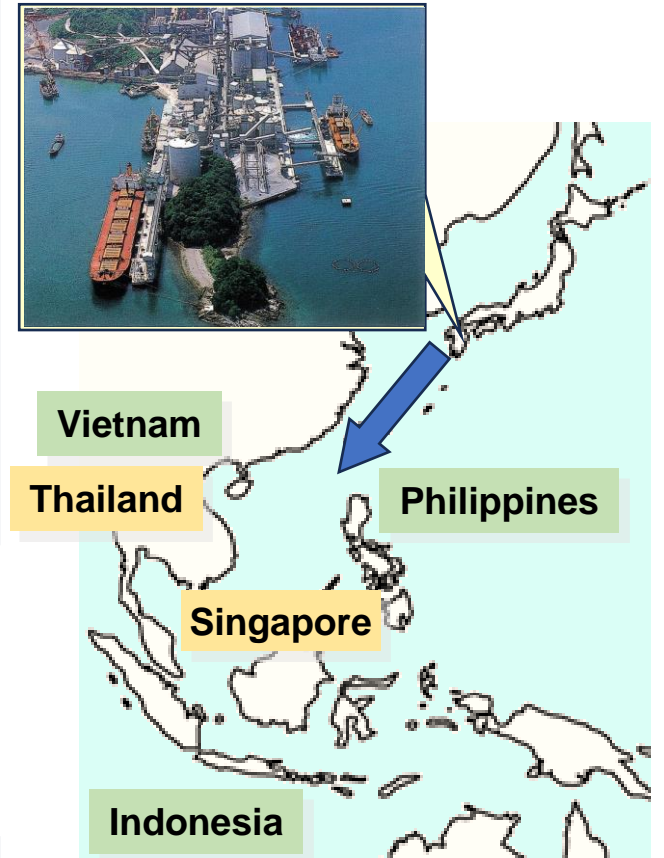
Society

- ☆ Secure disposal sites for industrial waste
- ☆ **Treat rubble** resulting from intensifying disasters

Southeast Asia

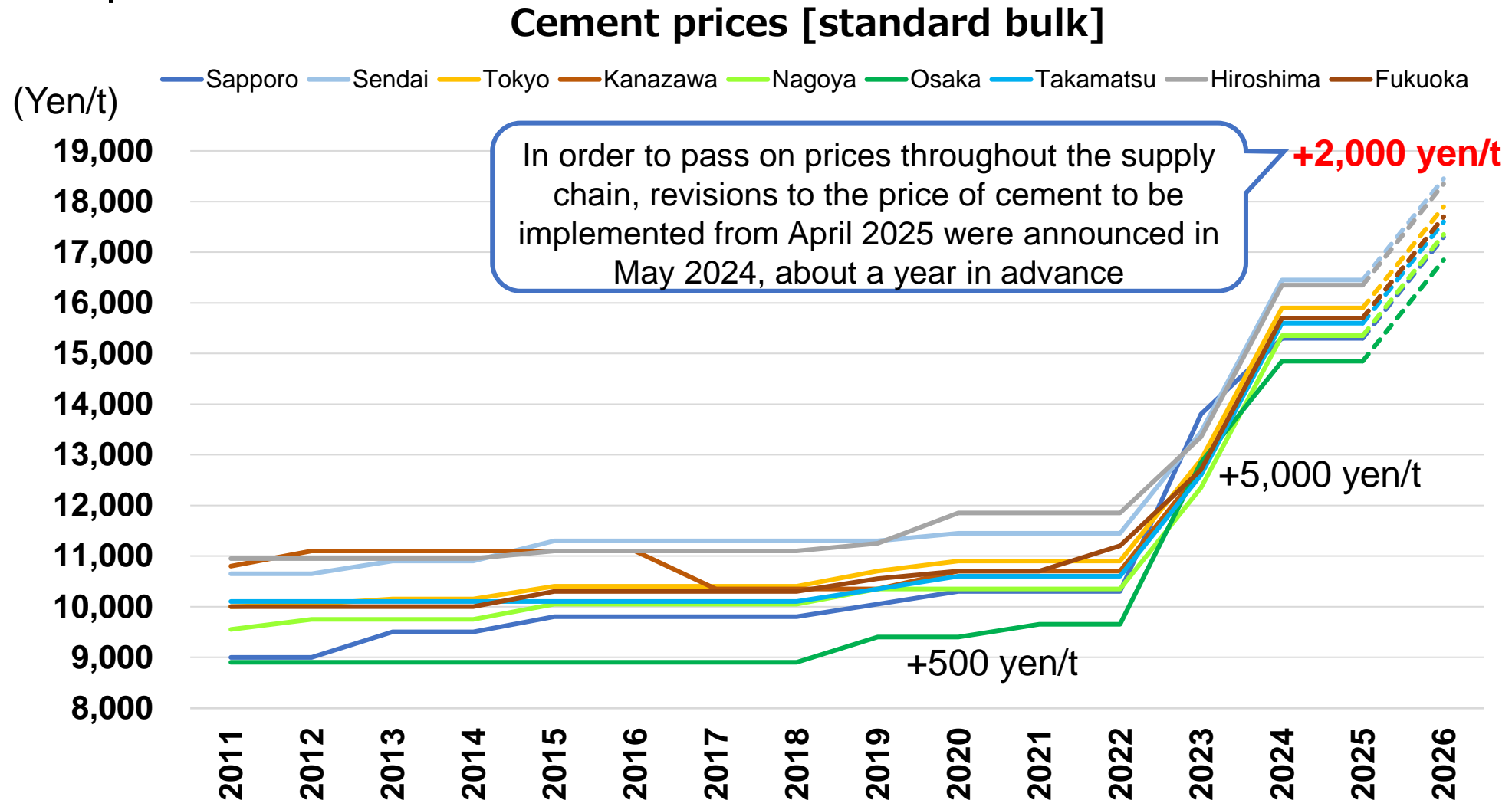
- ☆ Supply **low-cost, high-quality** environmentally friendly blended cement

Southeast Asian markets where the shift to blended cement is progressing



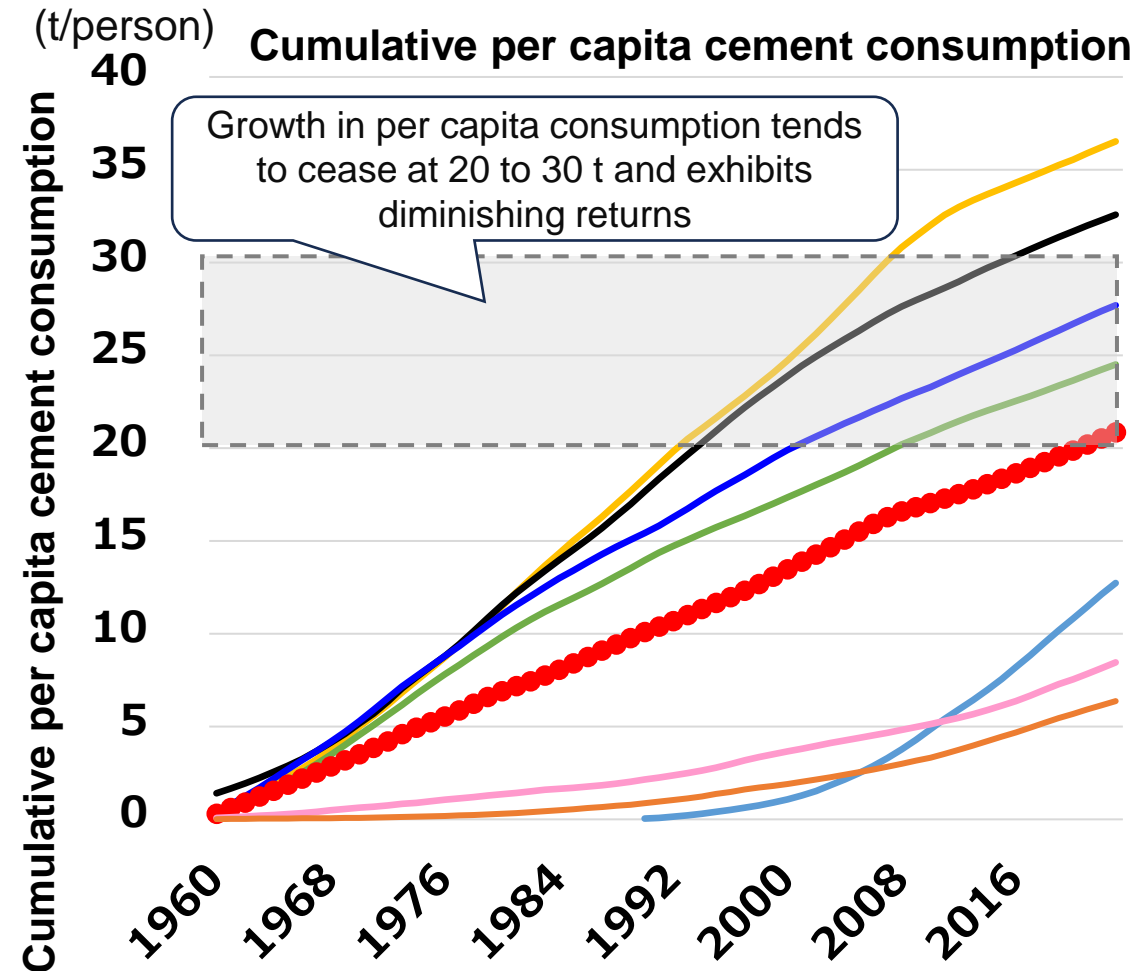
Countermeasures Against Decline in Domestic Demand

- Sales price hikes in cement



U.S. Demand Forecast

● Potential for growth in demand



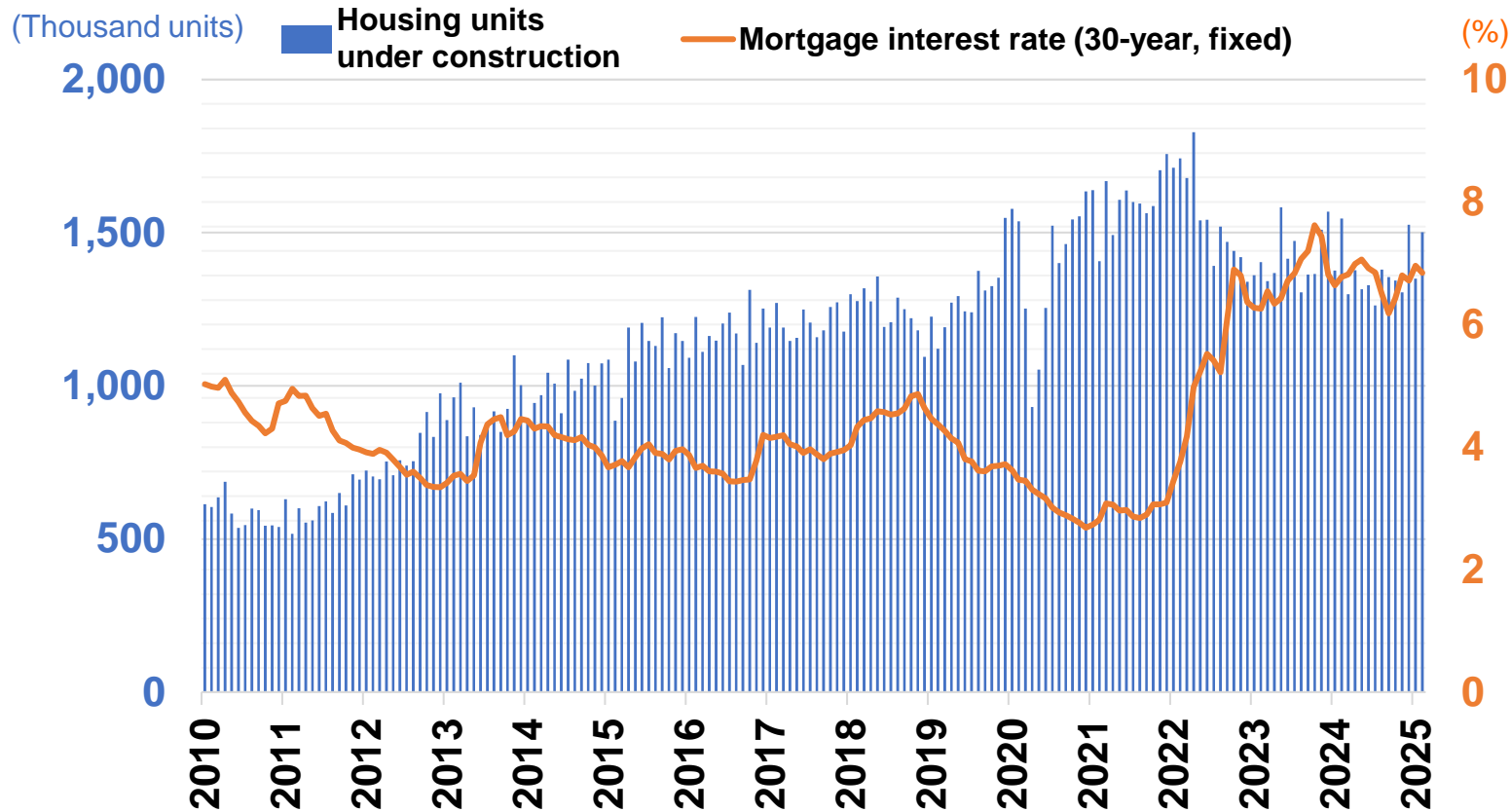
	Cumulative per capita consumption (t/person)	Population density (person/km ²)	Population growth rate in the last 5 years (%)
— Italy	36.5	195	-1.2
— Japan	32.6	329	-1.6
— Germany	27.7	233	0.2
— France	24.5	124	1.3
● United States	20.8	34	2.6
— Vietnam	12.7	305	4.0
— Philippines	8.5	385	6.3
— Indonesia	6.4	146	3.9

Even though cumulative cement consumption has reached a level of diminishing returns in terms of growth, **the U.S. is an enormous country** with abundant land primed for development, and **economic growth will continue together with future population growth**.
 ⇒ Unlike in other developed countries, demand can be expected to grow

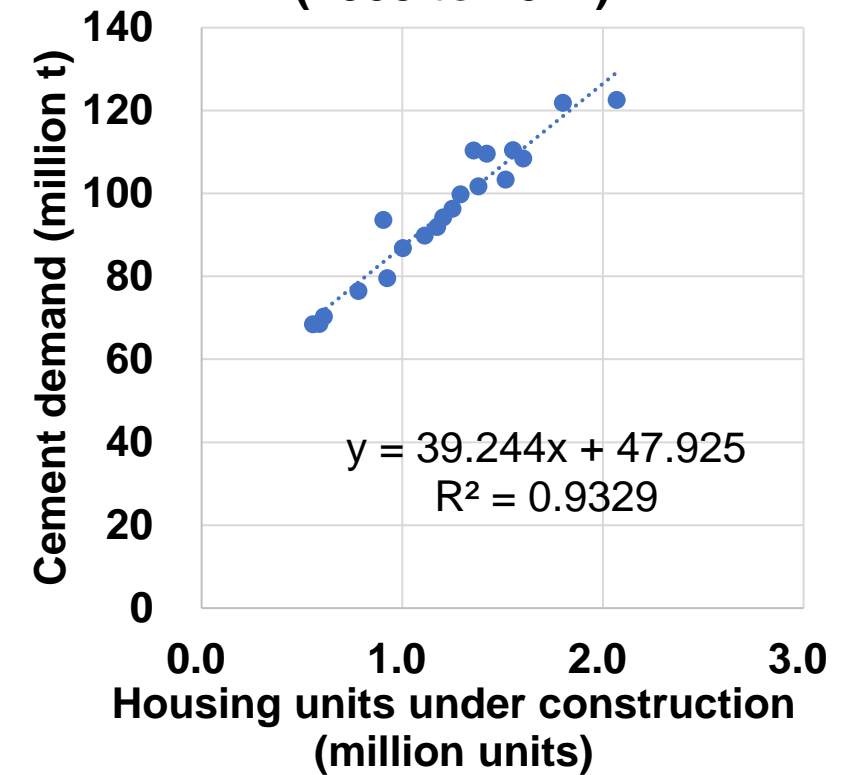
U.S. Demand Forecast

- Indicators for cement demand

Housing units under construction in the United States



Relationship between housing units under construction and cement demand (2005 to 2024)



U.S. Demand Forecast

● Business environment for CalPortland Company

Comparison of economic scale (2024)

Rank	Country or U.S. state	Nominal GDP (billion USD)	Population (thousand people)
1	United States	29,185	340,111
2	China	18,748	1,420,909
3	Germany	4,659	84,696
4	California	4,103	39,431
5	Japan	4,026	124,071
6	India	3,909	1,444,436
7	United Kingdom	3,645	68,923
8	France	3,162	66,496
9	Texas	2,709	31,291
10	Italy	2,372	59,435
11	New York	2,297	19,867

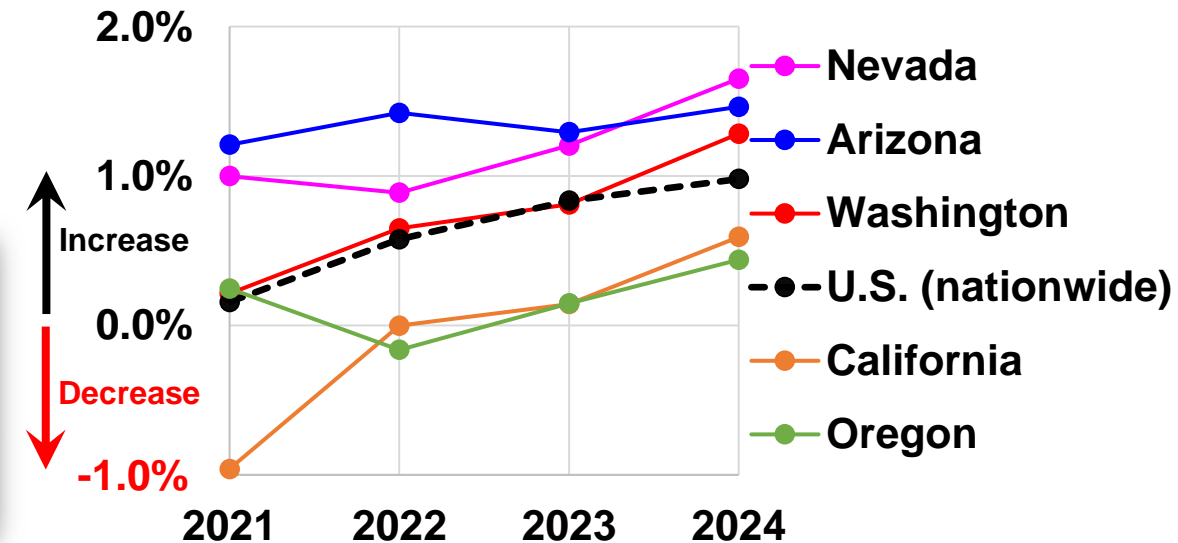
- **California's GDP** surpassed Japan in 2024 to become the **4th largest worldwide**.
- **Arizona and Nevada populations** will continue to grow **at a speed that outpaces the U.S. nationwide** due to accepting immigration and migration from California.
 - Increased employment due to attracting companies (Arizona: TSMC and other participants in the semiconductor industry; Nevada: Panasonic EV batteries, etc.) and growth of entertainment and tourism features (Nevada)
 - Convenient living conditions (climate, cost of living, taxes)

Population dynamics over the last five years

(Thousand people)

	2020	2024	Increase	Increase (%)
Arizona	7,187	7,582	395	5.5%
Nevada	3,117	3,267	151	4.8%
Washington	7,727	7,958	231	3.0%
Oregon	4,244	4,272	29	0.7%
California	39,522	39,431	-91	-0.2%
Five-state total	61,797	62,512	715	1.2%
U.S. (nationwide)	331,578	340,111	8,533	2.6%

Population growth rate by year (year on year)



U.S. Demand Forecast

● Infrastructure Investment and Jobs Act

Project	Funding (billion USD)
Transportation	569.8
Roads, bridges and major projects	326.3
Passenger and freight rail	63.0
Public transportation	82.6
Airports and aviation facilities	25.0
Ports and waterways	16.7
Safety	37.6
EV infrastructure	18.6
Climate, energy, and environment	198.7
Renewable energy and power	75.0
Water infrastructure	64.3
Hazard resilience and cybersecurity	37.9
Environmental remediation	21.6
Broadband	64.4
Other programs	8.7
Total by 2030	841.5

● Recovery from LA wildfires

	Scale of damage
Area burned	Over 200 square kilometers (equivalent to around 1/3 of the 23 wards of Tokyo)
Buildings damaged	Over 16,000 units
People evacuated	Around 180,000 people evacuated
Amount of damage	Estimated damage of 76 to 131 billion USD (around 11 trillion to 19 trillion yen)

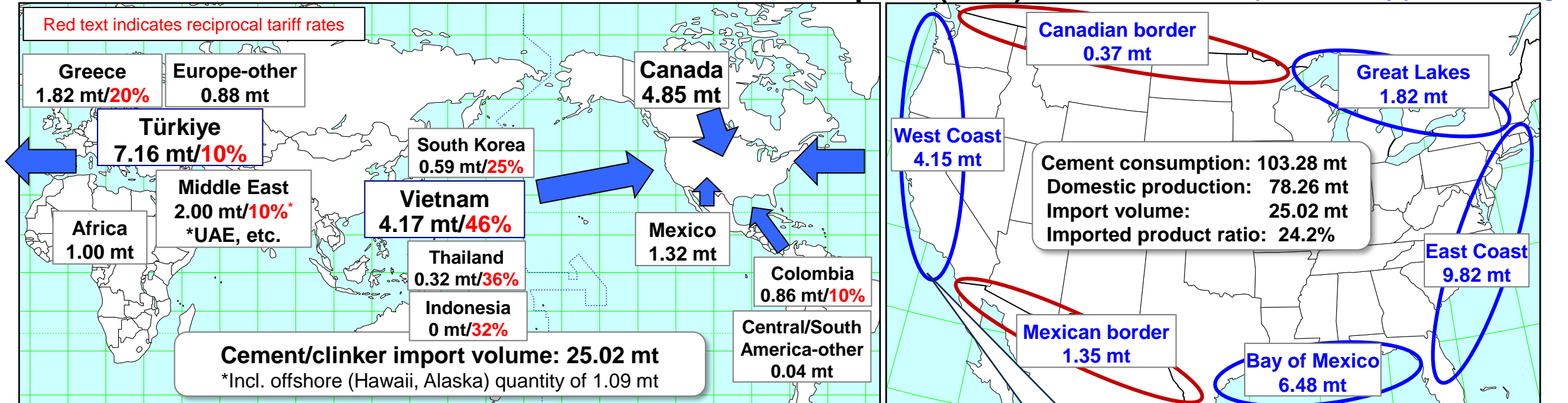


In addition to the recovery of the affected neighborhoods (Eaton Canyon and Pacific Palisades), **additional demand is expected due to the shift from wood to more durable cement building materials** as increasingly more strict fire prevention standards, etc. are introduced.

U.S. Demand Forecast

● Impact of Trump's tariffs

Trends in U.S. cement demand and imports (2024)



Impact of Trump's tariffs and CPC's response

- CPC plans to achieve sales of 6.30 million tonnes in 2025, of which **around 1.80 million tonnes** will be procured through **imports**.
- Competitors may potentially replace a certain portion of their import sources away from Vietnam to avoid increased costs resulting from the tariffs, but the U.S. West Coast market is heavily dependent on imported cement and it is difficult to replace all sources in their entirety with consideration for supply capacity.
- CPC will **expand its options** by introducing imports from Indonesia in addition to Vietnam and South Korea and **maintain a policy to pass on** the impact of the tariffs **to sales prices**.

Breakdown of import sources for West Coast

Import source	Import volume (thousand t)	Composition	Reciprocal tariff rate
Vietnam	2,764	67%	46%
Canada	765	18%	Excluded
South Korea	589	14%	25%
Mexico	28	1%	Excluded
Total	4,146	100%	

Overseas Business (United States)

- Further strengthen base through vertical integration

(1) Expand stable and highly profitable aggregate business

- Improve business portfolio (focused mainly on expanding the cement business in recent years).
- In the LA metropolitan area in particular, **aggregate materials are scarce and highly profitable**.

(2) Strengthen supply chain

- **Secure stable suppliers** even in the face of declining demand by expanding ready-mixed concrete business.
- **Secure future revenue for ready-mixed concrete business** by obtaining opportunities to supply aggregate to own ready-mixed concrete business in the LA area.

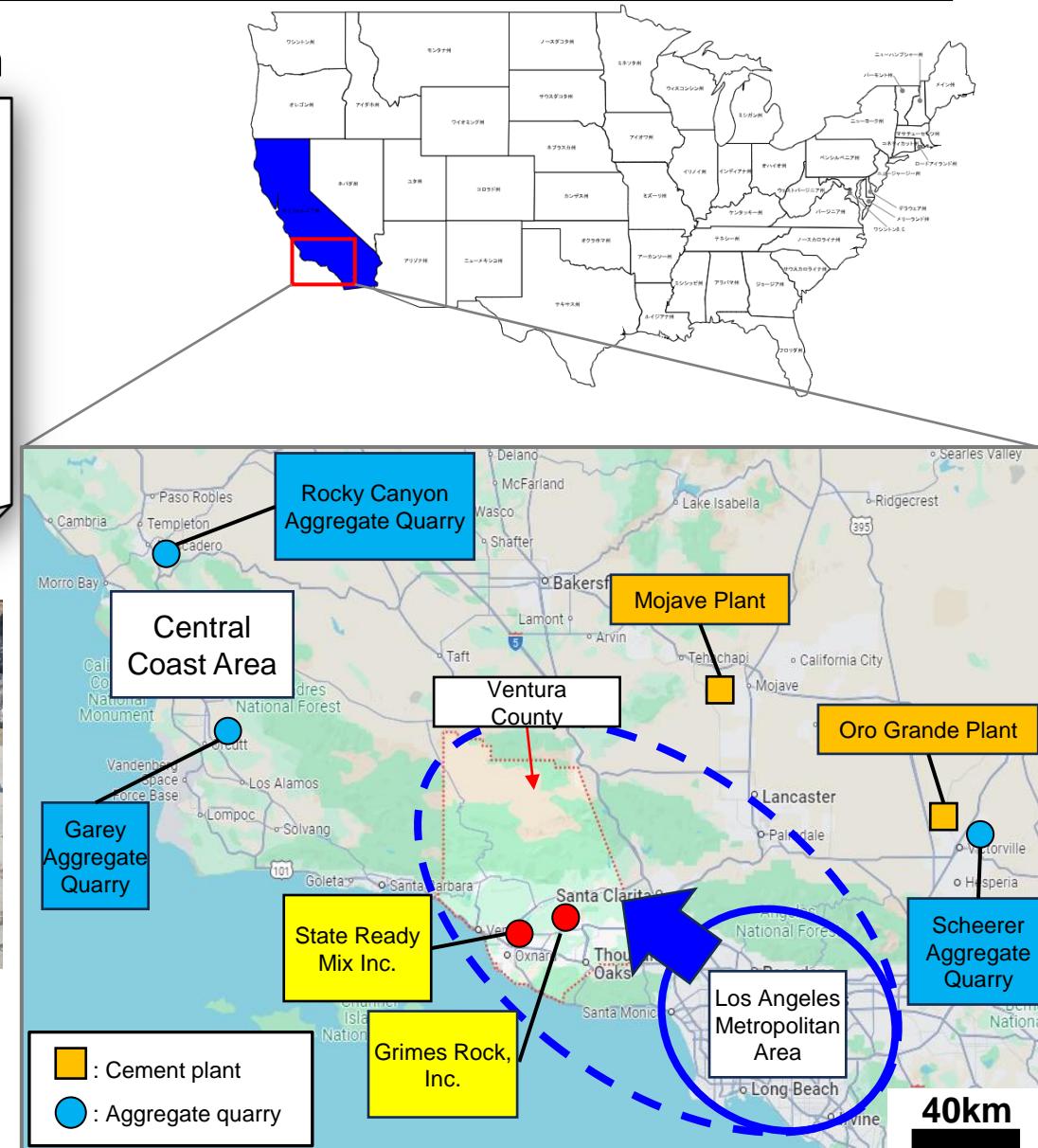
Grimes Rock, Inc.



State Ready Mix Inc.



Extracting high-quality gravel

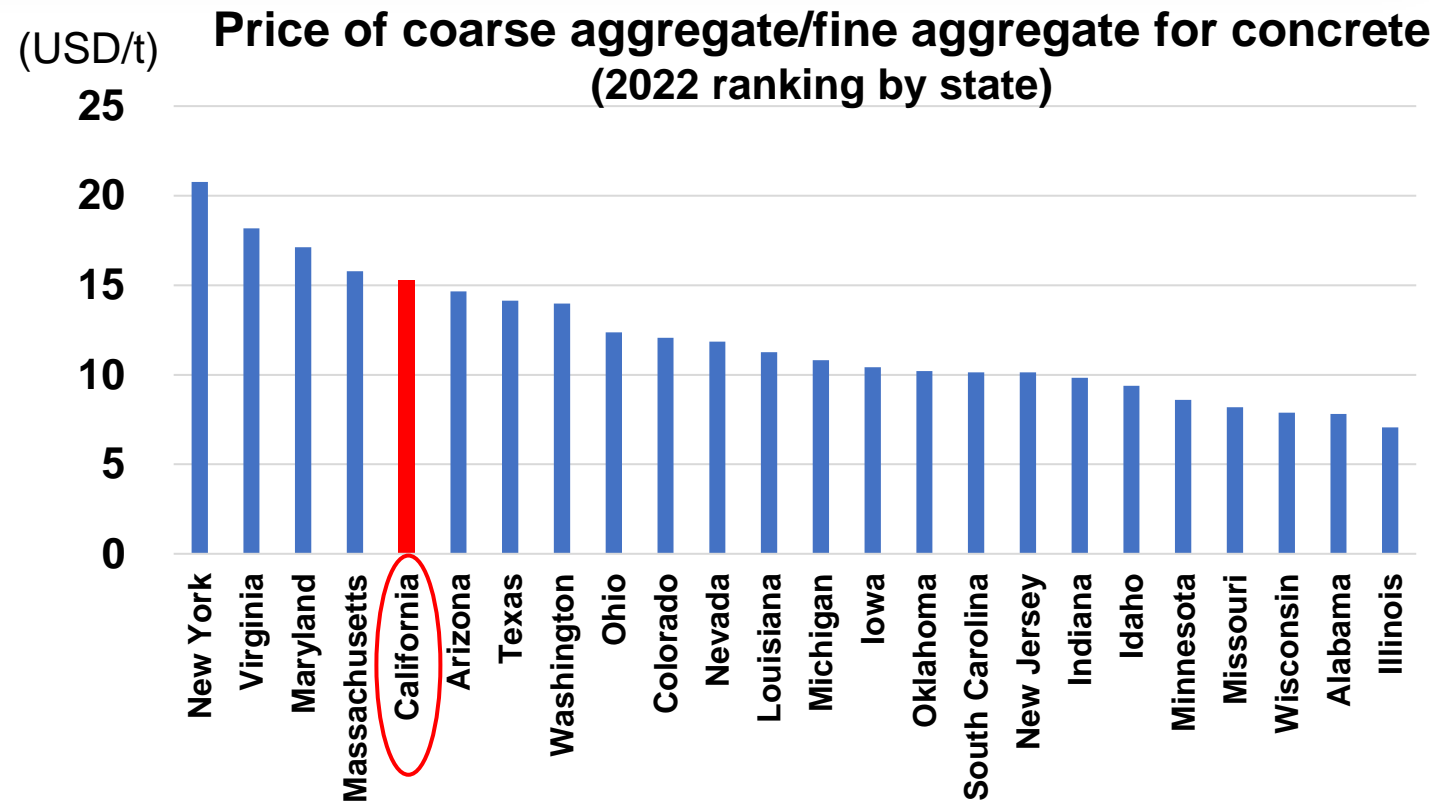
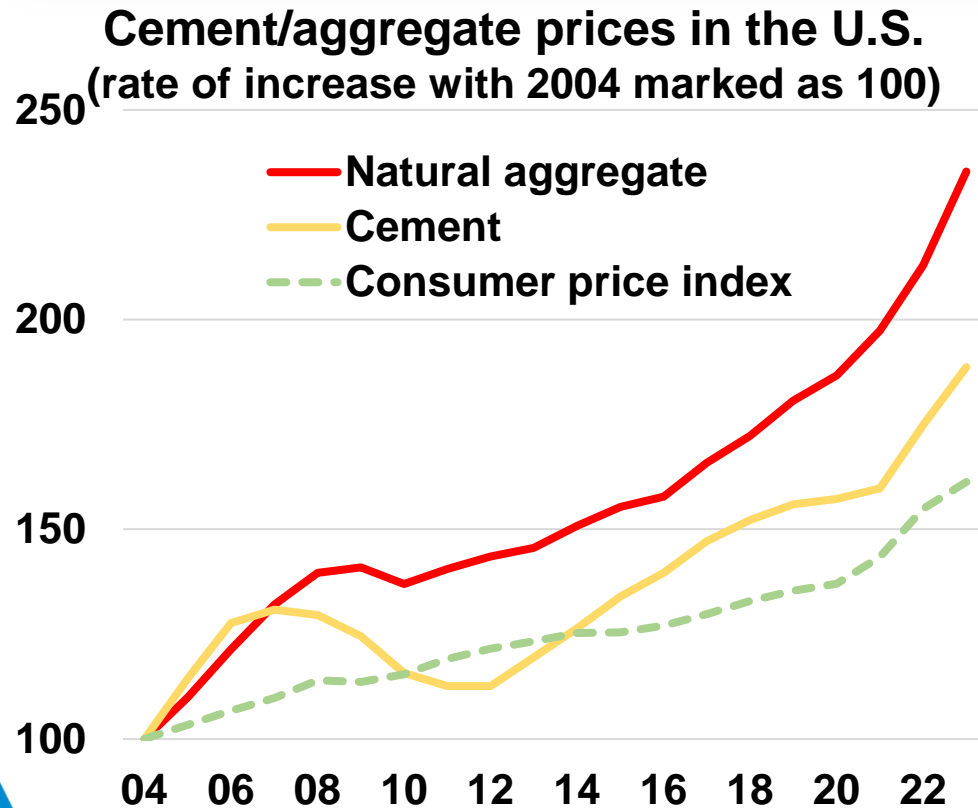


Overseas Business (United States)

● Significance of acquisition of Grimes Rock, Inc.

Expand aggregate business, in which stability and high profitability are expected

- Market conditions remained stable even during the 2008 financial crisis.
- Market conditions are particularly favorable in California (principally evident in metropolitan areas as a reflection of scarcity).



Overseas Business (Philippines)

- Operation of new production line & pursuit of competitiveness through coal ash utilization

TCPI San Fernando Plant

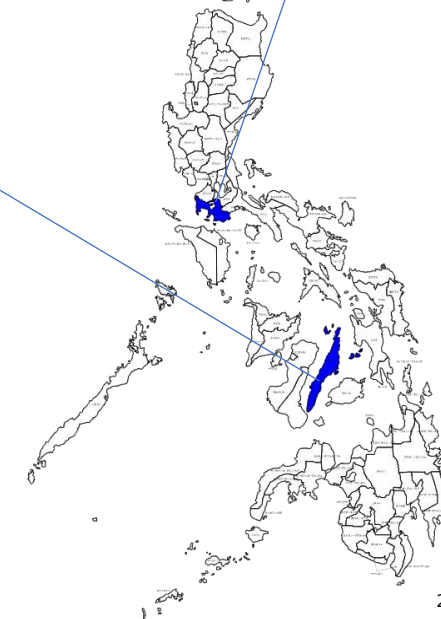


Unloading of Japanese FA cement
(1st ship: 2/12/2025; 2nd ship: 4/10/2025)

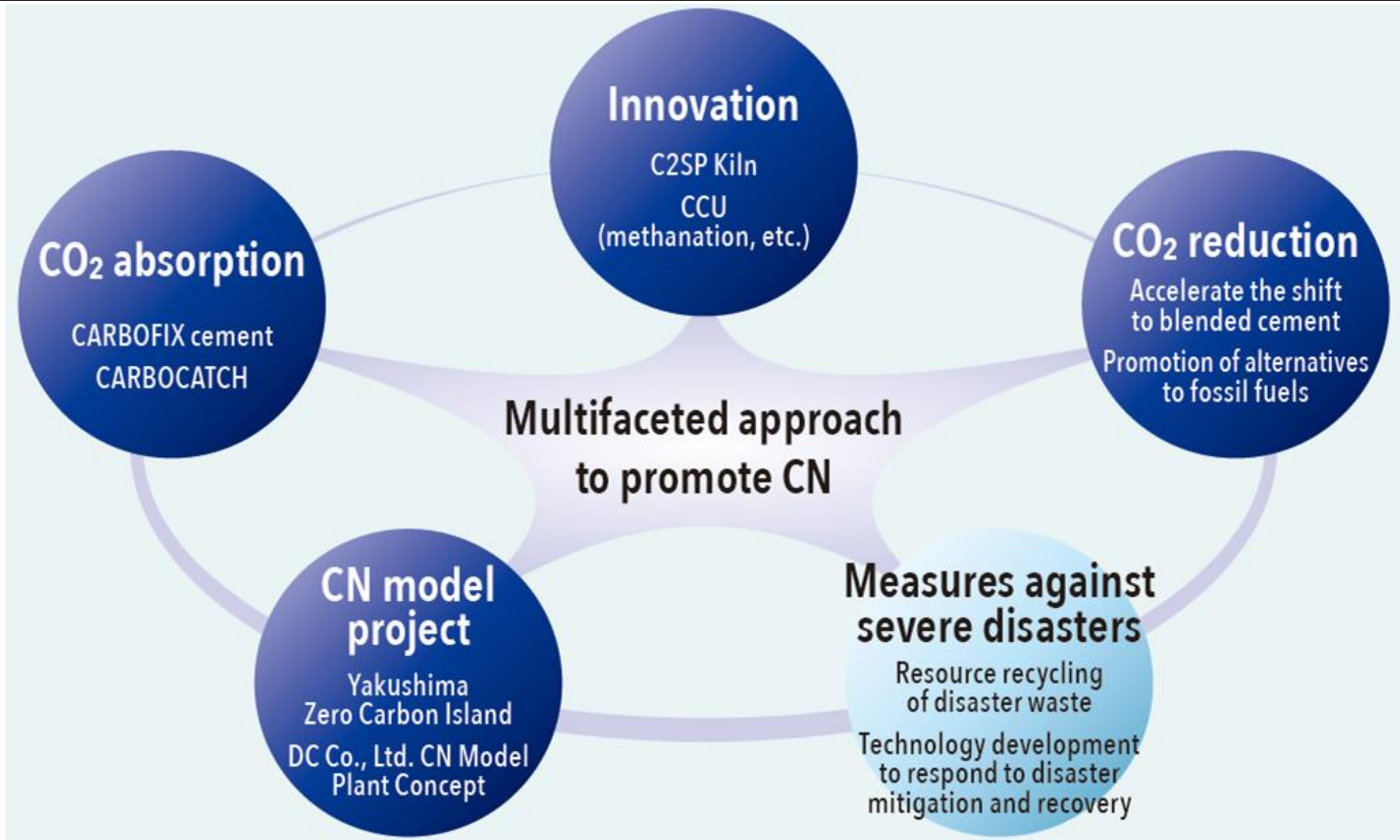


- Aims for maximum production and sales in order to benefit from **the cost reduction effect of cutting-edge facilities.**
- **Import and sales of Japanese FA cement** that are competitive in terms of both quality and price.
- The cement distribution terminal under construction in Calaca city, Batangas province in southern Luzon is scheduled to start commercial operation from 2026.

Luzon Island Cement Distribution Terminal (under construction)

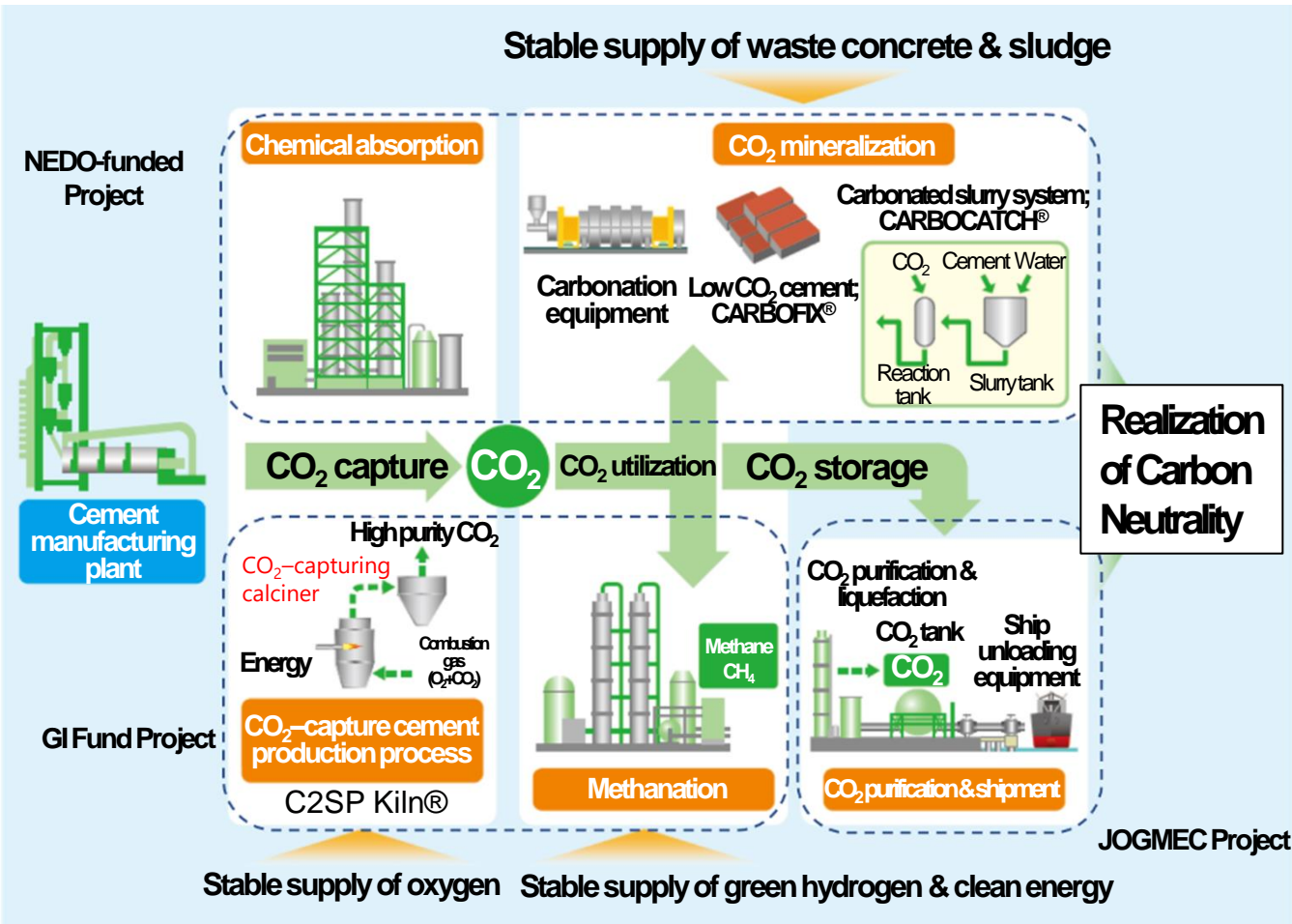


CN Strategy



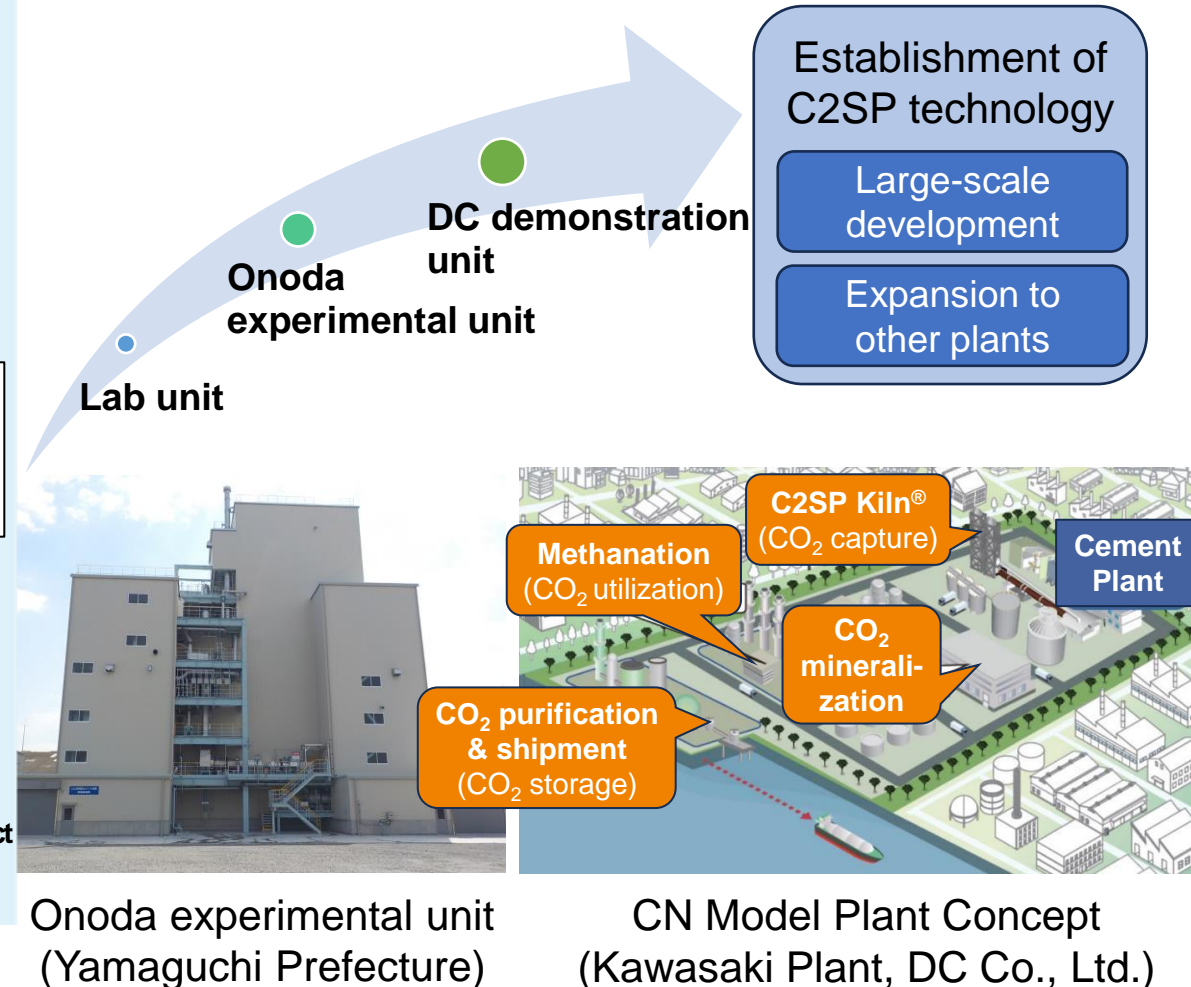
CN Strategy

● Initiatives for implementation of C2SP Kilns



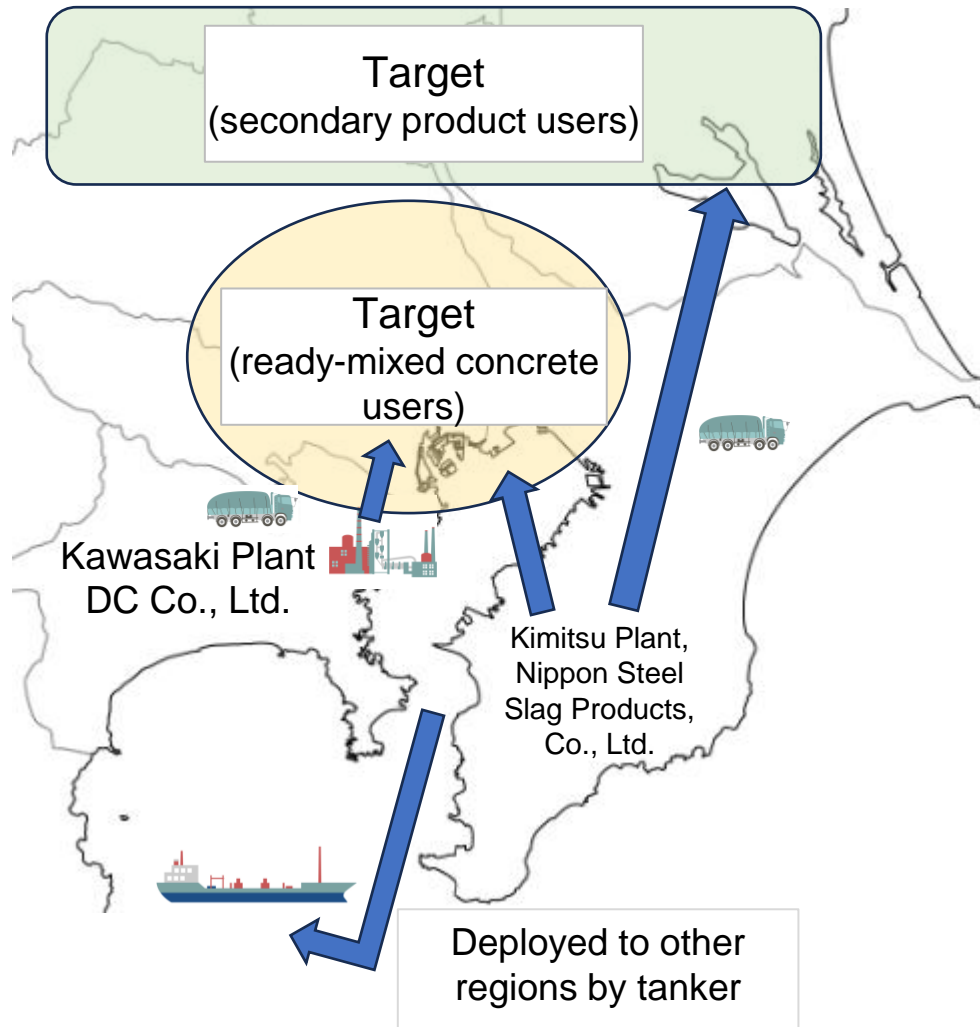
These results were obtained as a result of the “NEDO (New Energy and Industrial Technology Development Organization) Commissioned and Subsidized Projects (P20013, JPNP21014)” and the “JOGMEC (Japan Organization for Metals and Energy Security Engineering Design Work for Implementation of Advanced CCS Projects (CCS Project in the Tohoku Region on the Sea of Japan Side CCS).”

Steps to implement the C2SP Kiln at the DC Co., Ltd.



CN Strategy

- Launch sales of low-carbon blended cement “Portland Blast Furnace Slag Cement Type C”



Initiatives for achieving carbon neutrality
Taiheiyo Cement will launch manufacturing and sales of
“Portland Blast Furnace Slag Cement Type C,” a low-carbon blended cement that is capable of reducing CO₂ emissions by about 65%.

[Sales launch date] September 2025

[Sales area] Metropolitan Area and Kanto Region

[Manufacturing and shipping base]

Kawasaki Plant, DC Co., Ltd.

Kimitsu Plant, Nippon Steel Slag Products Co., Ltd.

CN Strategy

- Cooperation with Zero Carbon Island Concept of Yakushima Town

Prevent disasters, reduce CO₂ emissions, and decrease life cycle costs through use of the Taiheiyo Cement Group's products and technologies



BRISTAR for crushing fallen rocks (non-explosive demolition agent)

Reinforced high-strength concrete retaining wall for prevent falling rocks



Footbridge



Platform

Benches



Concrete pavement CARBOCATCH® pavement



Paving blocks CARBOFIX® cement

DX Strategy

● Production process innovation (smart factory)

➤ **Evolution of kiln operation**

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

➤ **Advancement of facility inspection methods**

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

➤ **Automation and labor saving of plant site work**

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



Shareholder Returns

- In fiscal 2025, we schedule to increase by 10 yen to 80 yen/share (including interim dividends of 40 yen/share).
- In fiscal 2026, we plan to increase by 20 yen to 100 yen/share (including interim dividends of 50 yen/share).

《Shareholder Return Policy in 26

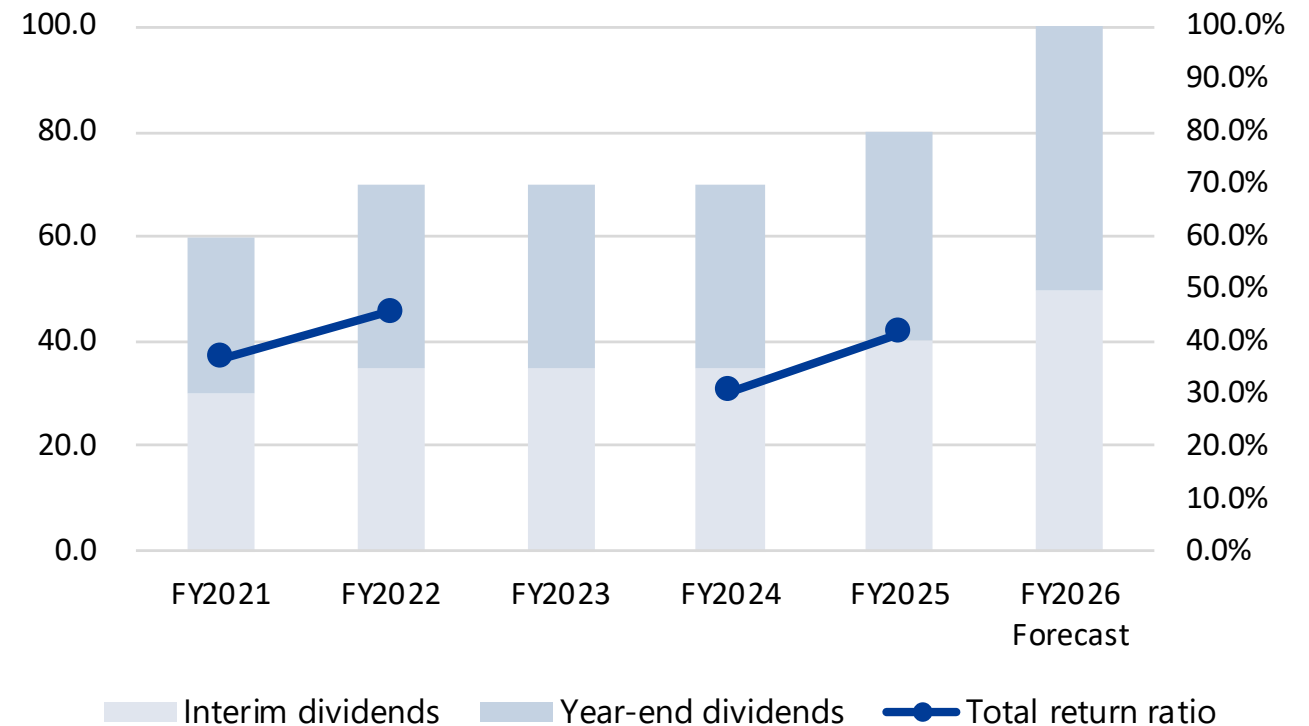
Medium-Term Management Plan》

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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