# Lucky Cement Corporation

## Investor Conference December 25, 2023

# Disclaimer

This presentation is based on our audited or reviewed financial statements, which have been prepared in accordance with IFRS reporting standards. For complete details and data, please refer to the Company's financial statements.

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The Company assumes no responsibility in updating or revising the information in this presentation.

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# Milestone

## Company Profile

- Time of Incorporation: May 7, 1974
- Time of Listing: June 6, 1990
- Chairman: Liang-Chuan Chen

1974

- On May 7, 1974, Chairman Liang-Chuan Chen founded Lucky Cement Corporation

1990

- In 1981, Dongao Plant was officially operated
- On June 6, 1990, the shares were publicly listed.

2008

- In 1992, Puxin Plant was bought
- In 1996, the blast furnace slag products were launched
- In 2000, the circular economy business was added
  In 2003, the Class B Waste Disposal Permit was obtained
- Completed the second phase expansion of Horen Plant in 2008
  The nation's largest manufactured sand production plant.

2023

-Newly-built Xingfu ready-mix Shulin Plant, expected to be completed in 2024 Q4

-Newly-built Haihu ready-mix Shulin Plant, expected to be completed in 2024 Q4


## The Story of the Logo

The founder, Mr. Chen Liang-Chuan, started his nascent career in construction, hoping that every young person who wanted to start a family could own a house and feel warm and happy in life. Therefore, to produce high quality and reasonably priced cement for sturdy houses is Mr. Chen's lifelong ambition and goal.

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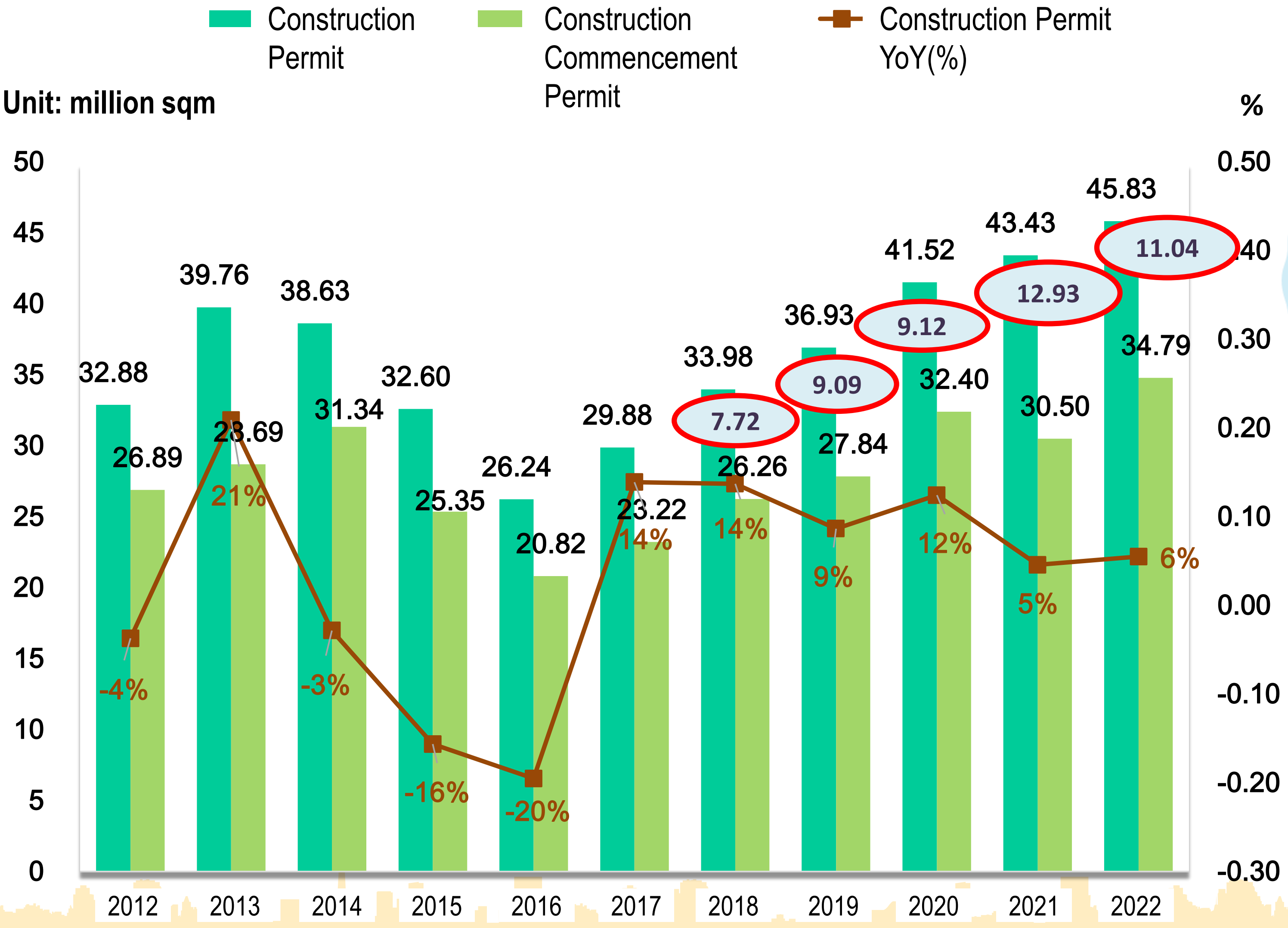
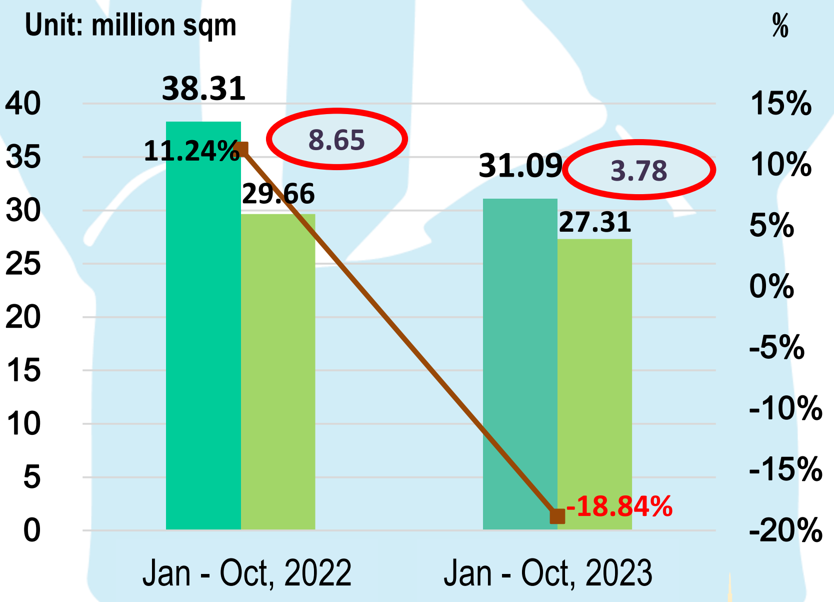
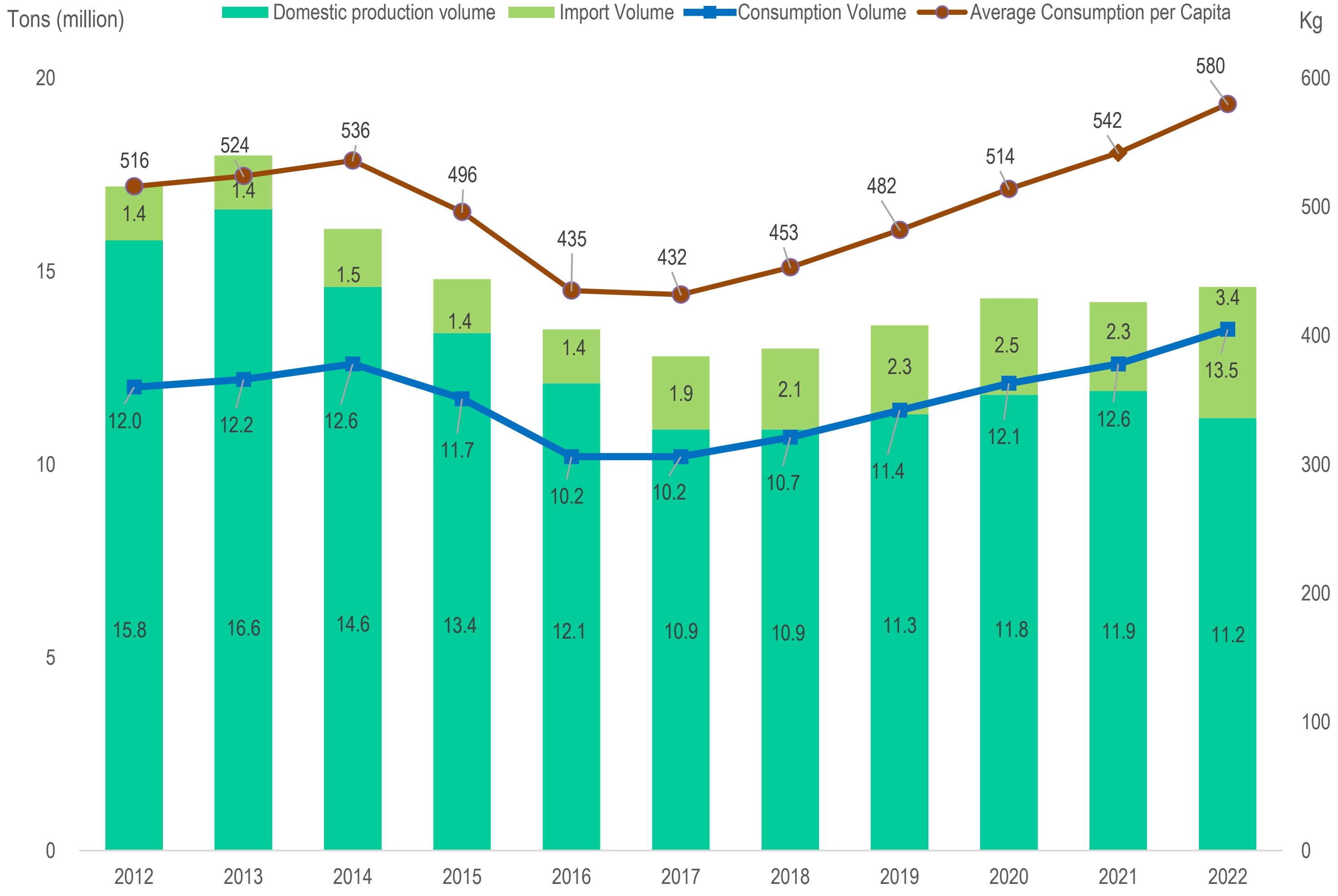
# Building Construction Licenses and Construction Commencement Total Floor Area Statistics



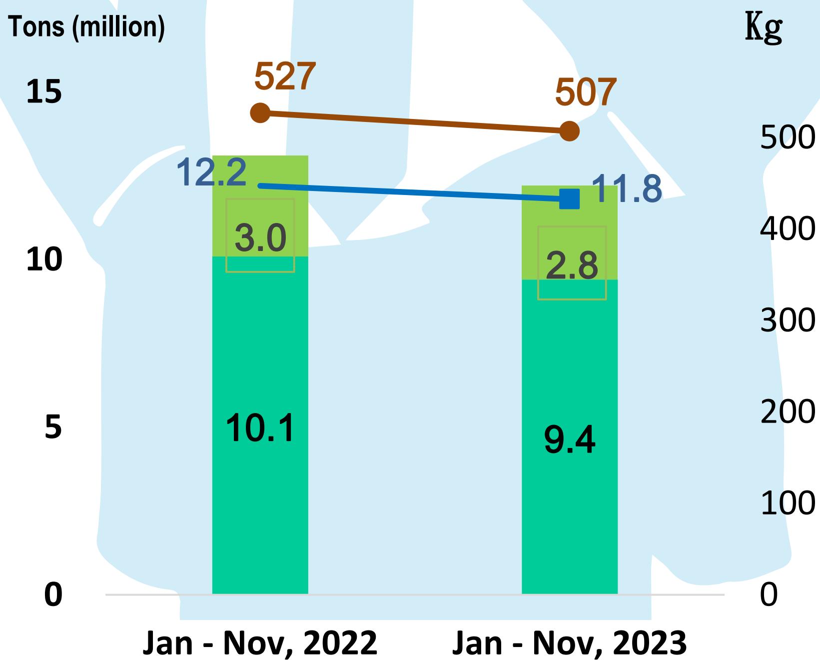

- Jan-Oct 2023 vs. Jan-Oct 2022 Gross floor area for building licenses decreased at the annual growth rate of 18.84%



# Overview of Cement Supply and Demand in Taiwan




- January -Nov 2023 vs. Jan-Nov 2022
  The annual growth rate of domestic cement consumption decreased by 3.03% , and the per capita consumption decreased by 3.94%.
  Domestic sales of domestic cement decreased by 1.85%
  Imported cement decreased by 6.85%




Source: Taiwan Cement Manufacturers' Association

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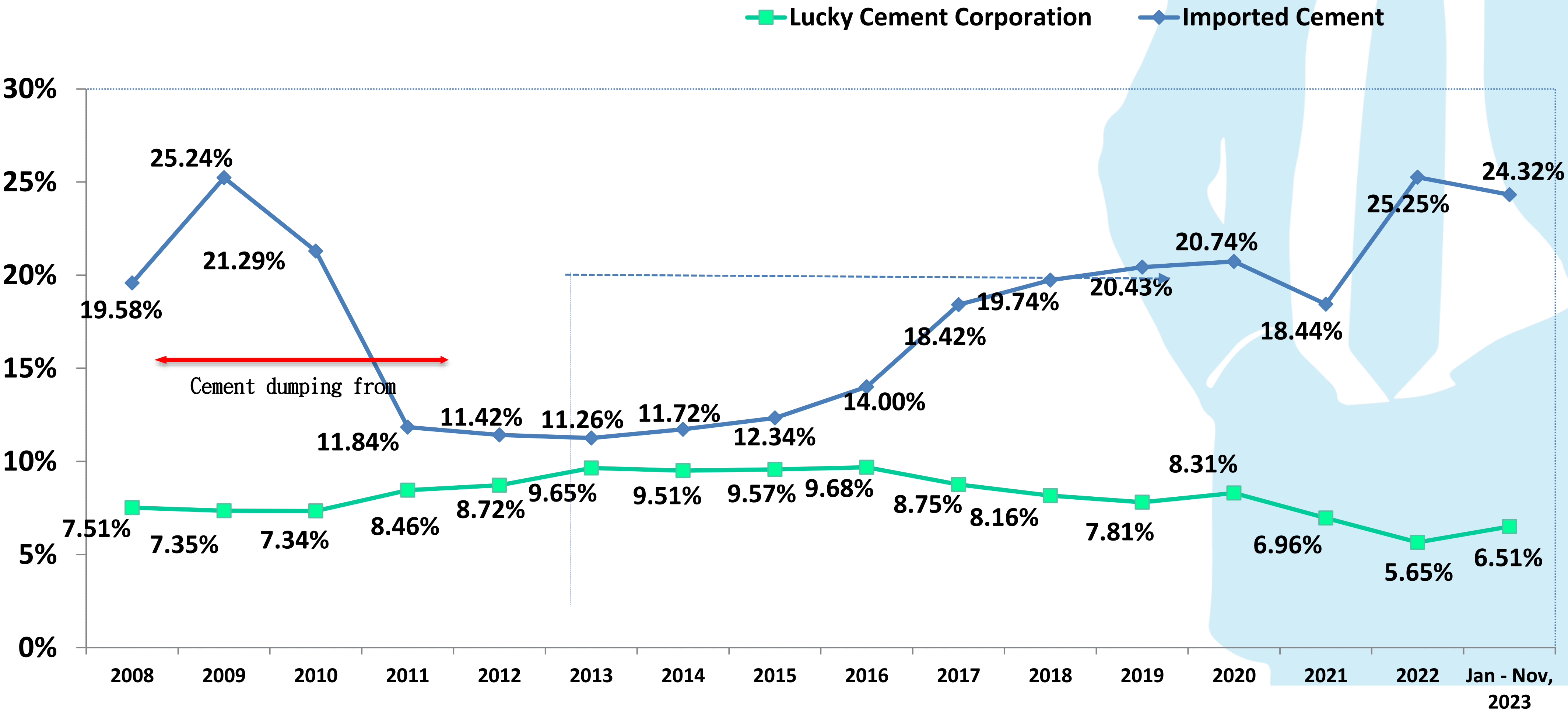
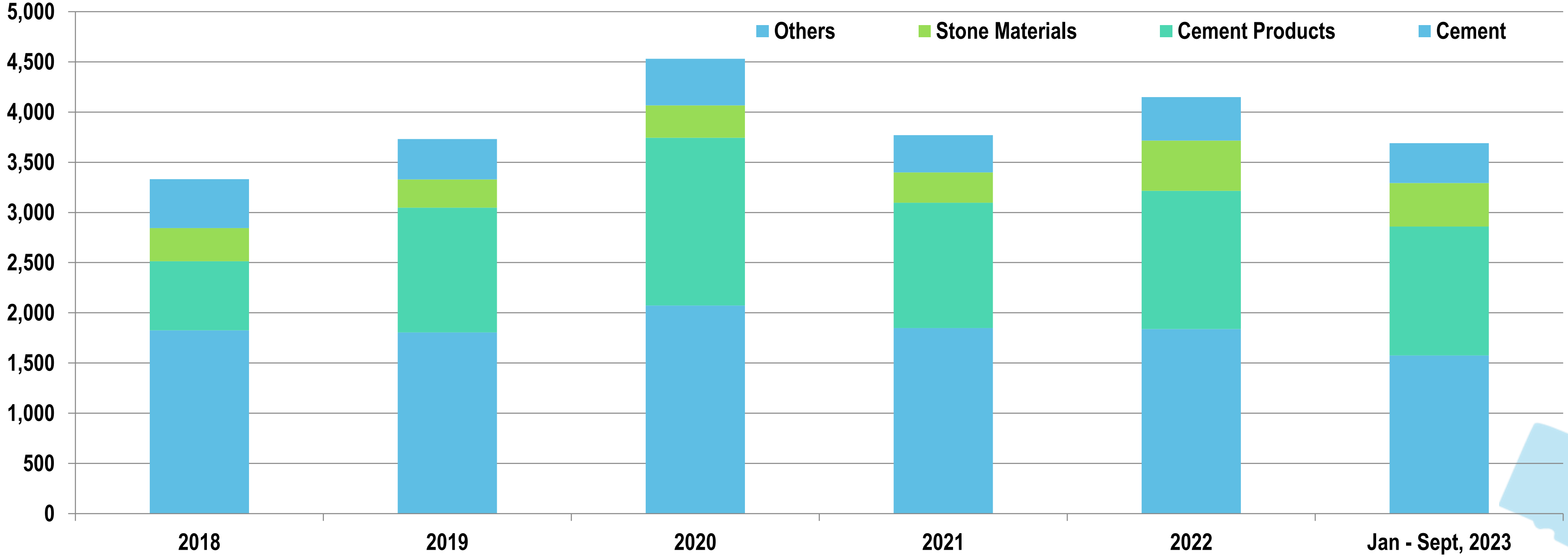
# Cement Market Share




Source: Taiwan Cement Manufacturers' Association

# The Company's revenue by product for the past five years

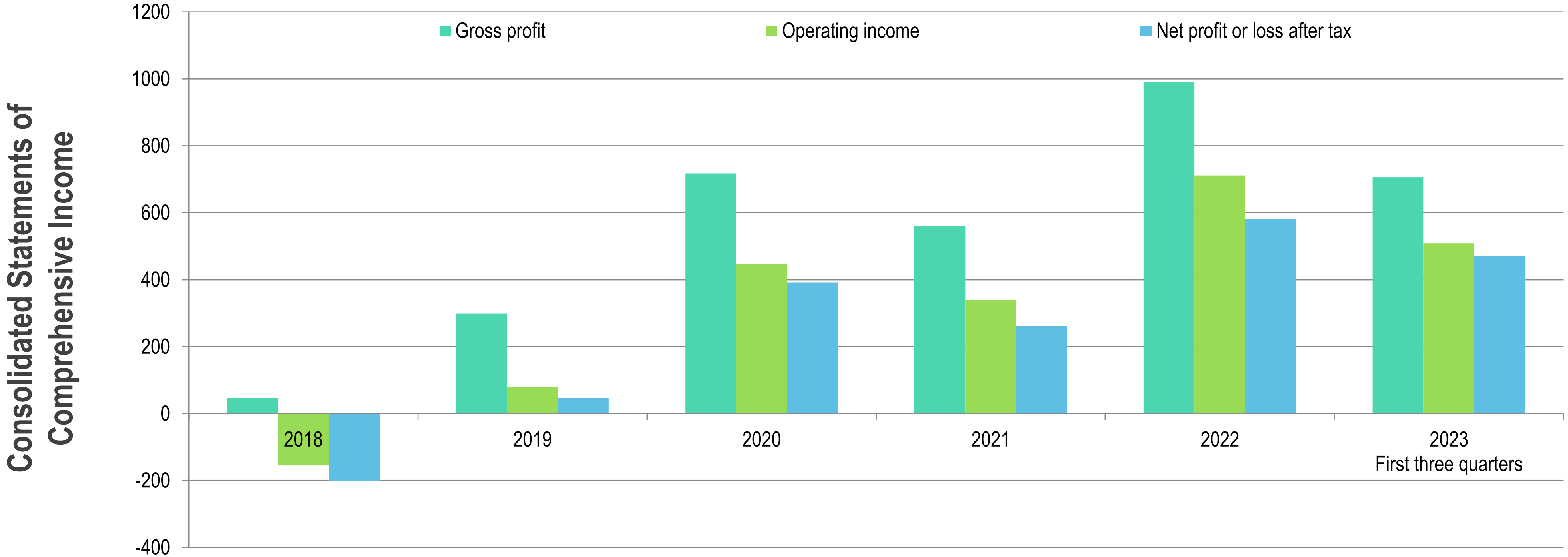



Unit: NT$ million

| | 2018 | % | 2019 | % | 2020 | % | 2021 | % | 2022 | % | Jan - Sept, 2023 | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cement | 1,826 | 55 | 1,805 | 48 | 2,074 | 46 | 1,849 | 46 | 1,837 | 44 | 1,574 | 43 |
| Cement Products | 689 | 21 | 1,243 | 33 | 1,669 | 37 | 1,249 | 37 | 1,379 | 33 | 1,286 | 35 |
| Stone Materials | 328 | 10 | 282 | 8 | 323 | 7 | 300 | 7 | 499 | 12 | 434 | 12 |
| Others | 488 | 14 | 402 | 11 | 464 | 10 | 371 | 10 | 434 | 11 | 396 | 10 |
| Total | 3,331 | 100 | 3,732 | 100 | 4,530 | 100 | 3,769 | 100 | 4,149 | 100 | 3,690 | 100 |

# P&L for the first three quarters, 2018 to 2023

Unit: NT$ million






| | 2018 | % | 2019 | % | 2020 | % | 2021 | % | 2022 | | Jan-Sep, 2023 | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 3,331 | 100 | 3,732 | 100 | 4,530 | 100 | 3,769 | 100 | 4,149 | 100 | 3,690 | 100 |
| Gross Profit | 47 | 1 | 299 | 8 | 717 | 16 | 560 | 15 | 991 | 24 | 706 | 20 |
| Operating Income | (155) | (5) | 78 | 2 | 447 | 10 | 339 | 9 | 711 | 17 | 508 | 14 |
| Net Profit | (202) | (6) | 46 | 1 | 392 | 9 | 262 | 7 | 581 | 14 | 469 | 10 |
| Earnings Per Share | -0.44 | | 0.11 | | 0.97 | | 0.65 | | 1.44 | | 1.16 | |

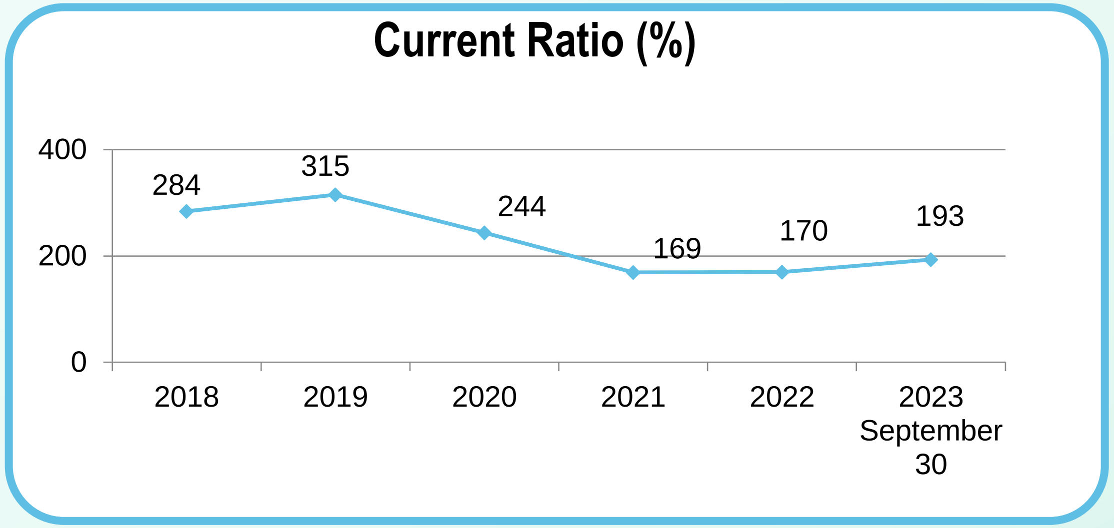
# Balance sheet of Q3, 2018 to 2023

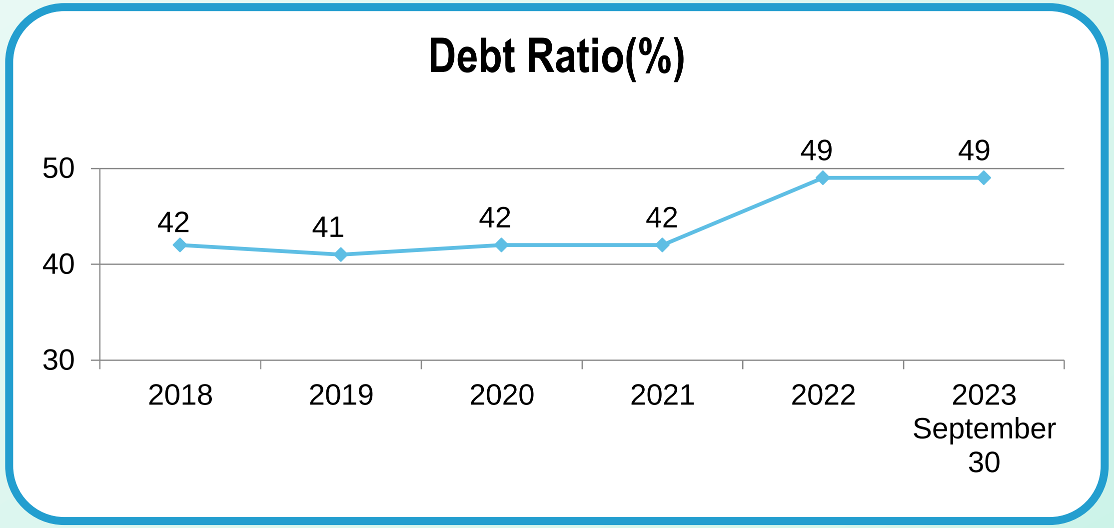
Unit: NT$ million

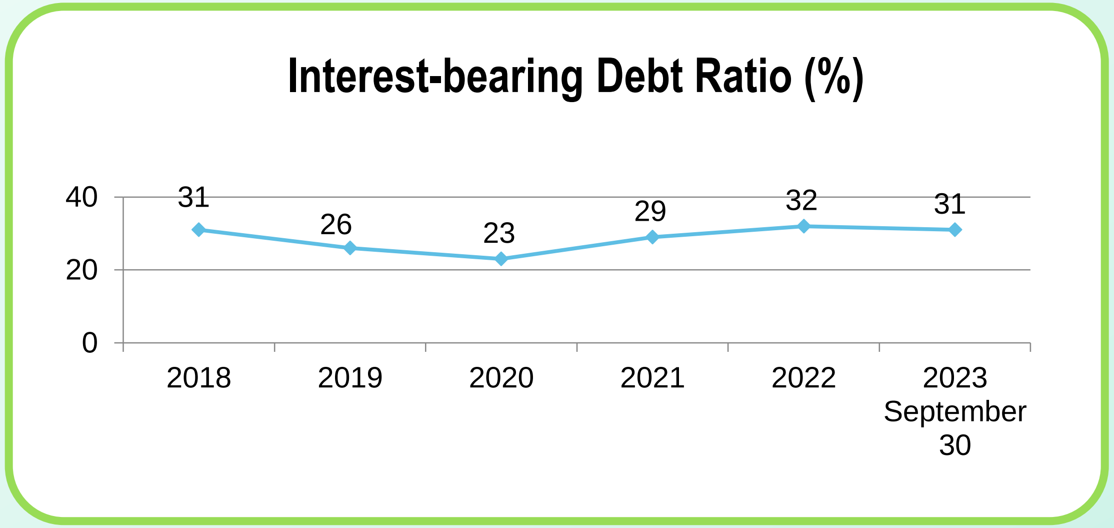
Consolidated balance sheet

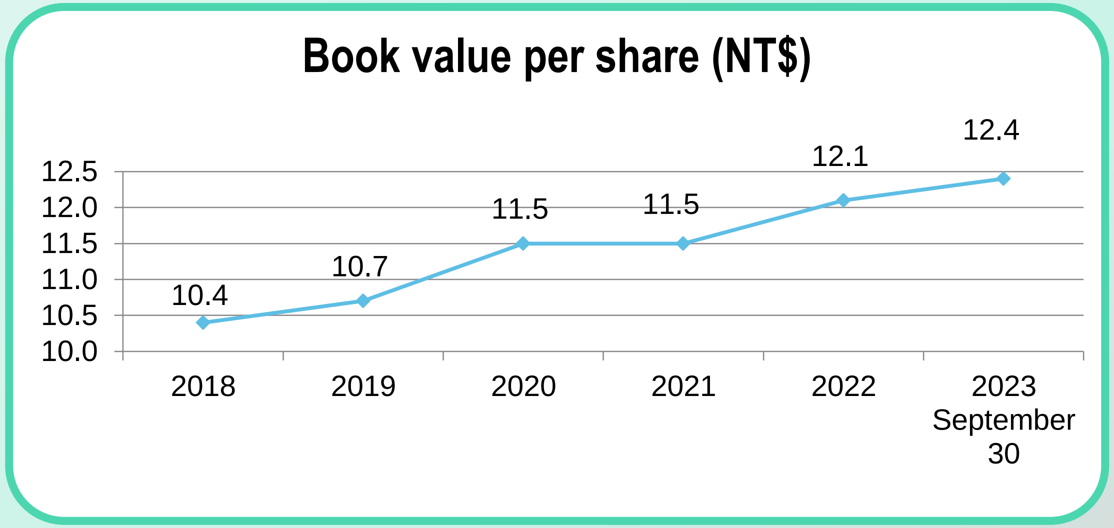
| | 2018 | % | 2019 | % | 2020 | % | 2021 | % | 2022 | % | Sep.30 2023 | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Current Assets** | 4,939 | 68% | 5,087 | 69% | 5,259 | 66% | 5,118 | 64% | 5,920 | 61% | 6,006 | 61% |
| **Property, plant and equipment** | 1,877 | 26% | 1,712 | 23% | 2,223 | 28% | 2,302 | 29% | 3,024 | 31% | 3,119 | 32% |
| **Other Assets** | 477 | 7% | 530 | 7% | 545 | 7% | 622 | 8% | 718 | 7% | 679 | 7% |
| **Total Assets** | 7,293 | 100% | 7,329 | 100% | 8,027 | 100% | 8,042 | 100% | 9,662 | 100% | 9,804 | 100% |
| **Current Liabilities** | 1,736 | 24% | 1,617 | 22% | 2,151 | 27% | 3,032 | 38% | 3,489 | 36% | 3,119 | 32% |
| **Non-current Liabilities** | 1,330 | 18% | 1,391 | 19% | 1,219 | 15% | 364 | 5% | 1,267 | 13% | 1,681 | 17% |
| **Total Liabilities** | 3,066 | 42% | 3,008 | 41% | 3,370 | 42% | 3,396 | 42% | 4,756 | 49% | 4,800 | 49% |
| **Shareholders' Equity** | 4,227 | 58% | 4,321 | 59% | 4,657 | 58% | 4,646 | 58% | 4,906 | 51% | 5,004 | 51% |

# Financial Ratios and Book Value Per Share



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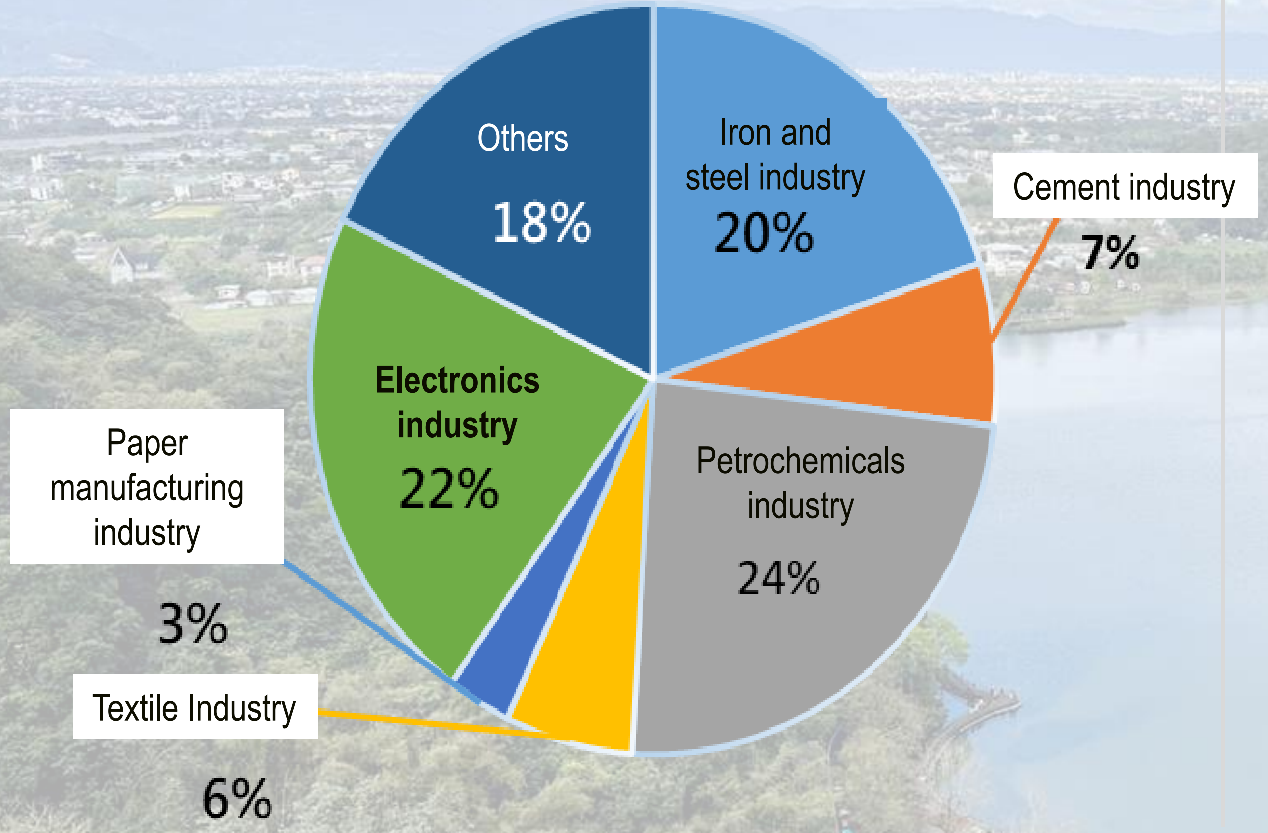
# Carbon Competitiveness

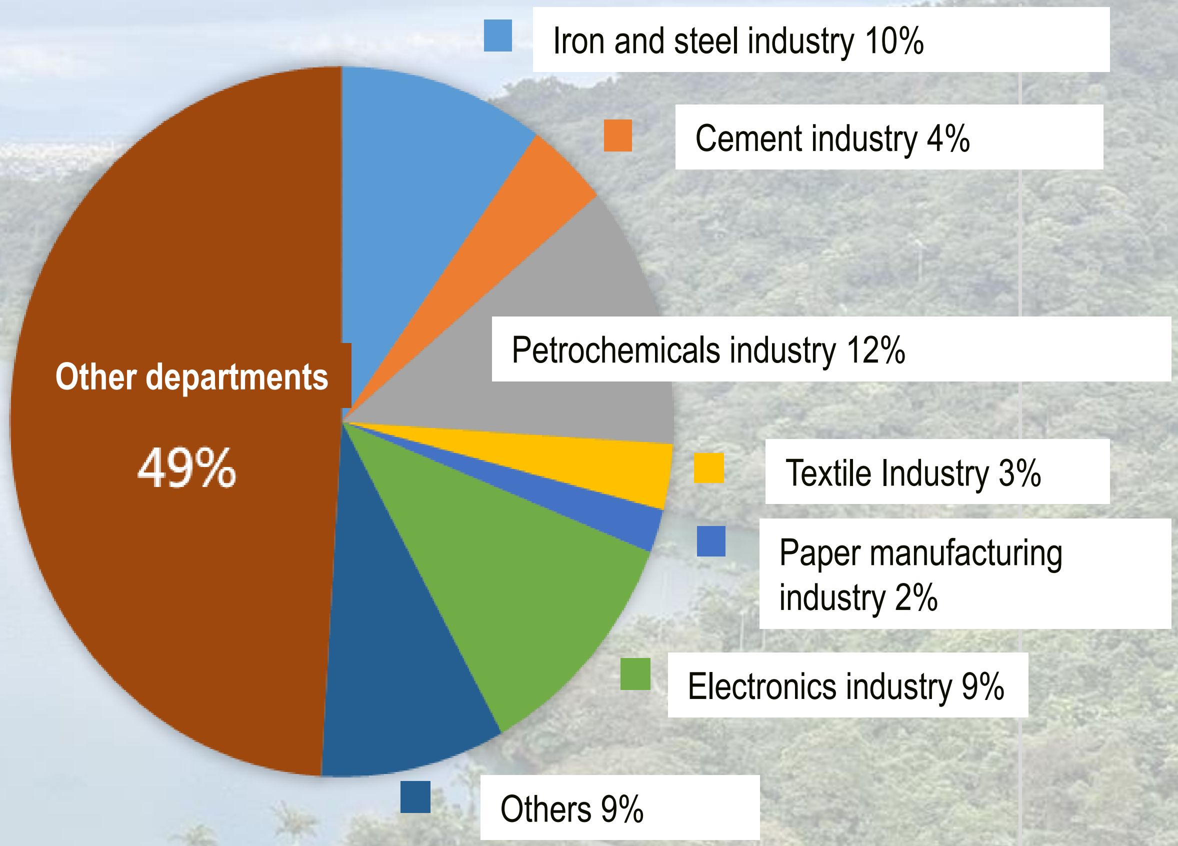
Carbon reduction is no longer just about protecting the planet,
it is also a necessary condition for the sustainable development of enterprises.

- **In response to climate change, net zero emissions have become an important international trend. Taiwan has committed to achieving net zero emissions (carbon neutrality) by 2050.**
- **The Ministry of Environment will establish a carbon fee next year (2024). Carbon emissions will be inventoried in 2024. Carbon fees will be levied in 2025 based on the results of the inventory.**
- **Starting in 2024, public construction procurement will fully include net zero carbon emission intensity, the estimated carbon content (carbon implication) of new construction projects, in order to complete the procurement process.**
- **By 2030, all new publicly-owned buildings must reach Building Energy Efficiency Level 1 or near-zero.**

# The cement industry accounts for about 4% of Taiwan's total carbon dioxide emissions, how the cement industry can reduce carbon has become the main approach




***The cement industry accounts for about 7% of the carbon dioxide emissions of Taiwan's manufacturing industry.***




***The cement industry accounts for about 4% of Taiwan's total carbon dioxide emissions.***

Source: Net-zero emissions policy industry exchange symposium organized by the National Development Council and MOEA in March 2022

# Carbon Reduction Roadmap of Dongao Cement Plant

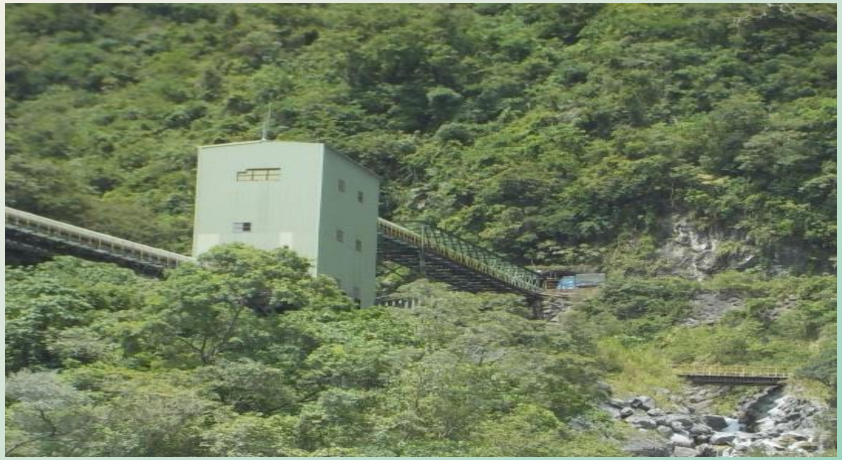
- Energy consumption optimization
- Alternative raw materials
- Alternative Fuels
- Green power configuration
- Low carbon cement/concrete

# GHG reduction (I) of energy-saving measures from January to November 2023

Lucky Cement's Horen Plant and Dongao Plant are improving energy-consuming equipment and recycling and reusing energy.

- ◆ Developed by the Horen Mining Plant, the gravity of the downhill belt conveyor that transports ore and its weight is used to move the conveyor belt to generate its own electricity by converting kinetic energy into electrical energy for internal use. This reduces the purchase of electricity from Taiwan Power Company, and reducing the amount of GHG emissions by 434 tons
- ◆ The Dongao Plant has established an energy-saving policy of reducing electricity consumption by 1% every year, and adopted energy-saving and carbon reduction measures to reduce GHG emissions by approximately 1,900 metric tons.

The reduction measures of the above two plants combined have reduced GHG emissions by 2,334 metric tons.



# GHG reduction (II) of energy-saving measures from January to November 2023

## Continue to invest in new equipment to improve energy efficiency and reduce carbon emissions

| Category | Item | Content of improvement | Energy saving (kWh) | Coal saving (tons) | Carbon reduction (tons) |
|---|---|---|---|---|---|
| Energy saving | Equipment energy saving improvement | Upgrade of #1 lining of cement mill warehouse | 24,030 | | 12 |
| | | Upgrade of air compressor in cement mill system | 146,520 | | 73 |
| | | Upgrade of electric dust collector | 2,511,360 | | 1,243 |
| | Replacement of air conditioning equipment | Upgrade of chillers in the administration building | 19,607 | | 10 |
| | | Sludge temporary storage control room | 8,395 | | 4 |
| | Lighting improvement | LED replacement in the production unit | 140,540 | | 70 |
| | Coal saving and improvement | Improvement of air leakage from the air duct at the outlet of the preheating machine | | 200 | 489 |
| | Generate electricity from the plant | 2A340 driven generator | 876,805 | | 434 |
| GHG emission reduction (tons) | | | | | 2,334 |

# GHG reduction of circular economy from January to November 2023

| Project name | | Emission coefficient | Substitution quantity (t) | Carbon reduction (t) |
|---|---|---|---|---|
| Alternative raw materials | Calcium fluoride | 0.111 | 6,581.75 | 730.57 |
| | Waste foundry sand | 0.020 | 1,486.58 | 29.73 |
| | Inorganic sludge | 0.039 | 36,327.80 | 1,416.78 |
| | Sludge mixture | 0.005 | 4,011.93 | 20.06 |
| | Coal fly ash | 0.037 | 1,278.44 | 47.30 |
| | Incineration of recycled fines | 0.119 | 4,125.66 | 490.95 |
| | Mineral slime | 0.032 | 8,425.63 | 269.62 |
| | Mineral fines | 0.359 | 10,145.78 | 3,642.34 |
| Alternative Fuels | Organic sledge | 0.577 | 7042.48 | 4,063.51 |
| Alternative clinker | Grinding stone | 0.910 | 8213.79 | 7,474.55 |
| Total | | | | 18,185.42 |

# Total GHG reduction from January to November 2023

| Project name | Circular Economy | Energy conservation measures | Total |
|---|---|---|---|
| Carbon reduction (metric tons) | 18,185.42 | 2,334.00 | 20,519.42 |

**A total of 20,519.42 (metric tons) CO2 = equivalent to the annual carbon intake of 53 Da'an Forest Parks**

**Calculated based on the formula of the Council of Agriculture, each hectare of forest absorbs 15 tons of carbon per year, and one Da'an Park (25.8 hectares) absorbs 384.6 hectares per year.**

# Green power configuration

Location of installation: Hsing-Fu Golf Club, Linkou

Voluntary installed capacity: 803kW

Space of installation: 3,600 square meters

On November 30, 2023, the Taiwan Power Meter was completed; on December 4, the parallel power generation was completed. The Company expects to obtain the completion and registration letter of the smart meters and the renewable energy power generation equipment from Taipower by the end of December, and transfer the power supply to the Dongao Plant.

In the future, solar power generation and energy storage equipment will also be built within the Dongao Plant to supply power to the internal system of the plant and reduce electricity carbon emissions.

2023/08/19
Land preparation

2023/09/10
Foundation excavation


2023/09/19
Pouring of foundation cement


2023/10/01
Foundation backfill


2023/10/19
Steel structure assembly


2023/11/03
Steel structure painting


2023/11/05
Solar panel laying

# Low carbon cement - limestone cement

In order to reduce the environmental impact caused by GHG emissions, Lucky Cement Corporation will invest in the production of limestone cement with low clinker ratio. This will reduce GHG emissions generated by clinker production, doing our part for the environment.

Based on the 2022 cement output of 559,350 tons as an example, the emission coefficient of grinding aid (limestone) is 0.91 $tCO_2/t$

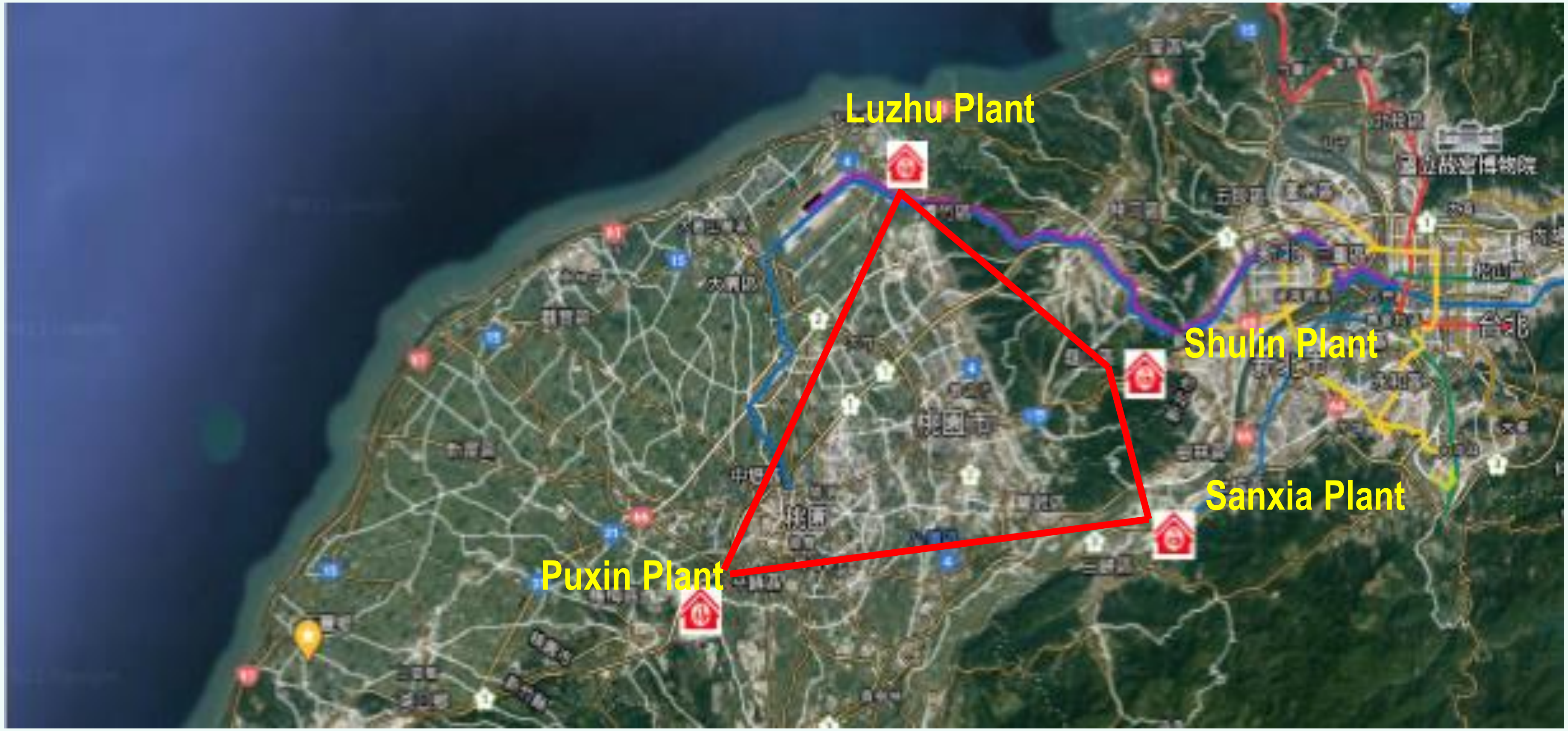
( Source: The average self-calculated clinker emission intensity per unit of 2022.01-09)

The proportion of grinding aids added to the limestone cement is included in the GHG emission reduction as follows:

| Annual cement output (tons) | Ratio of grinding stone (%) | Emission coefficient of grinding stone | Emission reduction ($tCO_2e$/year) |
|---|---|---|---|
| 559,350 | 3% | 0.910 | 15,270 |
| 559,350 | 5% | 0.910 | 25,450 |
| 559,350 | 8% | 0.910 | 40,721 |
| 559,350 | 10% | 0.910 | 50,901 |

# Low carbon concrete

The Company has built two ready-mix plants in Shulin District, New Taipei City and Luzhu Haihu Industrial Park, Taoyuan City, expected to be completed in 2024 Q4. The latest energy-saving equipment has been introduced to build a high-efficiency, low-energy-consumption, and low-pollution ready-mix plant. Together with the Company's original Sanxia Plant and Puxin Plant, a supply network has been constructed, and the limestone cement produced is used to supply low-carbon concrete required for low-carbon buildings .



# ESG - social care

》 Dongao Village Symposium on Evergreen Dining Hall

》 Dongao Pink Bird Forest Festival and Mother's Day Activities



》 Dongao community cleaning and sterilization

》 Reconstruction of parks for Dongyue community

》 Participation in Dongyue Village School and Nan'ao Township Sports Day

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# Lucky Cement Corporation

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