Explanatory Materials
(For Fiscal Year Ended March 31, 2025)

May 13, 2025

SUMITOMO OSAKA CEMENT

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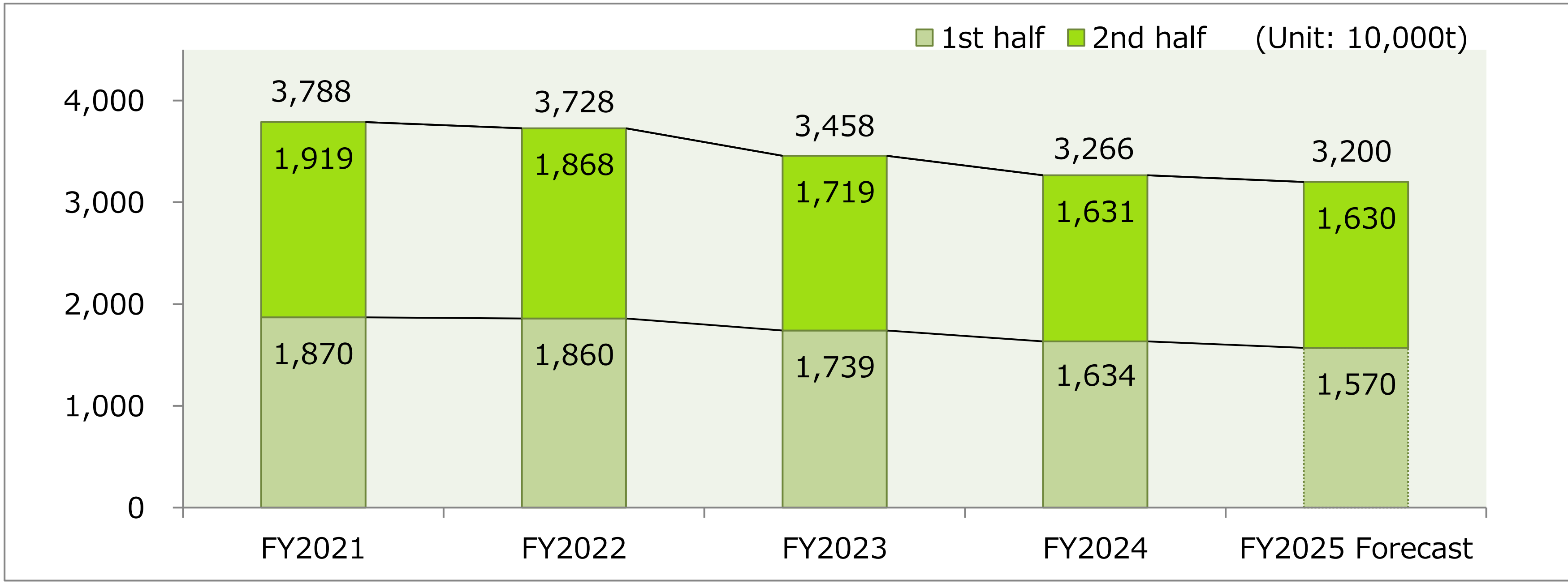
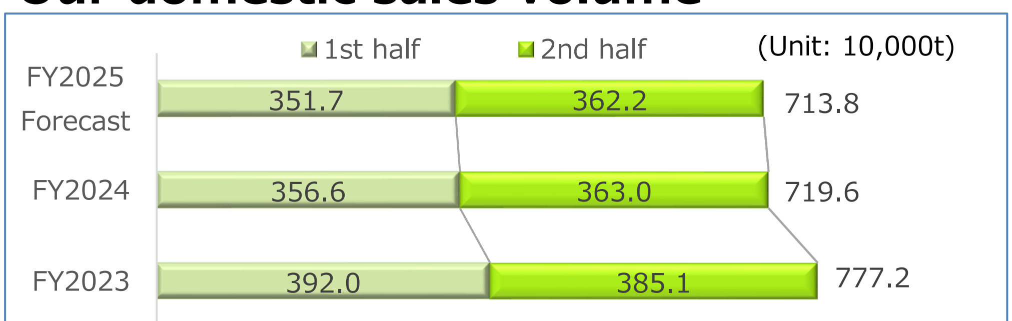
(1) Domestic Cement Demand / Our Sales Volume

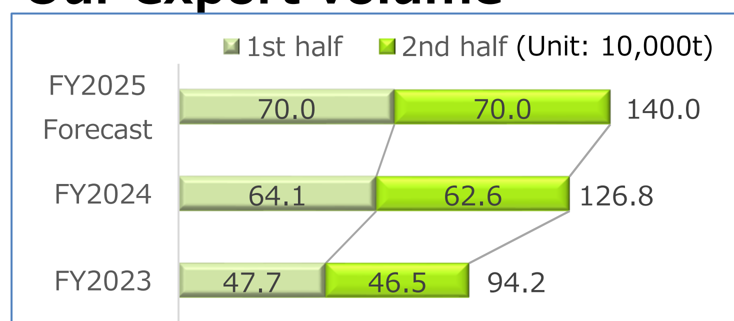
Domestic cement demand



Our domestic sales volume



Our export volume



(2) FY2024 Financial Summary

- **Operating income in the cement business returned to profitability due to impact of price hikes and a coal price decline.**
- **Operating income increased year-on-year due to profit improvement in the cement business etc.**

① Sales
Revenue fell due to lower domestic sales volume of cement and lower sales volume of advanced materials.

② Operating income
Operating income increased due to an impact of price hikes of cement and decline of coal price.

③ Non-operating income/loss
Deterioration in foreign exchange gains/loss.

④ Extraordinary income/loss
Decreased due to a negative backlash following the recording of a gain on sale of cross-shareholdings in the previous period.

⑤ Dividend per share
Unchanged.

Unit: 100 million yen

	FY2023	FY2024	YoY	Nov. 12 Published Figure
Sales	2,225	2,195	- 30	- 43
Operating income (Cement business only)	72.5 (-14.4)	93.5 (8.8)	21.0 (23.1)	9.5 (2.2)
Non-operating income/loss	12.3	0.2	- 12.1	–
Ordinary income	84.8	93.7	8.9	10.7
Extraordinary income/loss	101.6	34.1	- 67.5	–
Net income	153.4	90.1	- 63.3	12.1
Dividend per share	120 yen	120 yen	–	–

(2) FY2024 Sales and Income by Segment (Year on Year)

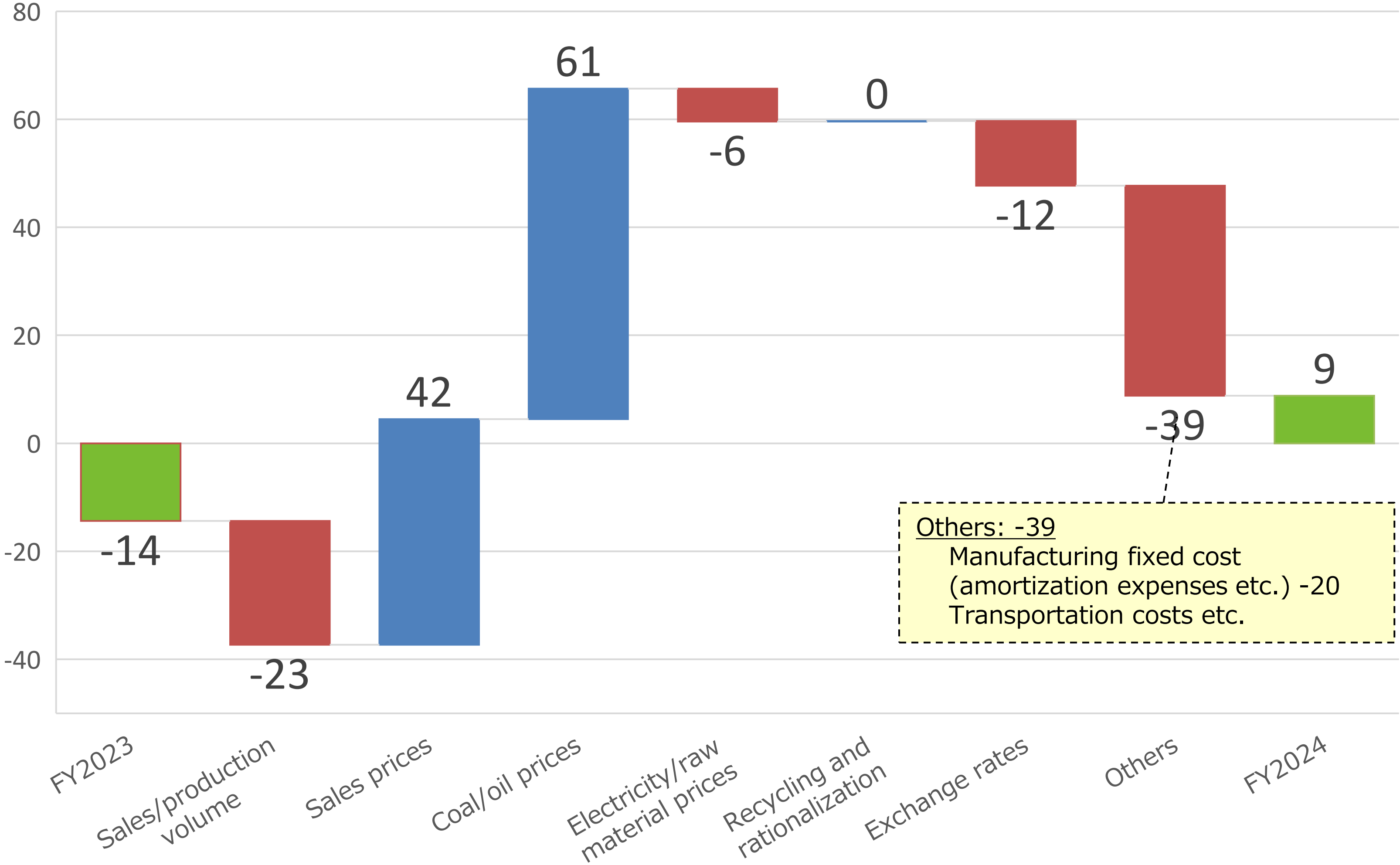
Unit: 100 million yen

	FY2023		FY2024		Increase/decrease	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Cement	1,616	- 14.4	1,564	8.8	- 52	23.1
Mineral Resources	146	31.4	174	31.5	28	0.1
Cement-Related Products	217	15.1	236	18.4	19	3.3
Optoelectronics	20	- 6.7	25	- 3.6	5	3.1
Advanced materials	187	28.9	157	22.6	- 30	- 6.3
Others	38	16.6	39	16.2	0	- 0.4
Total	2,225	72.5	2,195	93.5	- 30	21.0

SUMITOMO OSAKA CEMENT

(2) FY2024 Breakdown of Changes in Operating Income from Cement Business (Year on Year)

Unit: 100 million yen



(2) FY2024 Earnings of Non-cement Business Segment

Unit: 100 million yen

	FY2023	FY2024	Change	
Mineral Resources				**Higher revenue, Flat income**
Sales	146	174	28	• Higher revenue due to higher overseas limestone shipments
Operating income	31.4	31.5	0.1	• Flat income due to higher mining costs
Cement-Related Products				**Higher revenue and income**
Sales	217	236	19	• Higher revenue and income due to increased ground improvement work and sales of concrete secondary products
Operating income	15.1	18.4	3.3	
Optoelectronics				**Higher revenue, Lower deficit**
Sales	20	25	5	• Higher revenue due to sales increase of optoelectronics devices etc.
Operating income	- 6.7	- 3.6	3.1	• Reduced deficit by cost reduction
Advances Materials				**Lower revenue and income**
Sales	187	157	- 30	• Lower revenue and income due to lower sales volume of ESC
Operating income	28.9	22.6	- 6.3	

(3) FY2025 Earnings Forecast

- **Cement business is expected to increase revenue and income due to impact of price hikes and decline of coal prices, and Advanced Material business is expected to increase revenue and income due to recovery of sales.**

① **Sales**
Revenue is expected to an increase due to price hikes of cement and sales of advanced materials.

② **Operating income**
Income of Cement business is expected to increase due to impact of cement's price hikes and decline of coal prices

③ **Non-operating income/loss**
Decreased due to decline of dividend income and increase of interest expense

④ **Extraordinary income/loss**
Decreased due to a negative backlash following the recording of a gain on sale of cross-shareholdings in the previous period

⑤ **Dividend per share**
Unchanged.

*FY25 Forecast
Exchange rate: FY25 Forecast: ¥145/$ (FY24 Average: ¥152/$)
Coal(CIF): $135/t (FY24: $155/t)

Unit: 100 million yen

	FY2024 Result	FY2025 Forecast	Increase/ decrease
Sales	2,195	2,350	155
Operating income (Cement business only)	93.5 (8.8)	190.0 (100.0)	96.5 (91.2)
Non-operating income/loss	0.2	- 14.0	- 14.2
Ordinary income	93.7	176.0	82.3
Extraordinary income/loss	34.1	7.0	- 27.1
Net income	90.1	140.0	49.9
Dividend per share	120 yen	120 yen	–

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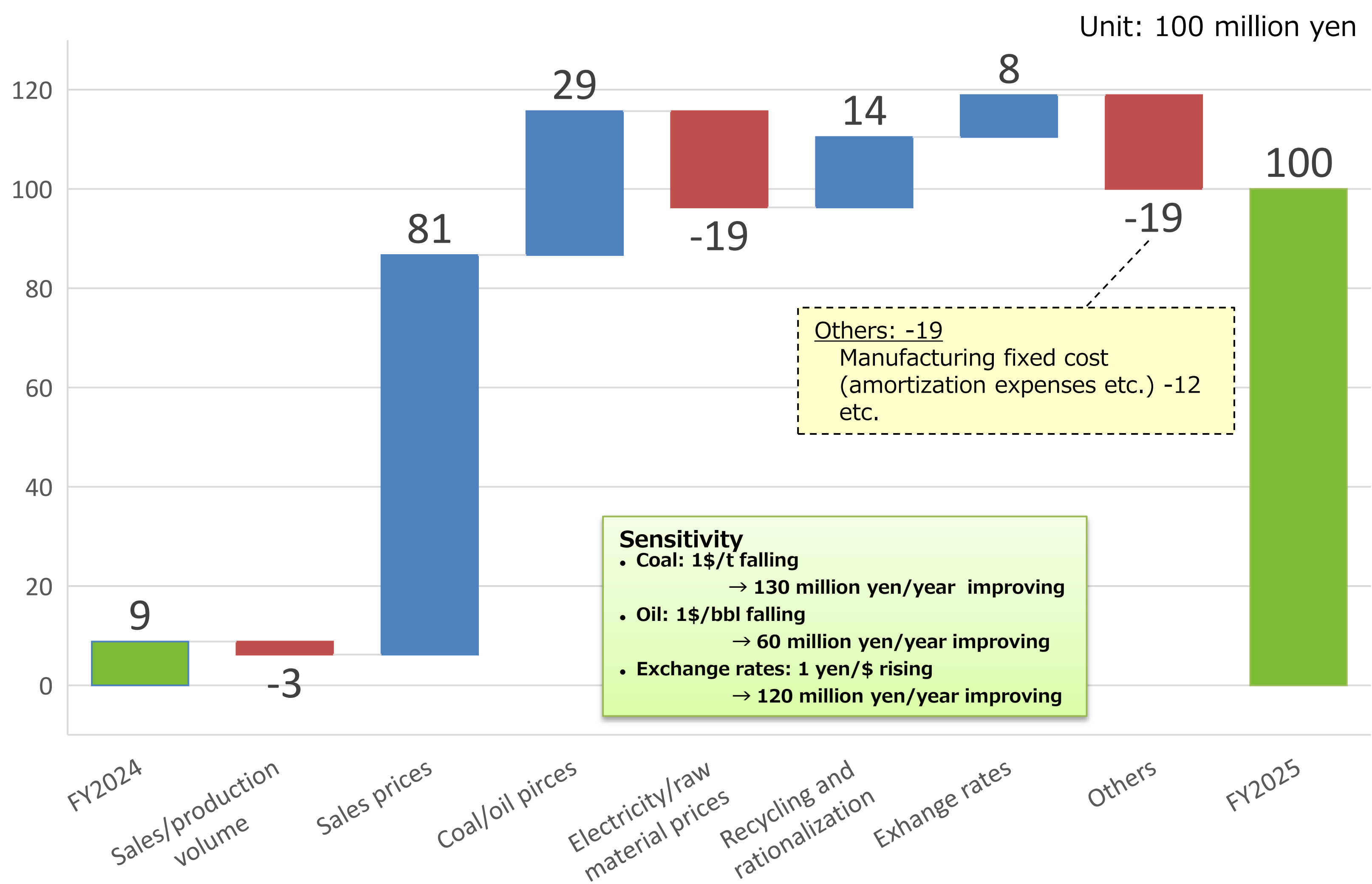
(3) FY2025 Forecast of Sales and Income by Segment (Year on Year)

Unit: 100 million yen

	FY2024		FY2025		Increase/decrease	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Cement	1,564	8.8	1,639	100.0	75	91.2
Mineral Resources	174	31.5	183	28.0	9	- 3.5
Cement-Related Products	236	18.4	255	16.0	19	- 2.4
Optoelectronics	25	- 3.6	32	- 1.0	7	2.6
Advanced Materials	157	22.6	202	33.0	45	10.4
Others	39	16.2	39	14.0	0	- 2.2
Total	2,195	93.5	2,350	190.0	155	96.5

(3) FY2025 Forecast of Operating Income from Cement Business



(3) FY2025 Forecast of Non-cement Segment Business

Unit: 100 million yen

	FY2024	FY2025	Change	
Mineral Resources				**Higher revenue, Lower income**
Sales	**174**	**183**	**9**	• Higher revenue due to price hikes of limestone offset by increased mining costs, resulting in lower income
Operating income	**31.5**	**28.0**	**- 3.5**	
Cement-Related Products				**Higher revenue, Lower income**
Sales	**236**	**255**	**19**	• Higher revenue due to increased sales volume of secondary cement products offset by increased raw material costs, resulting in lower income
Operating income	**18.4**	**16.0**	**- 2.4**	
Optoelectronics				**Higher revenue, Continued deficit**
Sales	**25**	**32**	**7**	• Higher revenue due to sales increase of optoelectronics devices etc.
Operating income	**- 3.6**	**- 1.0**	**2.6**	• Lowered deficit due to cost reduction
Advances Materials				**Higher revenue and income**
Sales	**157**	**202**	**45**	• Higher revenue and income due to increased sales volume of ESC
Operating income	**22.6**	**33.0**	**10.4**	

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(1) Vision for 2035 (SOC Vision 2035)

Aim: Company with a strong presence

① Presence as a challenger with thorough differentiation and unique style

② An environmental solution company that meets the needs of the times*

③ Tackle challenge of withdrawing from coal use

* What is an environmental solution company of SOC:

- ✓ A company that provides solutions (products and solutions) to environmental issues toward the realization of a recycling-oriented society and a decarbonized society

Target figures for 2035

Sales	400,000 million yen
Operating income	40,000 million yen or more
ROE	10% or more
ROIC	6.5% or more

Business Portfolio Transformation

Cement business	50%
Non-cement business	50%

(2) FY2023–25 Medium-term Management Plan

Company-wide strategy
Improving profitability of existing business & building foundations for growth

Improving profitability of existing businesses	• Recovery of profitability in Cement business • Improve profitability by gaining market share for next-generation optical communication components
Building foundations for growth	• Expand scale and strengthen profitability by concentrating resources on the electronic materials business for semiconductor manufacturing equipment • Overseas business expansion (Australian business) • New business development in the decarbonization field

Strengthen management foundation

- **Human resources strategy:** Investment in people who support business growth and operation of new personnel measures
- **R&D strategy:** Strengthen R&D to create new businesses in high-performance products and decarbonization fields
- **IP strategy:** Develop human resources with intellectual property skills and promote utilization of intellectual property information analysis in management strategies (IP landscape)
- **DX strategy:** Develop infrastructure for solving issues in each business division

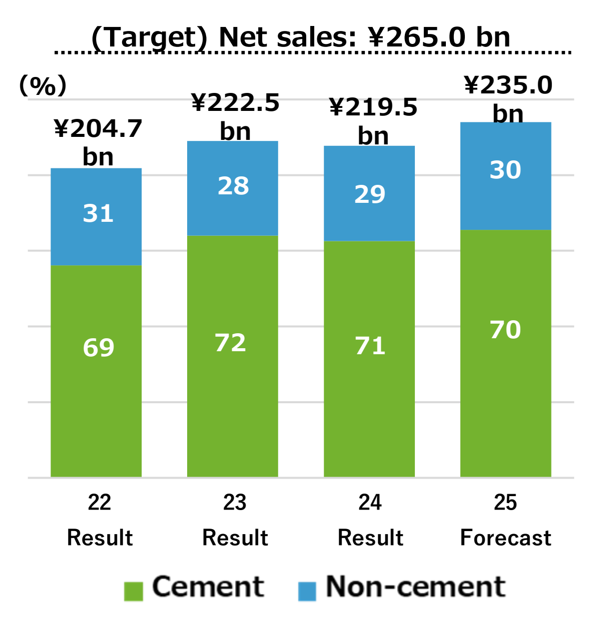
Target figures for FY2025

Sales	*265,000* ***million yen***
Operating Income	*21,400* ***million yen***
ROE	*8.0%* ***or more***
ROIC	*5.0%* ***or more***

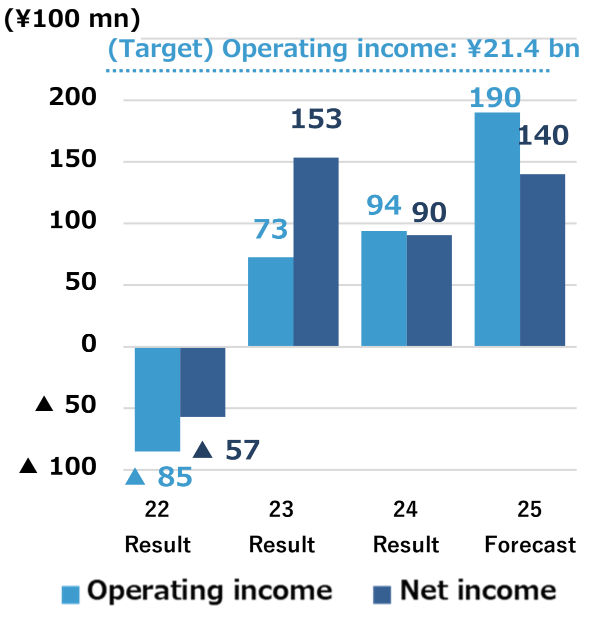
(3) Numerical Progress and Forecast for the Final year

Sales, operating income, and indicators such as ROE and ROIC are expected to fall short of the targets set in the medium-term management plan. However, the foundation for the next plan is being built through price increases in the cement business, the recovery of electrostatic chuck sales in the Advanced materials business from the second half of FY2025, and capacity expansion to support future sales growth.

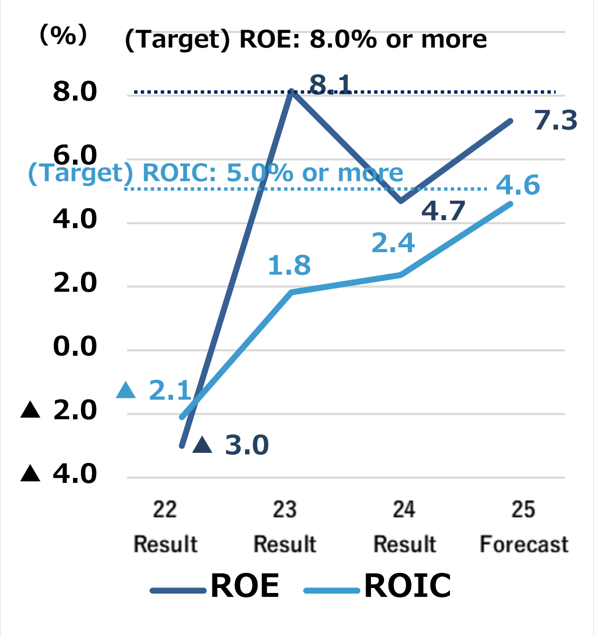
Changes and component ratio of sales



Changes in income



Changes in indicators



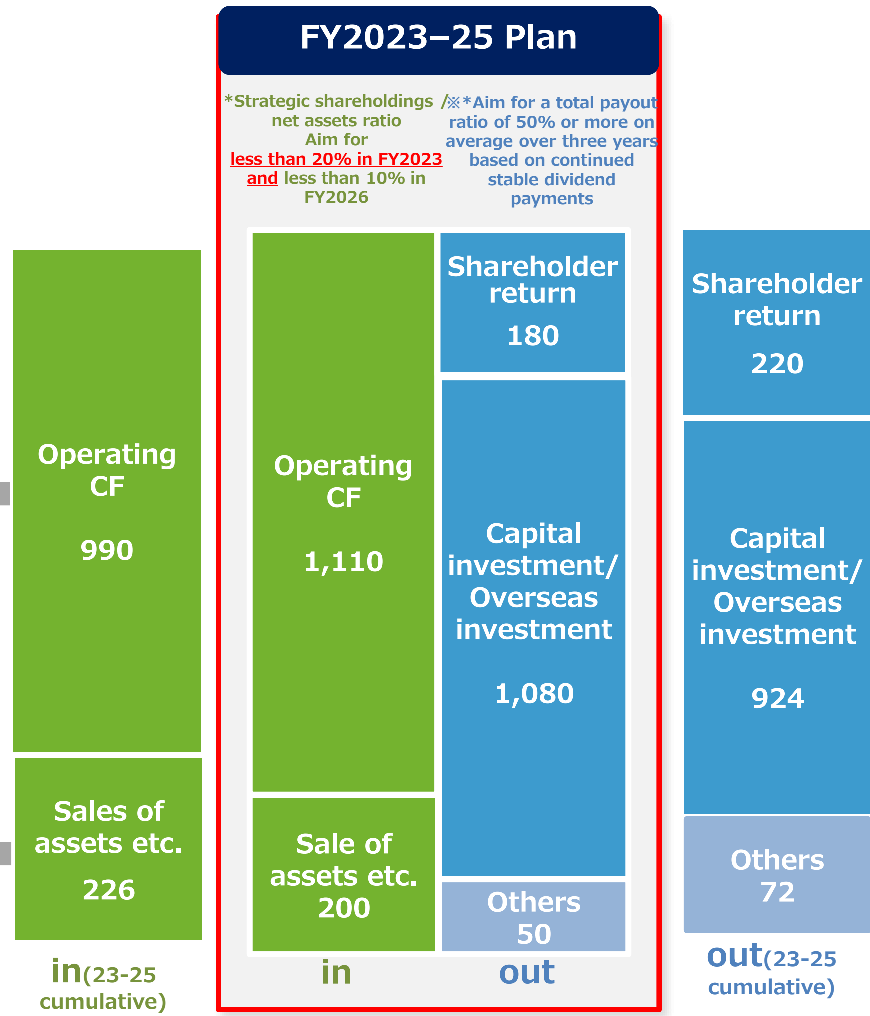
(4) Capital Allocation

Unit: 100 million yen

- FY23 Results
  - Amount: 437
- FY24 Results
  - Amount: 249
- FY25 Forecast
  - Amount: 304
- Supplementary comments
  - Improved revenue
  - Decrease in coal inventory

- FY23 Results
  - Amount: 139
- FY24 Results
  - Amount: 60
- FY25 Forecast
  - Amount: 27

◆ Sell-off of cross-shareholdings:
- 219



- FY23 Results
  - Amount: 41
- FY24 Results
  - Amount: 90
- FY25 Forecast
  - Amount: 89

◆ FY-23-25 Average total payout ratio: 57%

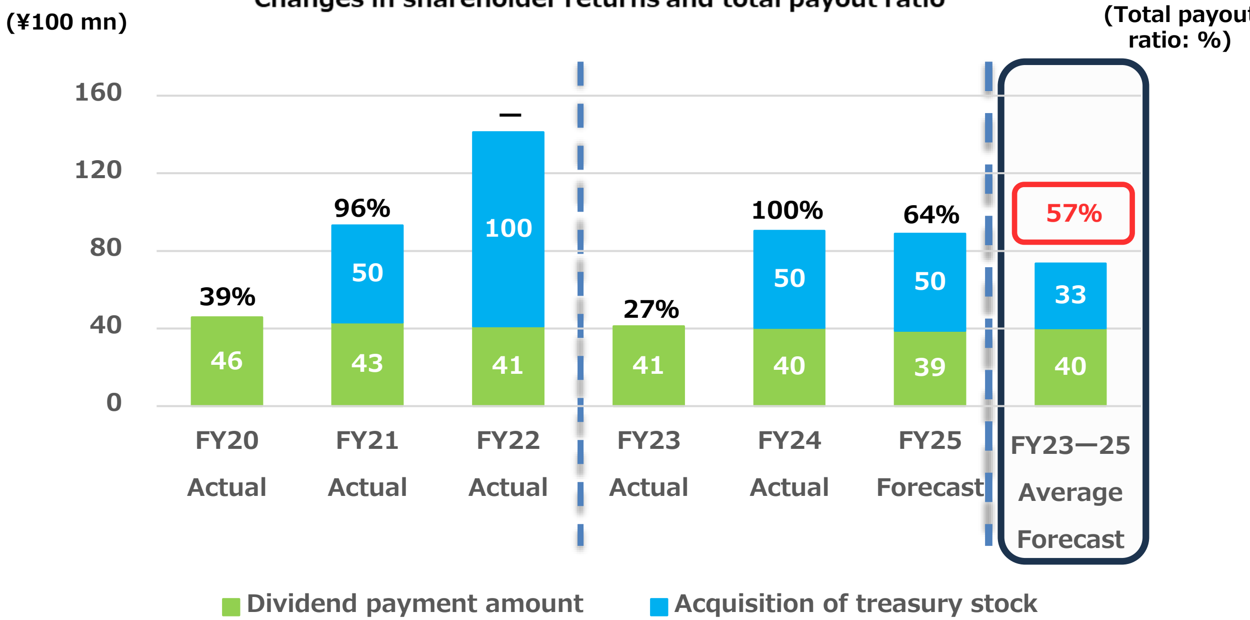
- FY23 Results
  - Amount: 289
- FY24 Results
  - Amount: 276
- FY25 Forecast
  - Amount: 359

- FY23 Results
  - Amount: 246
- FY24 Results
  - Amount: -57
- FY25 Forecast
  - Amount: -117
- Supplementary comments
  - Decrease in Interest-bearing debt inventory 98

(5) Share Holder Returns

Policy | **Target of total return ratio: 50% or more on average over the three years**

Changes in shareholder returns and total payout ratio



Total return retio for 23–25

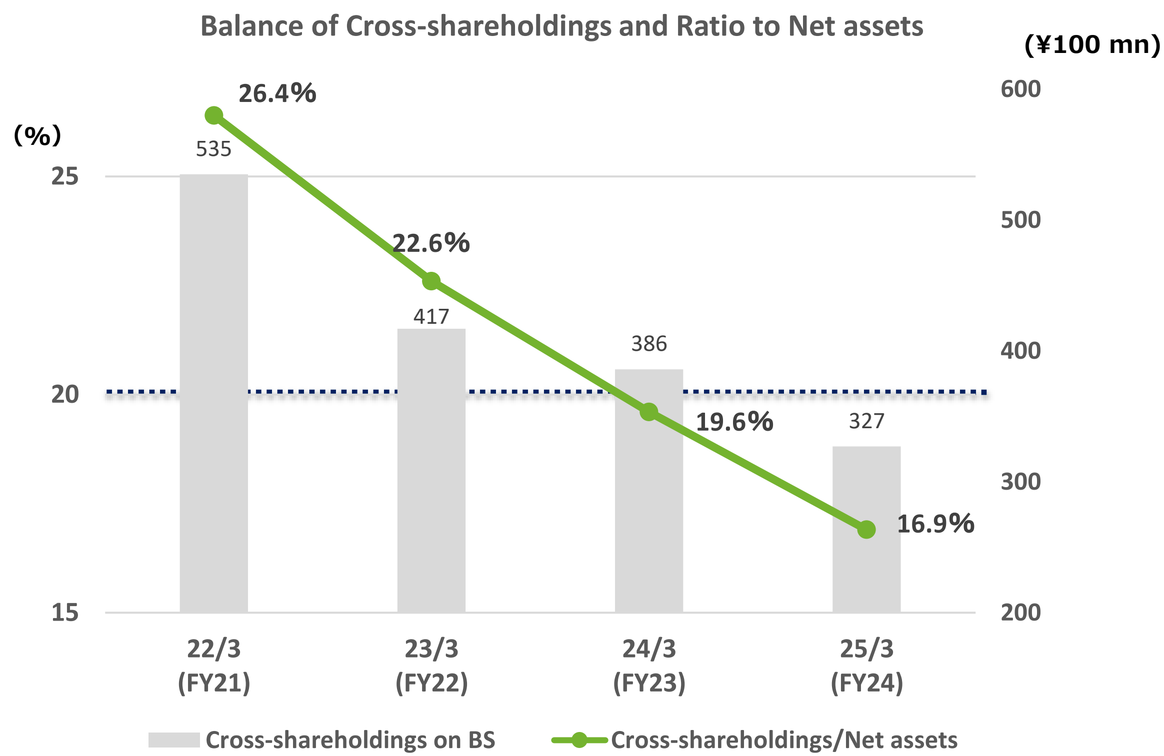
	Total
Net income	¥38,300 mn
Dividend+Treasury stocks	¥22.000 mn
Total return ratio	**57%**

* In FY2022, the total return ratio was calculated as negative due to a net loss, and is therefore shown as a dash (–).

(6) Status of Cross-shareholdings

Policy Cross-shareholdings/Net assets
FY2023: less than 20%　　FY2026: aim of less than 10%

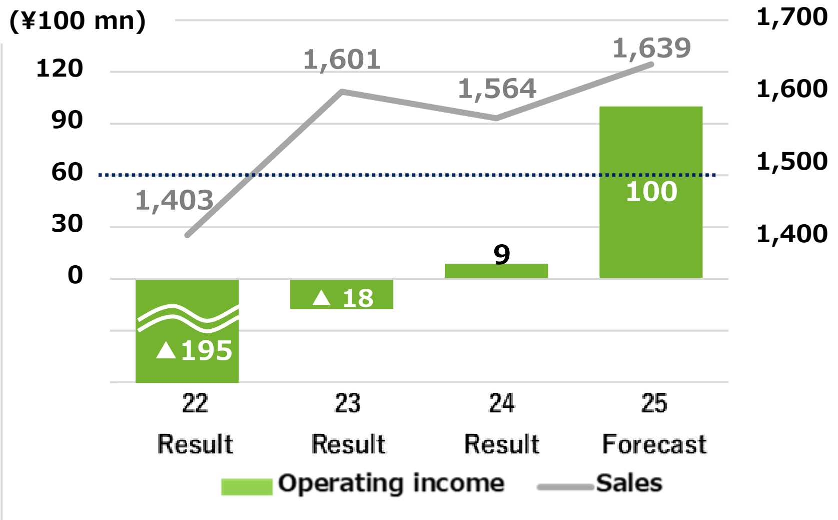
＊ Cross-shareholding=Non-consolidated basis investment securities



(7) Changes in Net Sales and Operating Income by Segment

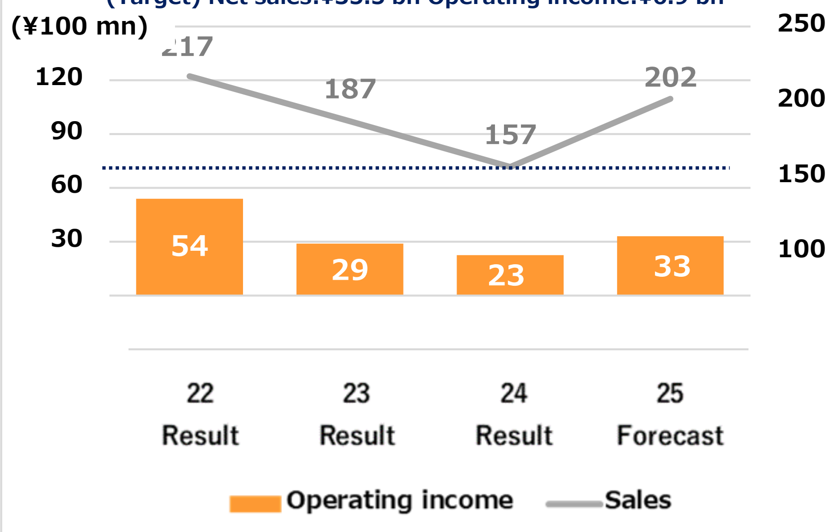
Cement

(Target) Net sales:¥173.0 bn Operating income:¥6.0 bn



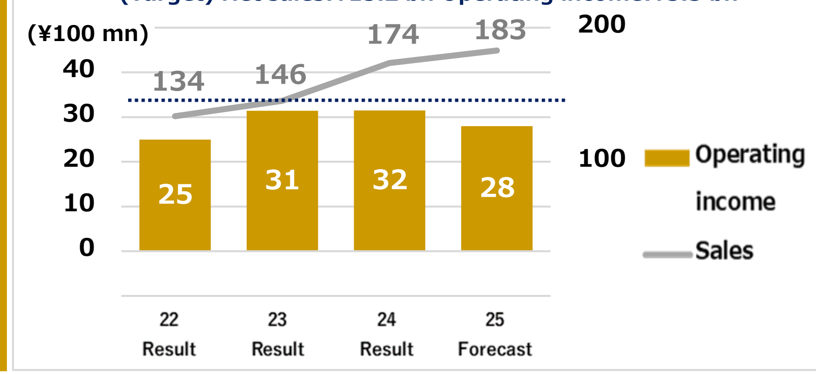
Advanced Materials

(Target) Net sales:¥35.5 bn Operating income:¥6.9 bn



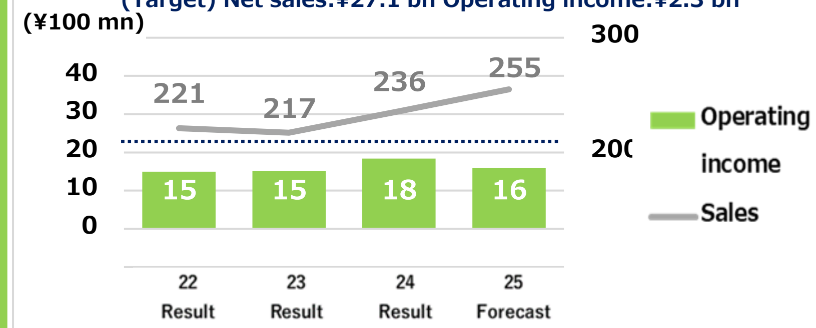
Mineral resources

(Target) Net sales:¥15.2 bn Operating income:¥3.3 bn



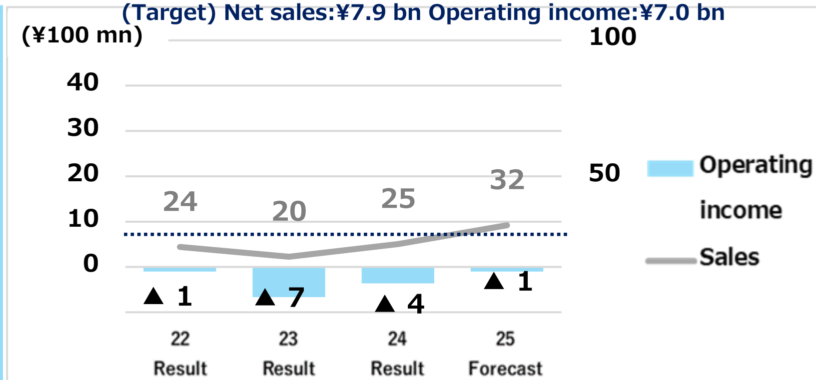
Cement-Related Products

(Target) Net sales:¥27.1 bn Operating income:¥2.3 bn



Optoelectronics

(Target) Net sales:¥7.9 bn Operating income:¥7.0 bn



(8) Progress, outcome and issues

Strategy outline in 2023–25 medium-term plan	Progress and Outcome	
Improving profitability of existing businesses	Cement	• Securing reasonable prices • Expanding alternative uses of fossil energy • Acquiring and securing new customers for limestone sales
Building foundations for growth	Mineral resources	• Started construction of ship loading berth extension at Shuho Mine
	Advanced materials	• Started construction of facility for electrostatic chuck (ESC) production
	New business	• Developed products using artificial limestone (adopted at the Osaka EXPO)
Strengthening management foundations	Human resource/DX strategy	• Established the basic human resource policy, discussing update of personnel system, enhancing recruiting and training • Developed a ship scheduling optimization system utilizing AI
Challenges	Optoelectronics	• Started sales and built a mass production system for next-generation LN modulators

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3. Supplementary Material
FY2025 Sales & Income by Segment

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Unit: 100 million yen

		FY2025 Forecast			Year-on-Year		
		1st half	2nd half	Full year	1st half	2nd half	Full year
Sales	Cement	774	865	1,639	- 2	77	75
	Mineral resources	90	93	183	2	7	9
	Cement-related products	120	135	255	1	18	19
	Optoelectronics	14	18	32	3	4	7
	Advanced materials	97	105	202	24	22	45
	Others	19	20	39	0	0	0
Total		1,114	1,236	2,350	28	127	155
Operating income	Cement	9.0	91.0	100.0	25.7	65.6	91.2
	Mineral resources	13.0	15.0	28.0	- 3.2	- 0.3	- 3.5
	Cement-related products	7.0	9.0	16.0	- 0.8	- 1.6	- 2.4
	Optoelectronics	- 1.0	0.0	- 1.0	1.5	1.0	2.6
	Advanced materials	13.0	20.0	33.0	3.2	7.2	10.4
	Others	7.0	7.0	14.0	- 0.5	- 1.7	- 2.2
Total		48.0	142.0	190.0	25.2	71.3	96.5

3. Supplementary Material
FY2025 Cement Business
Operating Income Change Breakdown by 1st/2nd Half

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Unit: 100 million yen

	FY2024 → FY2025		
	1st half	2nd half	Full year
Sales and production volume	- 3	0	- 3
Sales prices	21	60	81
Coal and oil prices	22	7	29
Electricity and raw material prices	- 11	- 8	- 19
Recycling and rationalization	7	7	14
Exchange rates	5	3	8
Others	- 15	- 4	- 19
Cement operating income change	26	66	91

Sensitivity	Coal	1$/t falling	130 million yen/year improving
	Oil	1$/bbl falling	60 million yen/year improving
	Exchange rates	1 yen/$ yen rising	120 million yen/year improving

3. Supplementary Material
Status of Assets and Liabilities

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Unit: 100 million yen

	End of March 2024 Results	End of March 2025 Results	End of March 2026 Forecast
Cash and deposits	187	166	145
Tangible non-current assets	1,845	1,918	1,993
Investment securities	449	394	403
Other assets	1,082	1,052	1,084
Total assets	3,563	3,530	3,625
Interest-bearing debt	795	833	900
Other liabilities	800	761	750
Total liabilities	1,595	1,594	1,650
Net assets	1,968	1,937	1,975
Total liabilities and net assets	3,563	3,530	3,625

3. Supplementary Material
Status of Cash Flow

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Unit: 100 million yen

	FY2024 Results	FY2025 Forecast
Net income before income taxes	128	183
Depreciation (including amortization of goodwill)	226	230
Receivables, debt increase/decrease corporate tax, etc.	- 105	- 109
Cash flow from operating activities	249	304
Purchase of non-current assets	- 276	- 330
Proceeds from sales of assets etc.	60	27
Others	- 2	2
Cash flow from investing activities	- 218	- 301
Free cash flow	31	3
Change in interest-bearing debt	38	66
Acquisition of treasury stock	- 50	- 50
Dividend payment etc.	- 41	- 38
Cash flow from financing activities	- 53	- 22
Increase (decrease) in cash and cash equivalents	- 22	- 21

3. Supplementary Material
Changes in Performance etc.

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		FY2021	FY2022	FY2023	FY2024	FY2025 Forecast
Sales	100 million yen	1,842	2,047	2,225	2,195	2,350
Operating income	100 million yen	68.8	- 85.6	72.5	93.5	190.0
Ordinary income	100 million yen	98.3	- 78.5	84.8	93.7	176.0
Net income attributable to owners of the parent	100 million yen	96.7	- 57.2	153.4	90.1	140.0
Total assets	100 million yen	3,311	3,566	3,563	3,530	3,625
Interest-bearing debt	100 million yen	566	997	795	833	900
Net assets	100 million yen	2,032	1,846	1,968	1,937	1,975
Return on assets (ROA)	%	3.0	- 2.3	2.4	2.6	4.0
Return on equity (ROE)	%	4.8	- 3.0	8.1	4.7	7.3
Return on investment capital (ROIC)	%	1.8	- 2.1	1.8	2.4	4.6
Debt/equity (D/E)	%	28	54	40	43	46
Free cash flow (FCF)	100 million yen	22	- 360	284	31	3
Net asset ratio of cross-shareholdings	%	26.4	22.6	19.6	16.9	15.4

3. Supplementary Material
Changes in Performance etc.

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		FY2021	FY2022	FY2023	FY2024	FY2025 Forecast
Capital investment	100 million yen	207	297	294	308	335
Depreciation	100 million yen	194	202	217	226	230
R&D expenses	100 million yen	31	31	35	36	35
Financial balance	100 million yen	20	13	6	4	- 4
Number of employees at the end of the period	(persons)	3,068	2,896	2,886	2,952	–
Domestic demand for cement	10,000t	3,788	3,728	3,458	3,266	3,200
Average exchange rate	yen/US$	112	135	144	152	145
Coal procurement price (CIF)	US$/t (approximate)	150	280	210	155	135
Oil	yen/US$	75	96	82	79	74

Caution

About Forward-looking Statements

- **This document contains forward-looking statements that reflect Sumitomo Osaka Cement Co., Ltd.'s current views and judgements with respect to current plans, strategies and beliefs. They are based upon currently available information, and do not constitute promises, commitments or guarantees.**
- **The forward-looking statements involve both real and potential risks and uncertainties that can cause actual events and results to differ materially from those anticipated in these statements.**

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