



Maximizing the Value of Taiheiyo Cement

(Stock code: 5233)

Enhancing mid- to long-term value for the benefit of all stakeholders

1

A Leading Pacific Rim Cement Producer with \$2.8bn Market Cap, \$5.4bn Intrinsic Value, and \$11m 3M ADV

The Company occupies the largest share of the Japanese market and has a significant and growing presence in the U.S. through CalPortland, which generates ~50% of Taiheiyo's operating profit today

2

Trading at a Significant and Persistent Discount to U.S. Cement Peers and Intrinsic Value – the \$2.6bn “Taiheiyo Value Gap”

Despite its strong market presence in Japan and the U.S., Taiheiyo underperforms across key metrics and trades at a 48% discount to intrinsic value

3

Three Key Factors Inhibiting Taiheiyo's Share Price are Easily Resolvable

- ✗ CalPortland currently valued at almost zero in Taiheiyo's share price
- ✗ Excessive non-core assets, including \$0.8bn of undisclosed real estate assets and \$0.9bn of investment securities (~60% of market cap)
- ✗ Suboptimal capital allocation with inefficient growth investments for highly profitability businesses

4

Taiheiyo Value Enhancement Plan – Over 90% Upside, a P/B re-rating from ~0.7x to >1.3x

- ✓ Conduct a comprehensive strategic review to unlock \$2.9bn value of CalPortland
- ✓ Monetize \$0.8bn of real estate assets and \$0.9bn of investment securities for investments or share buybacks
- ✓ Implement a best-in-class capital allocation framework



- 1. Taiheiyo Value Gap**

2. Key Shortcomings Requiring Attention

3. The Taiheiyo Value Enhancement Plan

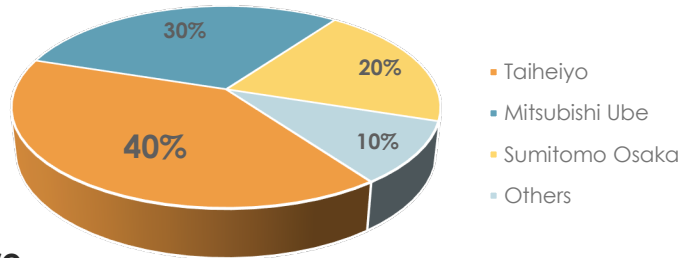
A leading Pacific Rim cement producer enjoying significant market share...

With an already dominant position in the Japanese market, Taiheiyo has a strong and growing presence in the U.S. following multiple strategic acquisitions, notably on the West Coast through its wholly-owned subsidiary CalPortland

Largest Japan Cement Market Share



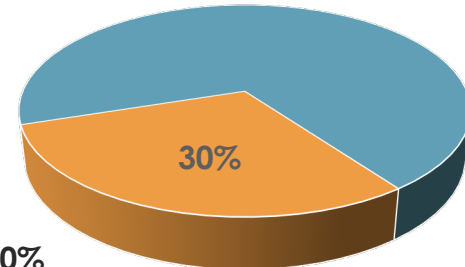
No.1, 40%
Market Share



Leading 30% Market Share in California

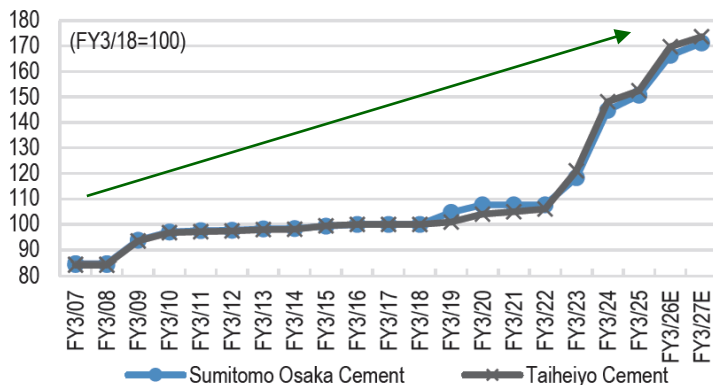


Top 2, over 30%
Market Share



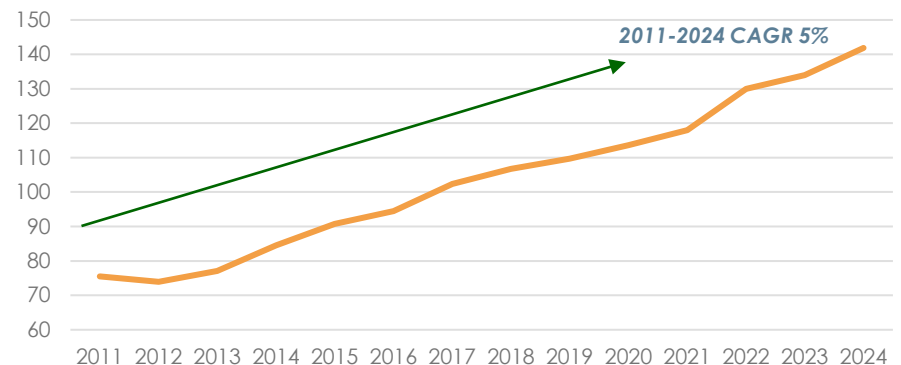
✓ Japan's long-awaited cement price increase marks a turning point – offsetting cost inflation and reinforcing structural reform momentum

Japan Cement Price Trend



✓ Stringent environmental regulations in California have limited new capacity and enabled steady cement price hikes

California Cement Pricing by (US\$/ton)

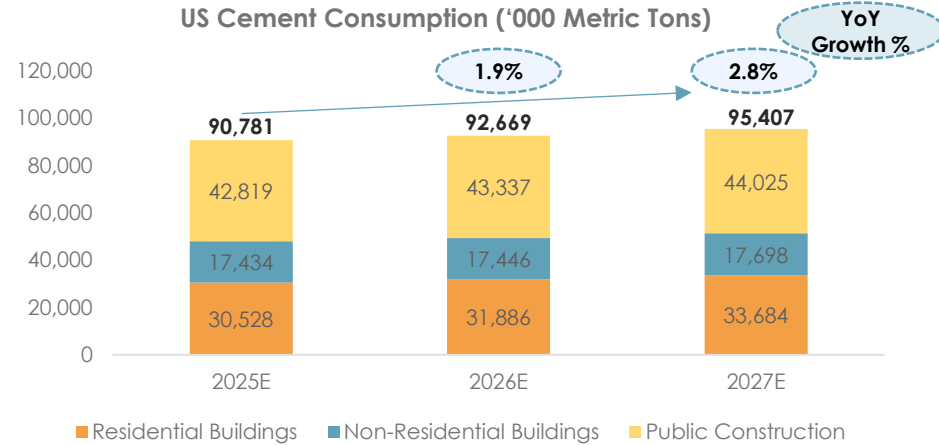
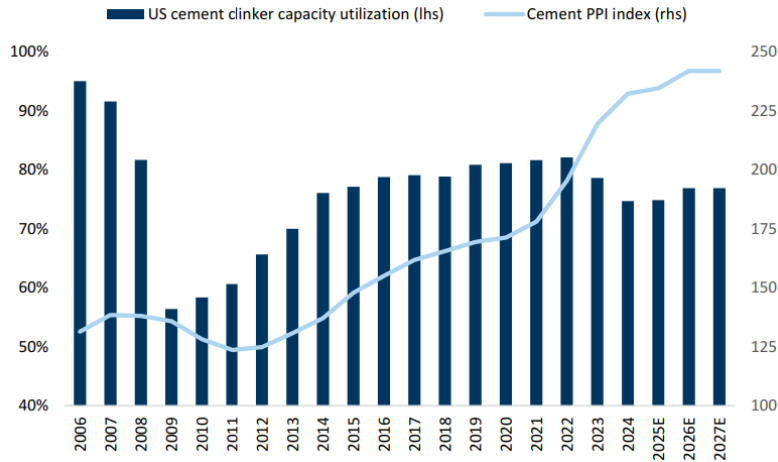


Source: Company filings, Broker research, Palliser research.

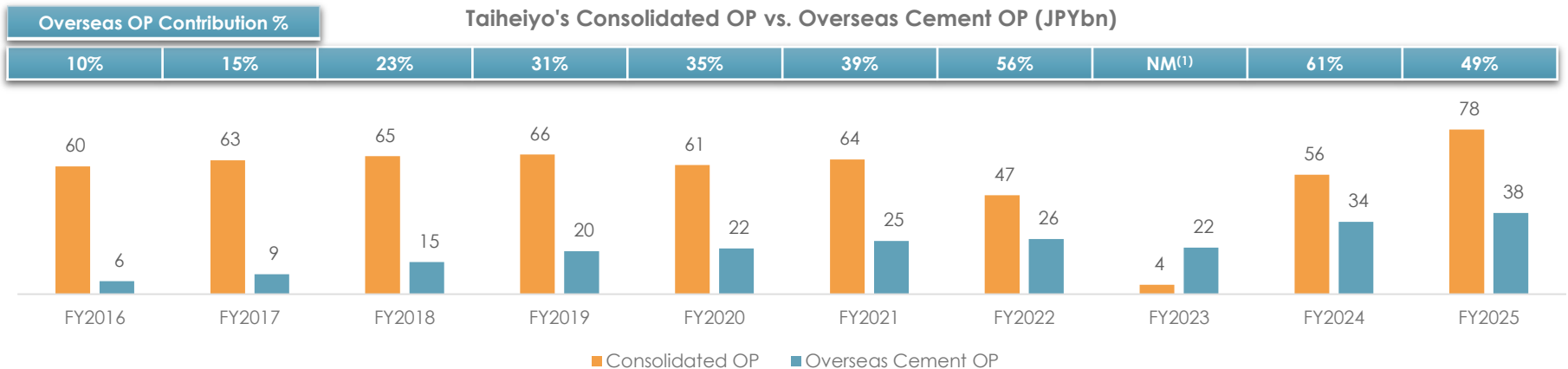
...with its resilient, highly profitable U.S. business now contributing ~50% of Taiheiyo's operating profit...

✓ A 3% decline in U.S. clinker capacity over the past 10 years has led to a 5% compound annual price increase for U.S. cement

✓ Steady U.S. construction spending to continue driving long-term growth in cement demand









✓ Sharp increase in contribution of U.S. business to overall Taiheiyo operating profit ("OP") - from 10% to 50% over the past decade



Source: Company filings, Broker research, Palliser research.
Note: (1) Not meaningful given negative operating income from non US business.

... leading to a far superior profitability and returns profile than domestic peers






~50% Operating Profit Contribution from CalPortland

	Taiheiyo Consolidated	Sumitomo Osaka Cement Consolidated
L5Y Sales CAGR	 0.3%	-2.2%
L5Y Operating Profit CAGR	 5.0%	-10.3%
Average L5Y Operating Profit Margin %	 5.9%	2.8%
Average L5Y FCF Margin %	 1.7%	-2.5%
Average L5Y Return on Equity (ROE)	 5.5%	4.1%
Market Share	 Top 1 in Japan with 40% Market Share / Top 2 in California with >30% Market Share	Top 3 in Japan with 20% Market Share

Source: Bloomberg, Company filings.
Note: L5Y refers to fiscal year March 2020 to March 2025.

A comparison of key financial metrics justifies CalPortland's valuation multiple being aligned with that of Amrize

CalPortland surpasses Amrize in L2Y sales, operating profit CAGR, ROE, ROA and net profit margin

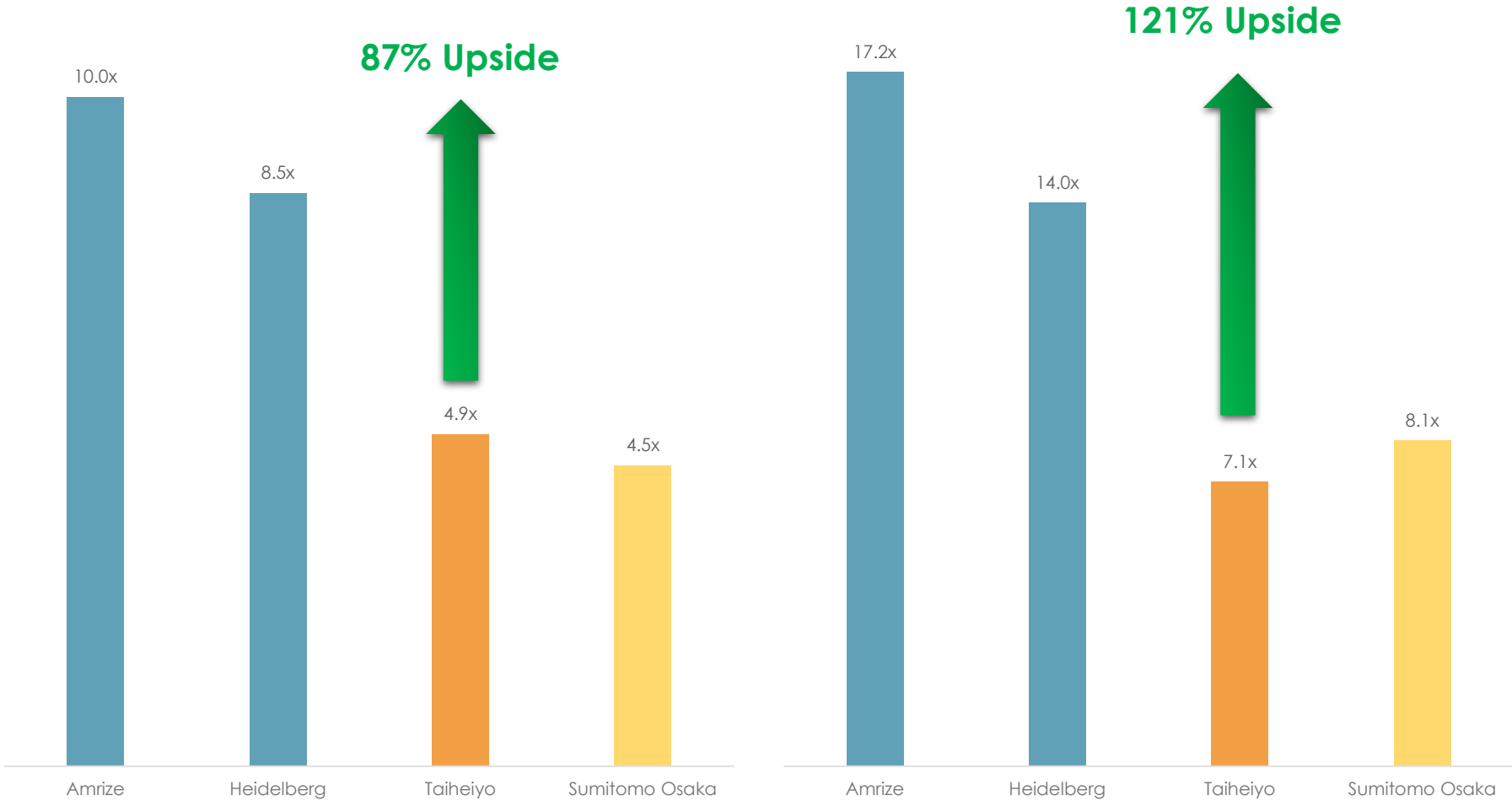
	CalPortland		Amrize	
L2Y Sales CAGR	5.7%		4.5%	
L2Y Operating Profit CAGR	17.1%		11.2%	
Net Profit Margin %	11.3%		10.9%	
ROA	10.2%		5.5%	
ROE	14.4%		11.3%	

Source: Company filings, Bloomberg.
 Note: L2Y CAGR data is fiscal year March 2023 to March 2025 for CalPortland and fiscal year December 2022 to 2024 for Amrize. Margins, ROE and ROA data are fiscal year March 2025 for CalPortland and fiscal year December 2024 for Amrize.

However, notwithstanding the scale and prominence of its U.S. business, Taiheiyo trades at no premium to Japan cement peers and has significant upside potential compared to U.S. cement peers...

1BF EV/EBITDA

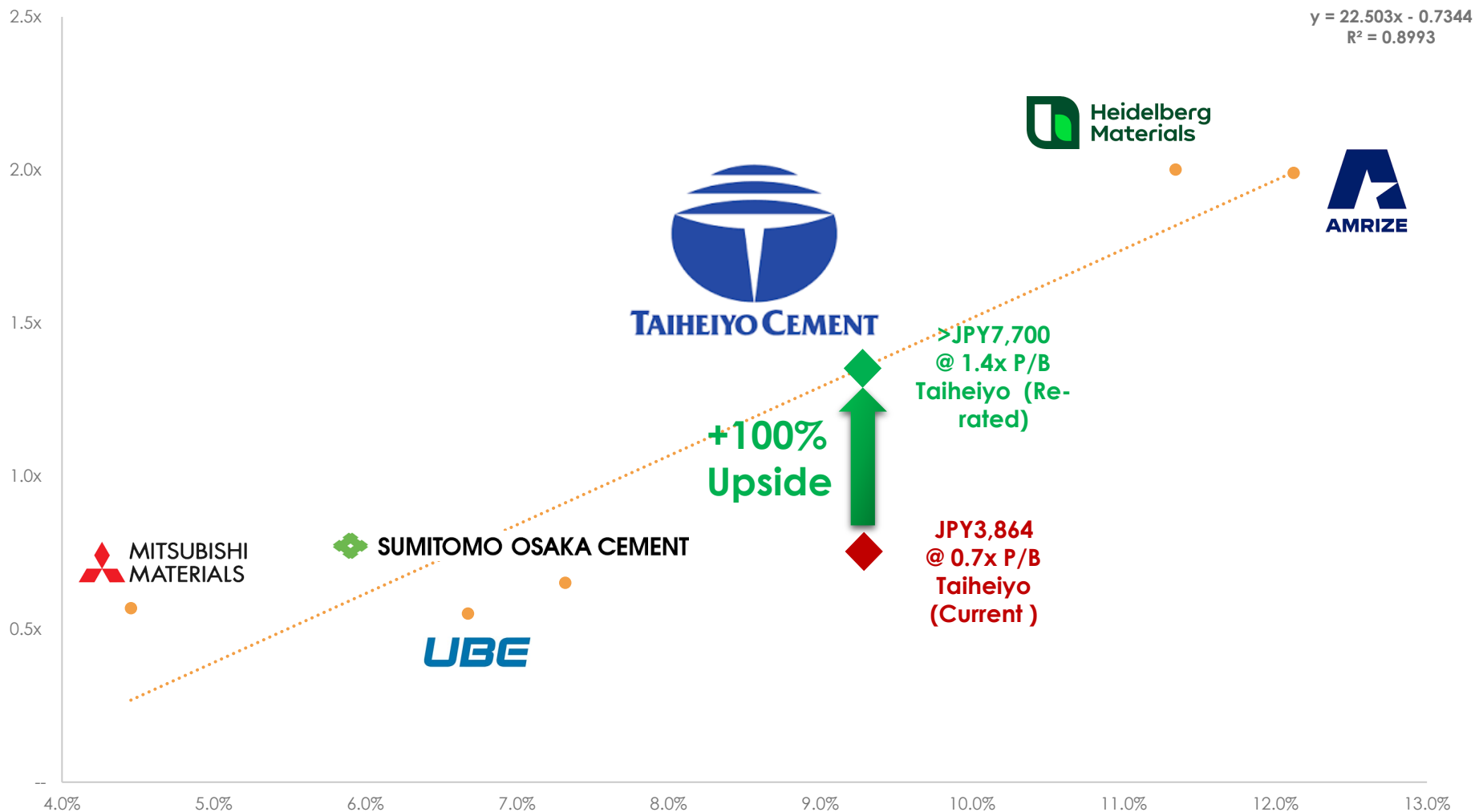
1BF P/E



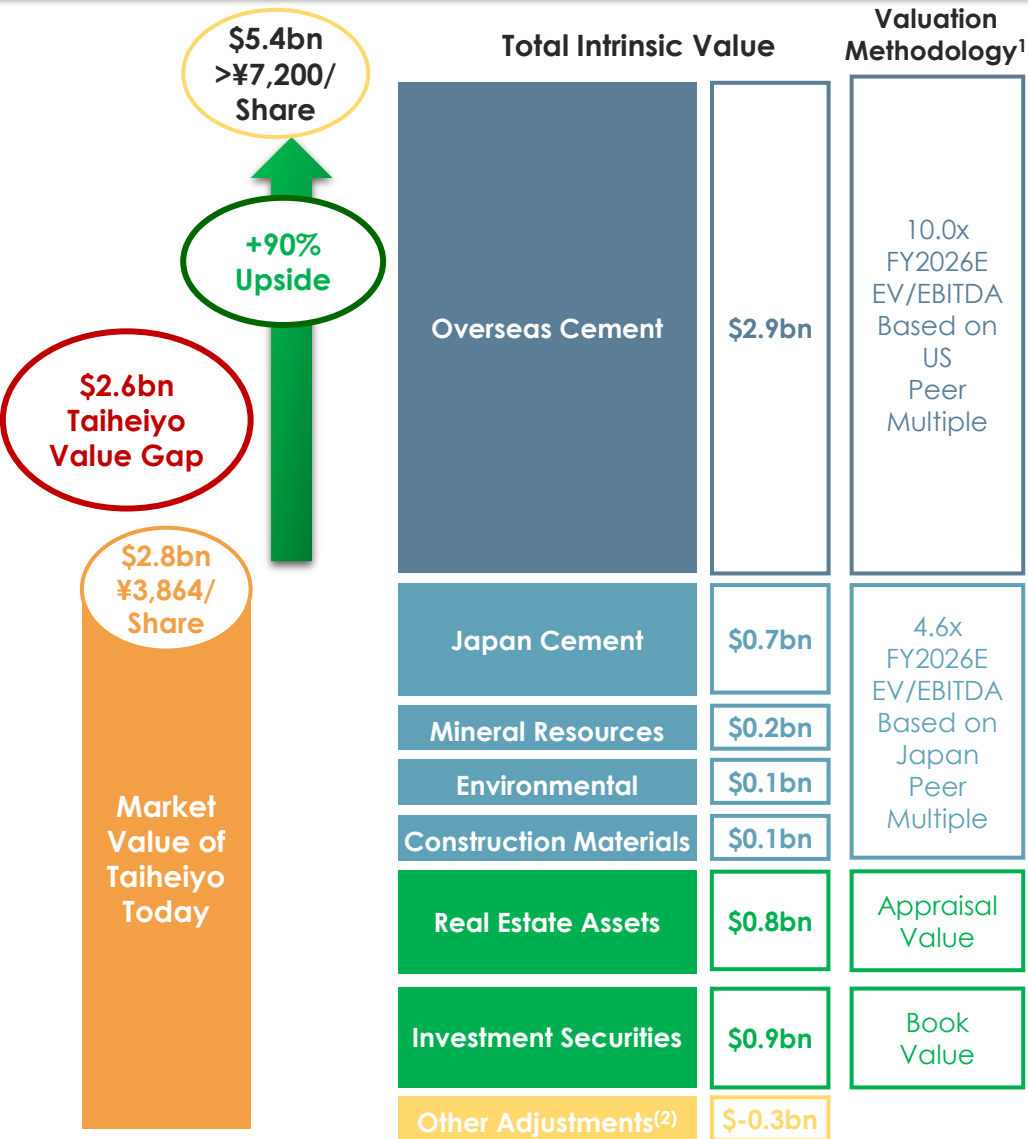
Source: Bloomberg. Market data as of 10 Oct 2025.

...starkly illustrated by a P/B-ROE regression indicating that Taiheiyo should be trading 100% higher, at a significant premium to its Japanese peers

3Y Forward Average ROE (X-Axis) vs. LTM P/B (Y-Axis) - Regression of Peers Only



Taiheiyō has an opportunity to deliver significant share price upside and close the \$2.6bn Taiheiyō Value Gap...



Growing and profitable U.S. business requiring more focus, yet currently valued at almost zero:

Stable U.S. infrastructure and housing demand in the long term, coupled with limited new capacity driven by environmental regulations, underpins a supply-constrained market that supports resilient margins and steady growth

Japan cement industry at a turning point requiring investment discipline:

Japan's long-awaited price hike offsets cost inflation and signals structural reform momentum – shifting focus from growth to profitability

Non-synergistic real estate assets and listed equity investments:

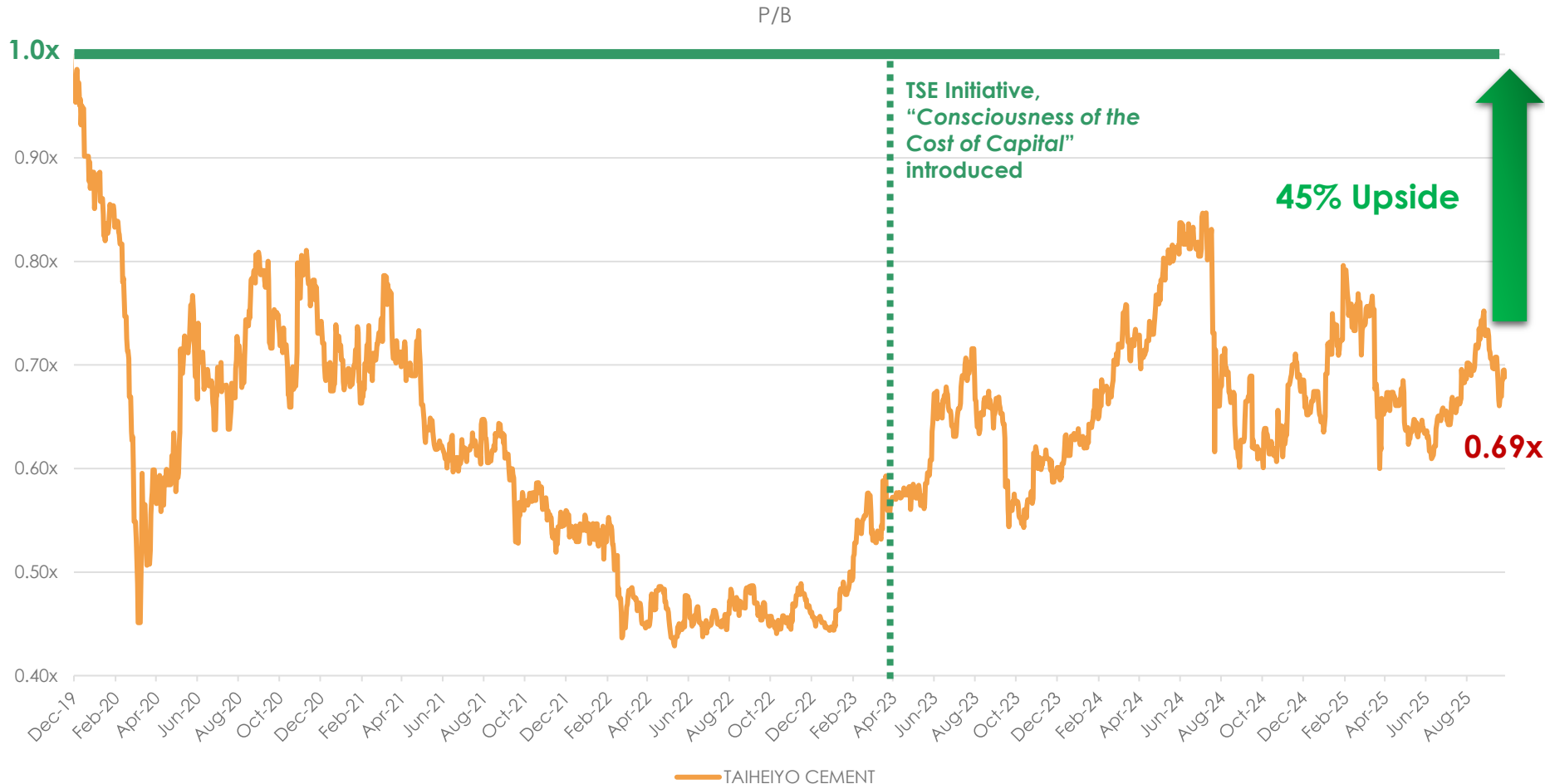
\$0.8bn of real estate assets and \$0.9bn of investment securities (including listed equity stakes in numerous Japanese companies) should be divested to unlock value

Source: Company filings, Bloomberg, Palliser Estimates. Market data as of 10 Oct 2025.

Note: (1) Overseas peer multiple is Amrize. Japan peer multiple is Sumitomo Osaka Cement. (2) Other adjustments are capital gain tax on real estate assets sale, asset retirement obligations, net retirement benefit assets.

... yet it has had a Price-to-Book (P/B) ratio well under 1x for the past five years and counting – contrary to TSE initiatives

A consistently low P/B ratio under 1.0x indicates that Taiheiyo is earning returns below its cost of capital, highlighting the urgent need to focus on improving returns rather than pursuing growth



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1. Taiheiyō Value Gap
 - 2. Key Shortcomings Requiring Attention**
 3. The Taiheiyō Value Enhancement Plan

The root cause of the Taiheiyo Value Gap – three key shortcomings

A

CalPortland currently valued at almost zero in Taiheiyo's share price

B

Excessive non-core assets, including undisclosed \$0.8bn of real estate assets and \$0.9bn of investment securities (~60% of market cap) – diluting management focus and reducing capital efficiency

C

Suboptimal capital allocation with inefficient growth investments for highly profitability businesses



CalPortland currently valued at almost zero in Taiheiyo's share price

CalPortland stands out as a hidden gem within Taiheiyo's cement division, but the company does not disclose key performance metrics as do its key peers



Key Metrics Disclosed		
Market Positions	x	✓
Cement and Aggregate Mineral Reserves	x	✓
Revenue breakdown by Cement and Aggregate	x	✓
EBITDA Growth and Margin	x	✓
Capex Intensity	x	✓
Free Cash Flow	x	✓
Acquisition Strategy	x	✓

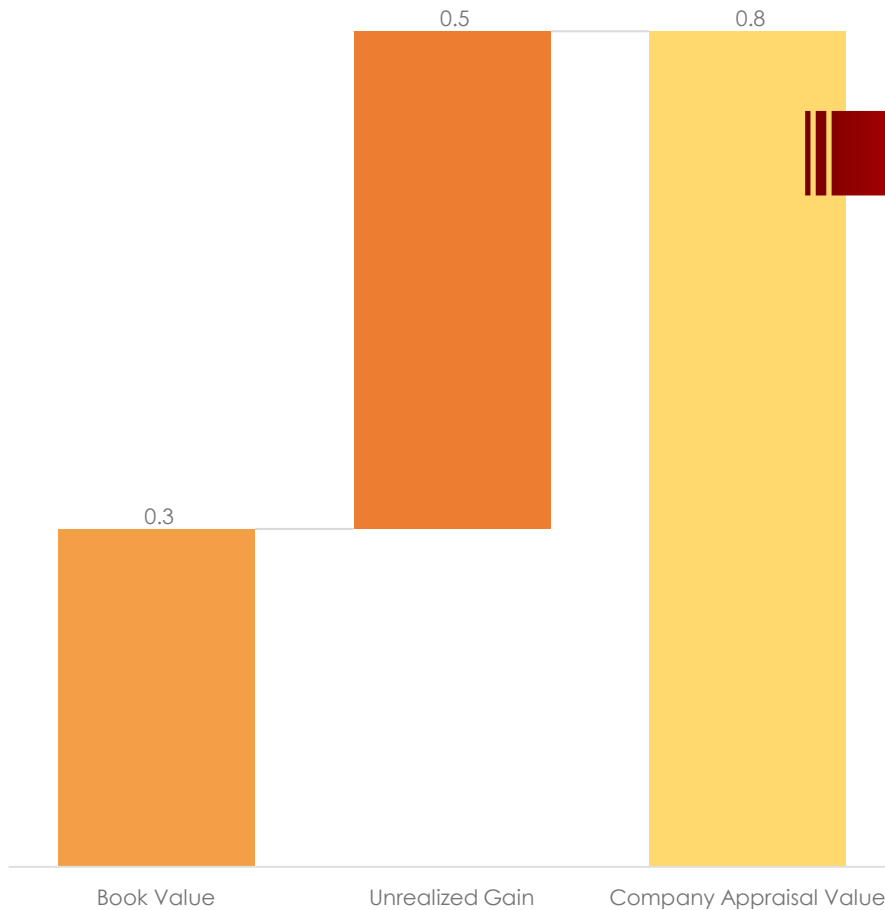
Source: Company filings.



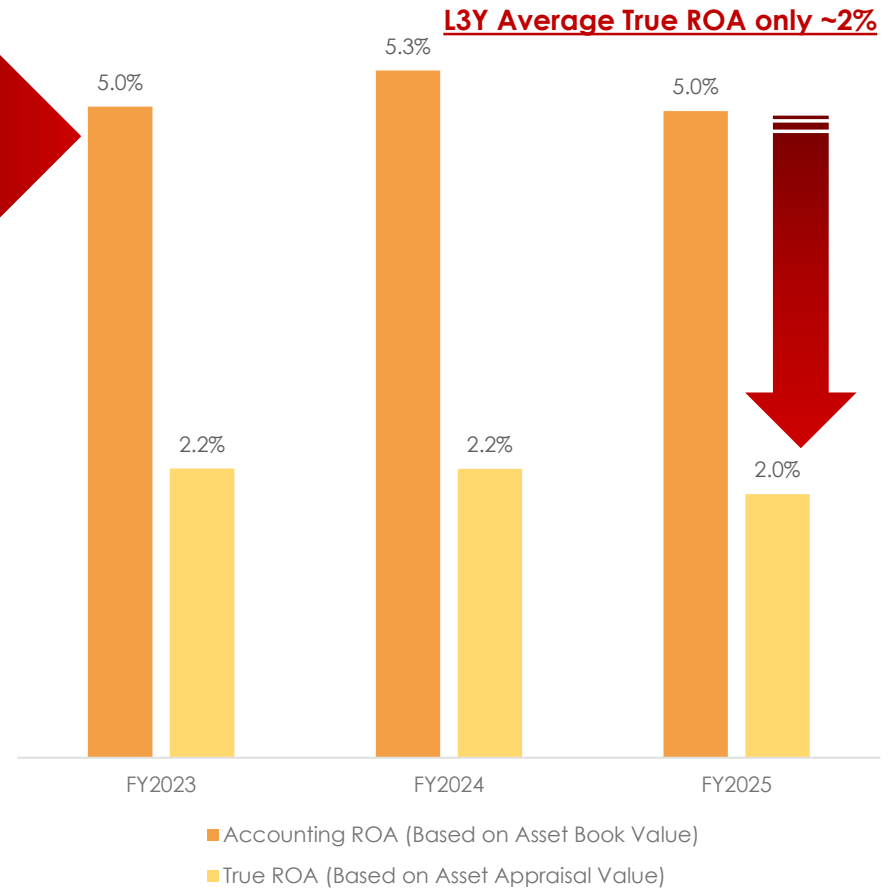
Comprising \$0.8bn of non-core rental assets with substantial unrealized gains that diminish true ROA...

- ✗ Taiheiyo has real estate assets with an appraisal value of \$0.8bn, equating to a staggering \$0.5bn unrealized gain. Substantial return upside could be achieved through appropriate ownership
- ✗ True ROA (based on Asset Appraisal Value) of real estate assets is only ~2%, well below ~8% cost of capital

Book Value and Appraisal Value of Taiheiyo's Real Estate Assets (\$bn)



Accounting/True ROA of Real Estate Assets

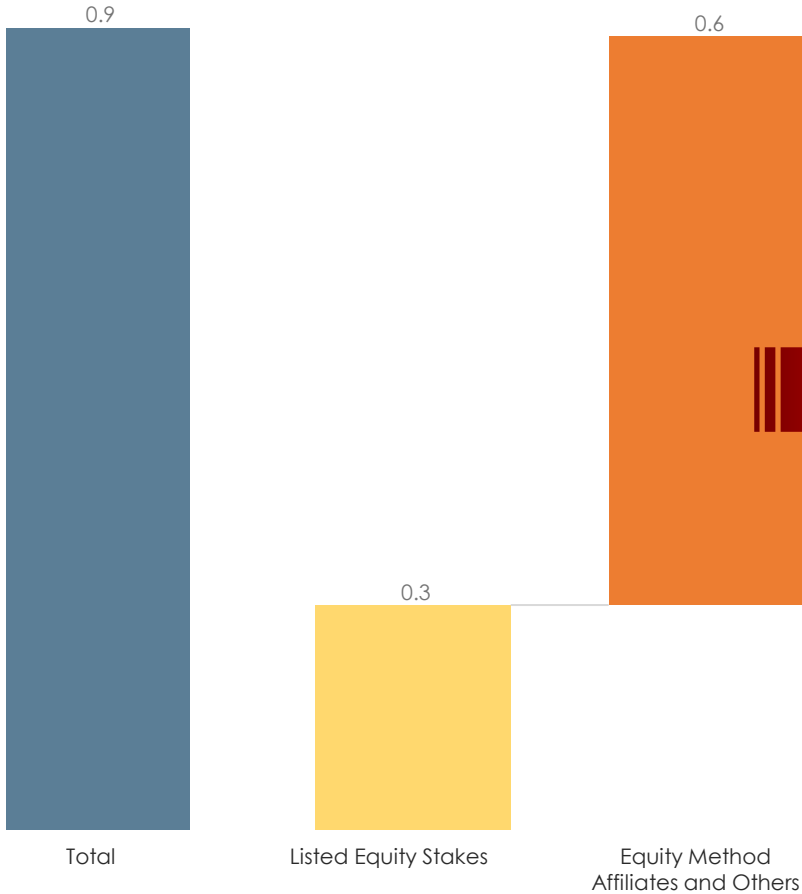


Source: Company filings.

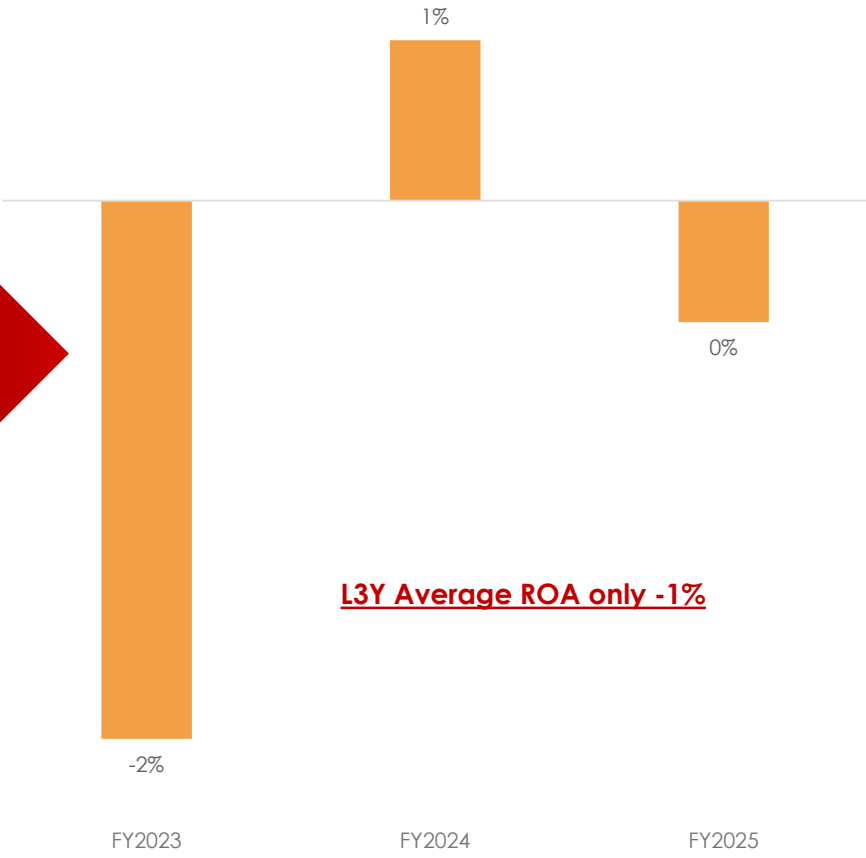
...and total investment securities worth \$0.9bn, consisting mainly of low-yield assets that negatively impact ROA

- ✗ \$0.3bn of listed equity stakes represent an inefficient use of capital with no proper returns, contrary to TSE policies
- ✗ Given an average ROA of -1% generated by equity method affiliates over the past 3 years, \$0.6bn of such investments should be divested

Breakdown of Investment Securities



ROA of Equity Method Affiliates and Others

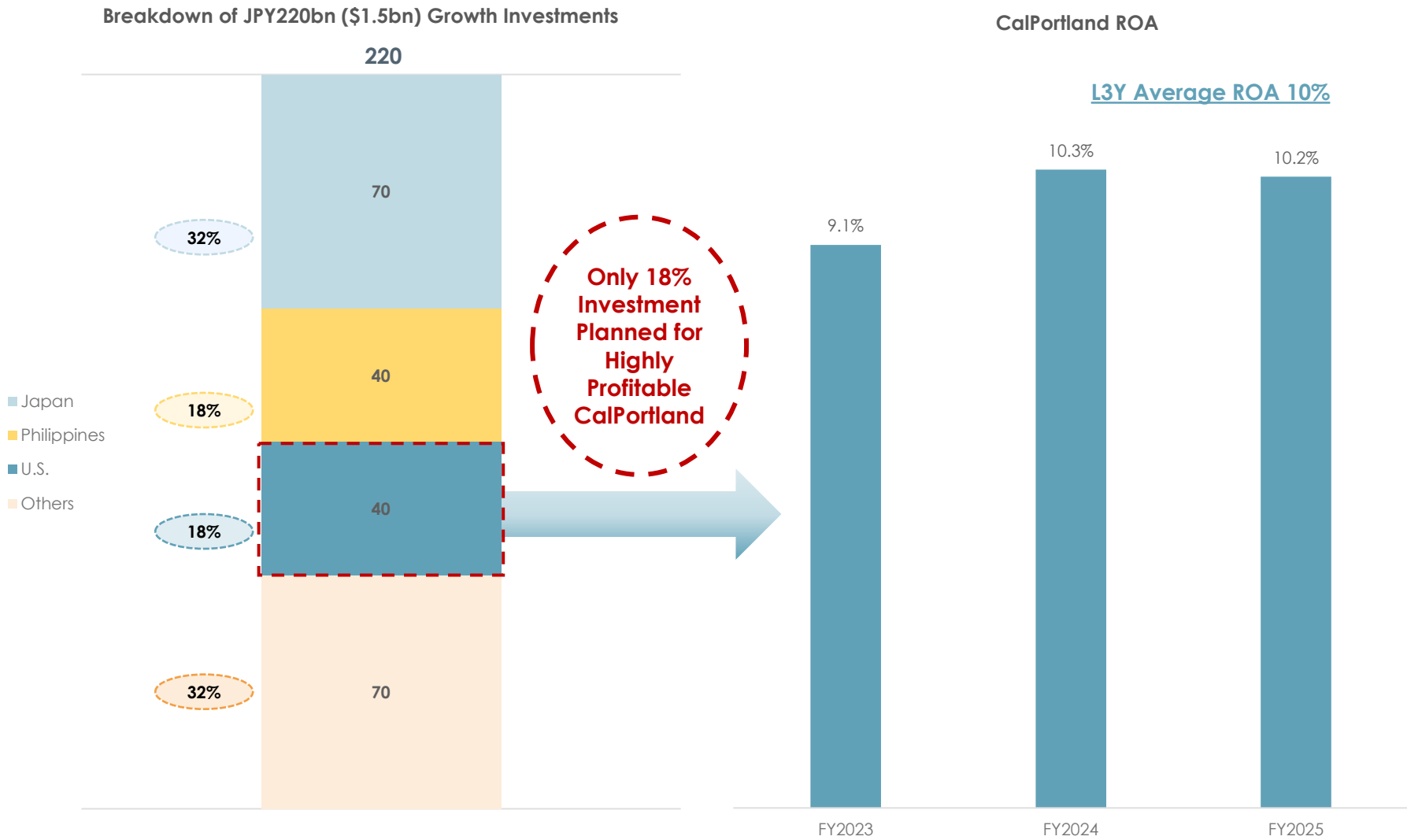


L3Y Average ROA only -1%


Source: Company filings.



Suboptimal capital allocation with only 18% of JPY220bn (\$1.5bn) growth investments under the current 26 Medium-Term Plan planned for CalPortland



Source: Company filings.

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1. Taiheiyo Value Gap
 2. Key Shortcomings Requiring Attention
 - 3. The Taiheiyo Value Enhancement Plan**

The Taiheiyo Value Enhancement Plan – Palliser’s 3-step proposal

A highly actionable plan to tackle the Taiheiyo Value Gap and deliver significant, near-term value enhancement and sustainable growth in line with TSE expectations

1

Conduct a comprehensive strategic review to unlock \$2.9bn value of CalPortland, including a straight sale or an IPO

2

Monetize \$0.8bn of real estate assets and \$0.9bn of investment securities to unlock capital for growth investments or share buybacks

3

Implement a best-in-class capital allocation framework to ensure the highest-returning utilization of capital with clear ROIC targets above cost of capital

1

A comprehensive strategic review to unlock the value of CalPortland and ensure the true value of Taiheiyo's premier U.S. assets is reflected in the Company's share price

Total Intrinsic Value
\$5.4bn

Overseas Cement	\$2.9bn
Japan Cement	\$0.7bn
Mineral Resources	\$0.2bn
Environmental	\$0.1bn
Construction Materials	\$0.1bn
Real Estate Assets	\$0.8bn
Investment Securities	\$0.9bn
Other Adjustments	-\$0.3bn

Strategic Consideration	Rationale
Appropriate Level of Disclosure	<ul style="list-style-type: none"> Establish CalPortland as an independent, standalone business segment with a sufficiently fulsome level of disclosure including market position, key financial metrics, and long-term growth targets – allowing stakeholders to accurately assess the value of this premier U.S. asset
Stakeholder Value Enhancement Committee	<ul style="list-style-type: none"> Establish a Stakeholder Value Enhancement Committee consisting of a majority of Outside Directors and independent advisors to explore strategic options to maximize stakeholder value
100% Straight Sale <u>Incremental 20% Upside to Intrinsic Value of Overseas Cement Business at 12x EV/EBITDA transaction value</u>	<ul style="list-style-type: none"> Interviews with industry experts confirm strong M&A appetite driven by scarcity value <ul style="list-style-type: none"> U.S. cement and aggregates assets are highly localized due to prohibitive transportation costs and permitting constraints, creating irreplicable regional monopolies/oligopolies. This structural barrier to entry has fueled sustained premium M&A activity as strategic buyers compete for a limited number of high-quality regional platforms Comparable precedent U.S. cement deals indicate a 10-12x EV/EBITDA multiple, suggesting significant value unlock opportunity <ul style="list-style-type: none"> 2024 – Summit Materials, US\$11.5bn enterprise value, ~11x EV/EBITDA multiple 2021 – U.S. Concrete, US\$2.1bn enterprise value, ~10x EV/EBITDA multiple Amrize investor presentation indicates that it has completed 35 acquisitions since 2018 across Aggregates, Ready-mix and Building Envelope at ~12x EV/EBITDA multiple
Spin-off for U.S. Listing	<ul style="list-style-type: none"> Cross-border spin-off of CalPortland via a targeted U.S. IPO, modeled after Holcim's successful separation of Amrize. This structure unlocks regional valuation premiums, enables strategic autonomy, and aligns capital allocation with local growth dynamics <ul style="list-style-type: none"> Amrize is trading at ~10x EV/EBITDA multiple

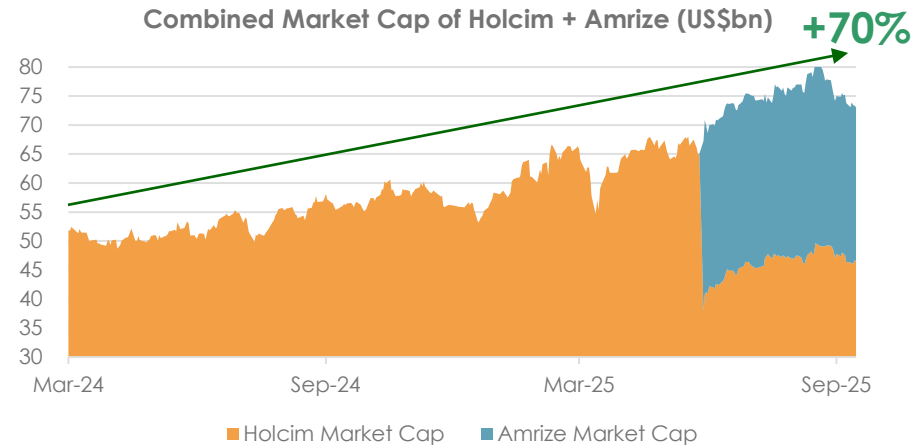
Source: Company filings, Bloomberg, Palliser estimates.

Case Study – Holcim / Amrize offers a valuable example of a US spin-off of CalPortland

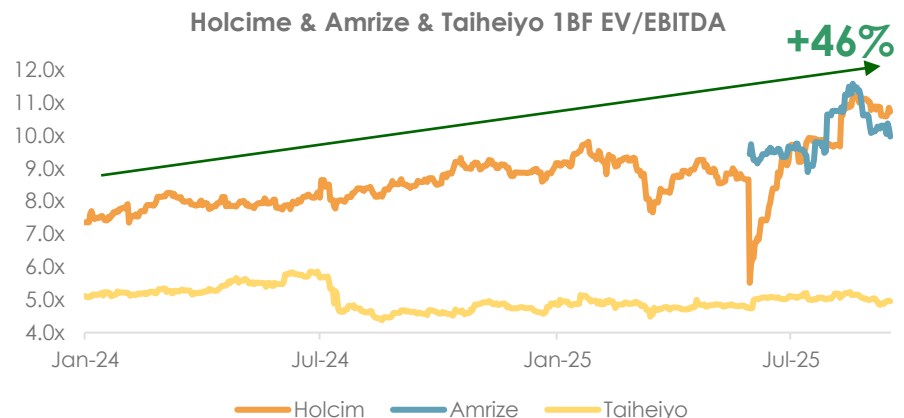
Amrize Case Study

<p>Deal Overview</p>	<ul style="list-style-type: none"> • Announcement: 28 Jan 2024 • Spin-off completion: 23 Jun 2025 via 1-for-1 dividend-in-kind distribution • Tax-neutral in both Switzerland and U.S. federal contexts • Amrize listing: NYSE + SIX, ticker AMRZ
<p>Strategic Rationale</p>	<ul style="list-style-type: none"> ✓ Diverging market dynamics: sustainability-led growth in Europe vs. infrastructure boom in North America ✓ Dedicated leadership teams aligned with regional priorities ✓ Removal of conglomerate discount
<p>Financial Highlights</p>	<ul style="list-style-type: none"> ✓ 5–8% revenue, 8–11% EBITDA growth (2025-2028) ✓ Free cash flow > \$8 bn (2025-2028) ✓ >50% free cash flow / EBITDA conversion
<p>Attractive Industry Fundamental in the U.S.</p>	<ul style="list-style-type: none"> ✓ Limited Natural Resources: Cement and Aggregates are non-renewable and increasingly in demand ✓ Highly Regulated: Strict permitting and limited raw material access ✓ Logistical Advantage: Customers value local supply due to costs of transporting heavy materials

✓ The combined market capitalization of Holcim and Amrize has risen by 80% since the spin-off announcement, generating US\$30 billion in value



✓ Holcim 1BF EV/EBITDA is up 46% since announcement of Amrize (US cement business) spin-off. Both Holcim/Amrize are trading above 10x



Formulate a clear roadmap to divest non-core properties, especially the valuable Harumi Land, and unlock unrealized gains...

Total Intrinsic Value \$5.4bn

Overseas Cement	\$2.9bn
Japan Cement	\$0.7bn
Mineral Resources	\$0.2bn
Environmental	\$0.1bn
Construction Materials	\$0.1bn
Real Estate Assets	\$0.8bn
Investment Securities	\$0.9bn
Other Adjustments	-\$0.3bn

- ✓ Palliser has engaged a global top 5 property valuation firm in Japan to appraise 13 key properties owned by Taiheiyo, accounting for approx. 66% of the Company's real estate asset appraisal value
- ✓ Harumi Land offers significant potential for luxury residential condominium development and is valued at around \$0.5 billion, representing about 16% of Taiheiyo's current market capitalization

Harumi Land
2-103 / 2-2 Harumi, Chuo-ku, Tokyo



**\$0.5bn market value,
~16% of market cap**

Additional 12 real estate assets represent another \$0.1bn of value and ~2% of market cap

- ✓ Sell all non-core properties that have:
 - **significant unrealized gains**; and
 - **no synergies with the core cement business**
- ✓ Establish a clear disposal plan to **sell all the non-core properties immediately**

Tokyo Stock Exchange – “Companies are expected to review their business portfolios and consider selling or restructuring non-core businesses that do not contribute to capital efficiency.”

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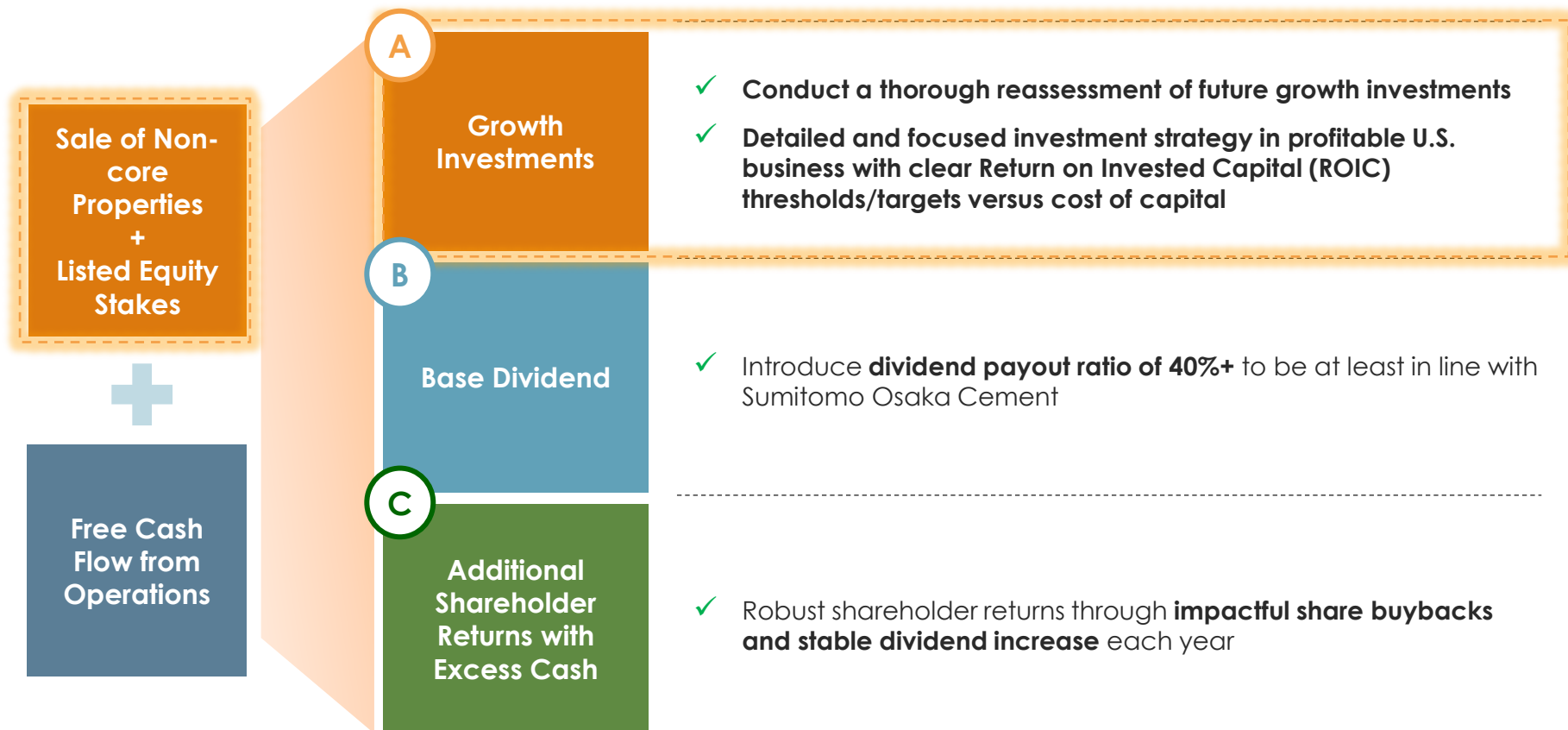
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Tokyo Stock Exchange – “Companies are expected to review their business portfolios and consider selling or restructuring non-core businesses that do not contribute to capital efficiency.”

- ✓ **Divest all \$0.3bn listed equity holdings:** ~30% of total investment securities comprise \$0.3bn in listed equity stakes across various Japanese companies, representing ~10% of Taiheiyo's market cap
- ✓ **Divest all \$0.6bn investments in equity method affiliates** given inadequate returns

Implement a best-in-class capital allocation framework that ensures the highest-returning utilization of capital above cost of capital...

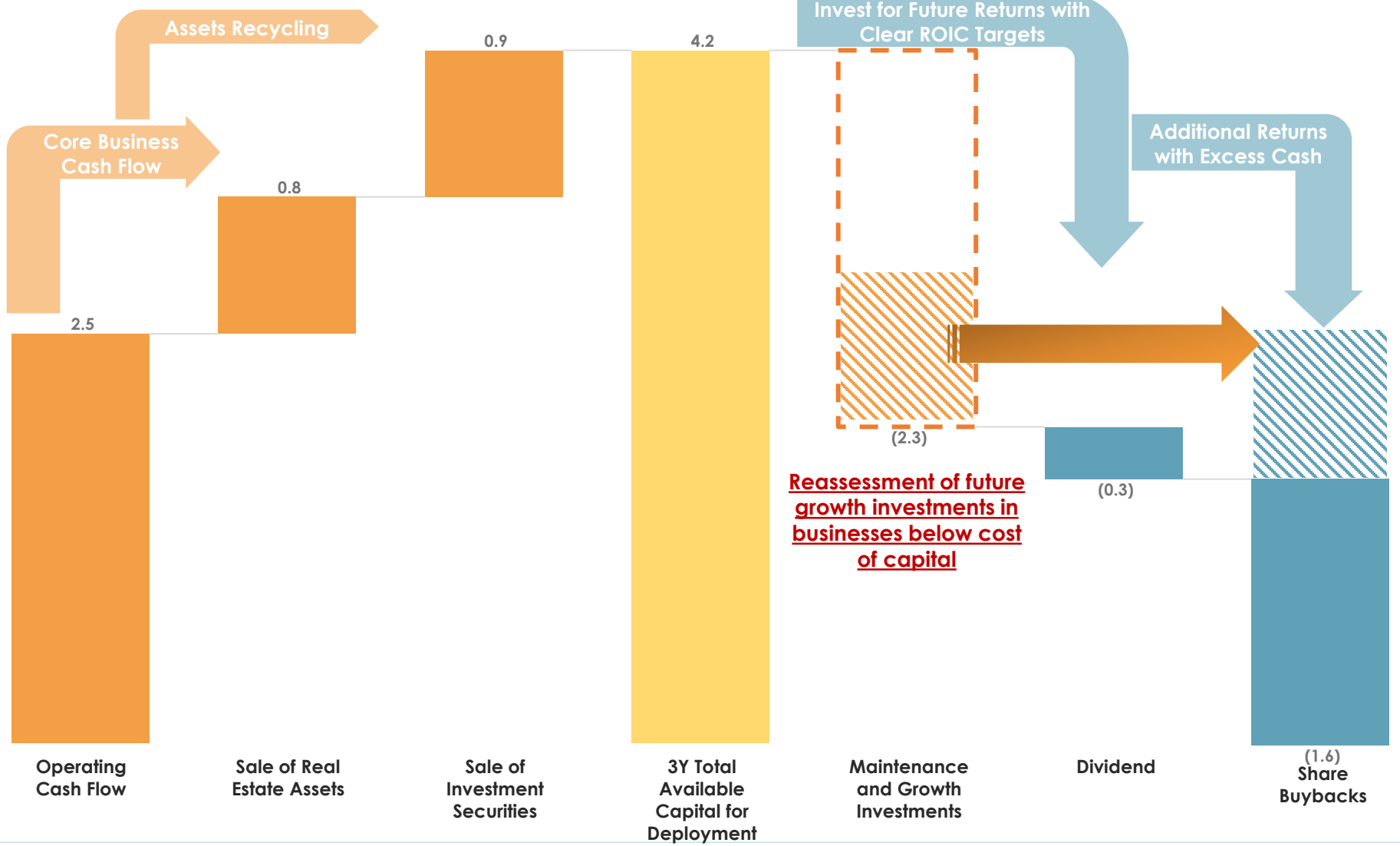
A transparent and well-communicated capital allocation process that prioritizes high-return investments combined with a fair shareholder returns policy will help create a compelling equity story



3

...by selling non-core assets, reducing growth investments in businesses below cost of capital and enhancing shareholder returns...

Illustrative Capital Allocation Framework for 26 MTP (FY2025-2027E, \$bn)

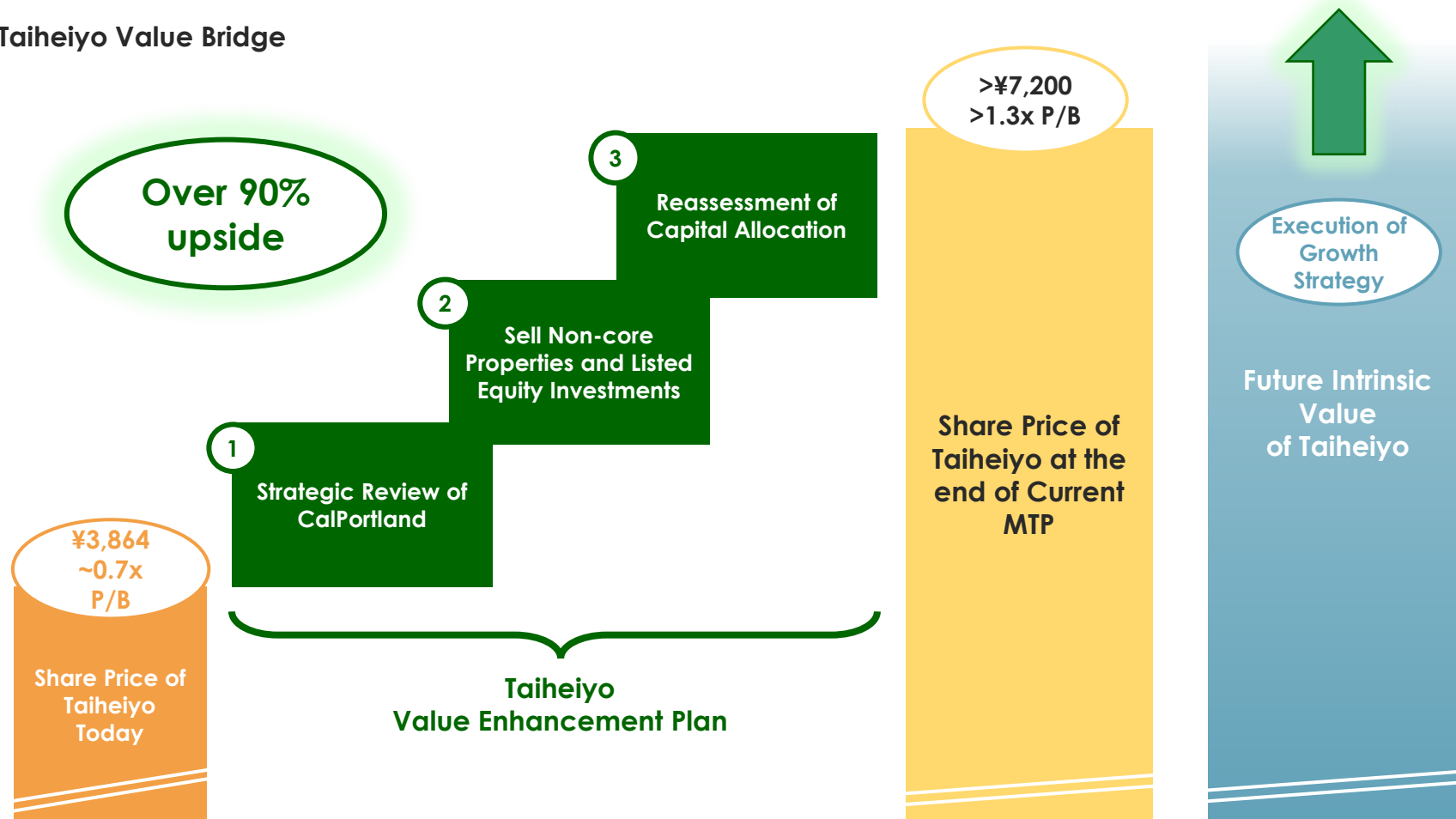


Source: Company filings, Palliser Estimates.

...revealing Taiheiyō's true value to facilitate a share price re-rating

The Taiheiyō Value Enhancement Plan will significantly narrow the current discount to intrinsic value – leading to a P/B re-rating to ~1.3x and a potential upside on the current share price of at least 90% in our assessment

Taiheiyō Value Bridge



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