FY2023－25
Medium-term management plan

May 11, 2023

SUMITOMO OSAKA CEMENT

President
Hirotsune Morohashi

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FY2020-22 Overview of the medium-term management plan 1/2

Medium-term management plan not achieved due to unexpected changes in the external environment due to the corona crisis and unstable international situation

(Other than the Cement business, the plan was achieved in total due to the growth of the Advanced materials business.)

Company-wide performance

※100 Million yen

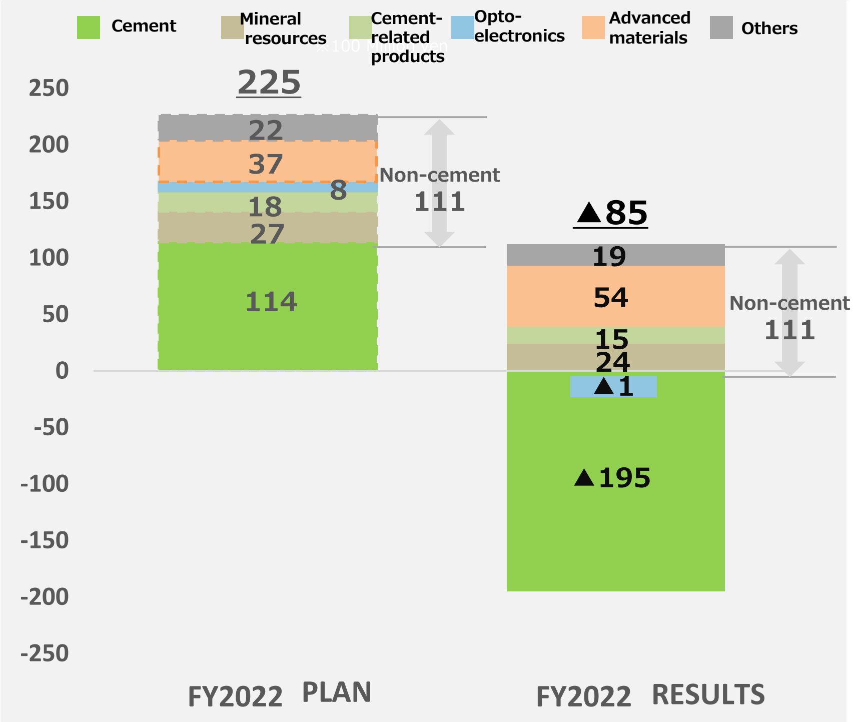
Index	FY2022 Plan	FY2022 Results	Comparison
Ordinary Income	230	**▲78**	▲308
Net income	153	**▲57**	▲210
ROE	6.9%	**▲3.0%**	▲9.9%
Shareholder dividend (3 Years total)	140	**132**	▲8

Main factor

①The cement business fell short of the plan due to a decline in domestic demand for cement and a sharp rise in coal prices.
②Outside the cement business, the advanced materials business performed solidly, and the plan was achieved in total.
(Non-cement operating profit:11,100 million yen(as planned)

Operating income by segment

※100 Million yen



FY2020-22 Overview of the medium-term management plan 2/2

Three-year medium-term plan cash flow ※100 million yen

Item		Three-year total
Operating CF	Operating income	149
	Depreciation	583
	Working capital, etc.	▲382
		350
Investment CF	Environmental investment	▲99
	Maintenance & renewal investment, etc.	▲573
	Sale of cross-shareholdings	124
		▲548
FCF		**▲198**
Financial CF	Interest-bearing debt	471
	Dividend	▲132
	Acquisition of own shares	▲150
		183
Increase/decrease in cash on hand		**▲16**

①Despite efforts to raise cement prices for operating cash flow, profits and working capital deteriorated due to depreciation of the yen, a sharp rise in coal prices and an increase in coal inventories.

②Capital investment, including environmental investment, was done almost at the planned level. Shortage of funds, including working capital, was met with interest-bearing debt.

③For shareholder returns, we implemented a share buyback and a stable dividend of 120 yen per share, using operating income and cash obtained from the sale of cross-held shares as the source of funds.

SOC Vision2035 :
Medium- to long-term vision

Overview of philosophy system chart

Corporate philosophy

We aim to be a business group that helps preserve the global environment and contributes to the sustainment and ongoing development of a prosperous society through tireless technological innovation and wide-ranging business activities.

Management vision

SOC Vision2035

Presence as a challenger with thorough differentiation and unique style

An environmental solution company that meets the needs of the times

Management target

2035 Target

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

2025 Target

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

Management strategy

FY2023-25 Medium-term management plan strategy outline

Improving profitability of existing businesses and building foundations for growth

Changes in the external environment and our response

Assumed external environment in 2035	
Social infrastructure	• Shrinking domestic cement market • Declining construction worker population • Aging infrastructure
Safety & environmental awareness	• Building a decarbonized, recycling-oriented society • economic security risk • Energy price fluctuation risk
Digital society	• Eliminate distance and language barriers • Automation/Unmanned • Advancement of digital equipment
Diversified society	• Changes in work styles and lifestyles • Respect for diversity

Our response

Business structure transformation
(Business portfolio transformation and strengthening profitability of Cement business)

Initiatives for CN
(Coal withdrawal and carbon business)

DX promotion
Expand High-performance product business
New business creation

Securing and developing diverse human resources
Introduction of diverse work styles

※CN : Carbon Neutral

Vision for 2035

Aim : Company with 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 Challenge to coal withdrawal

※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

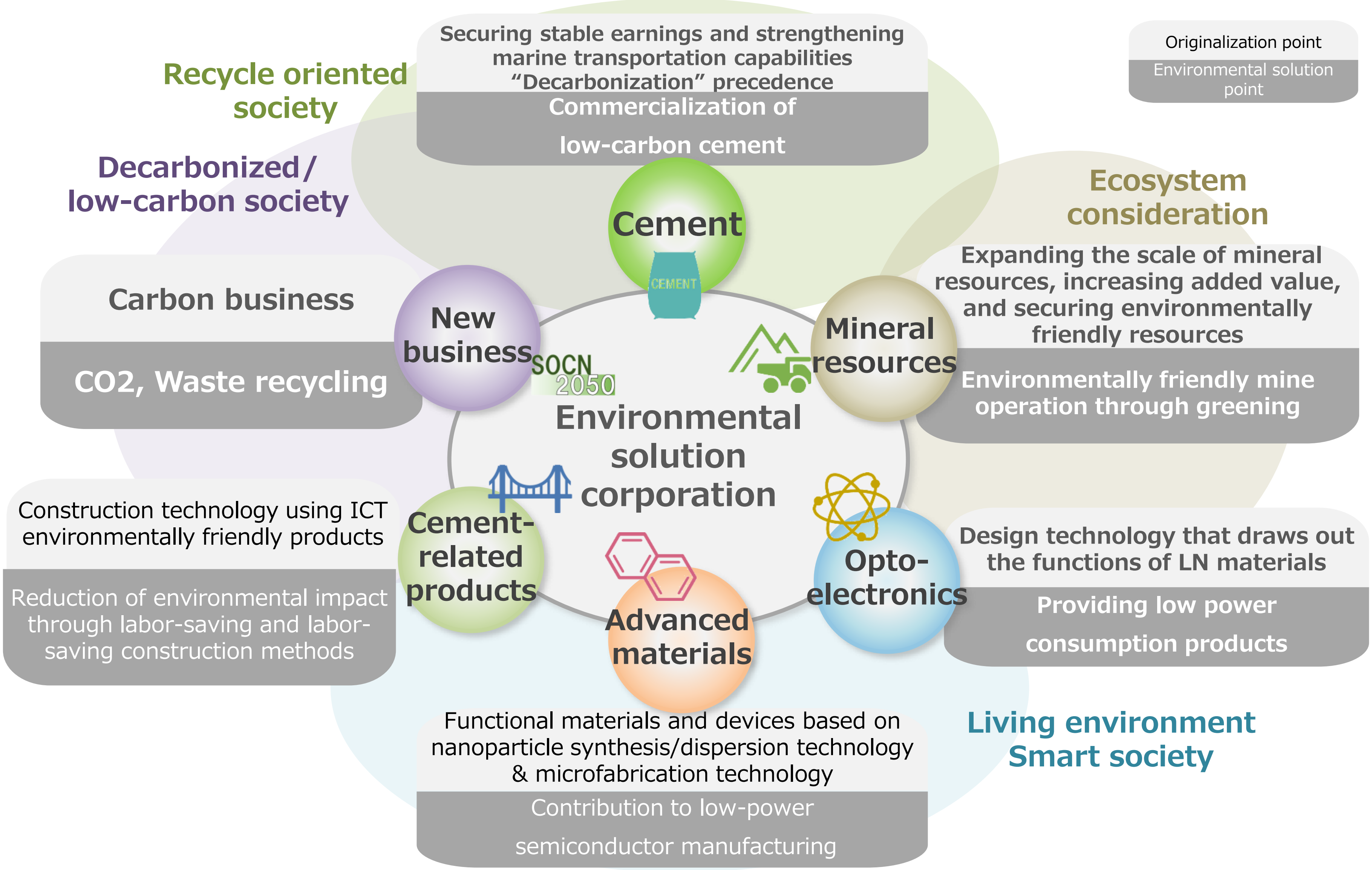
Target figures for 2035

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

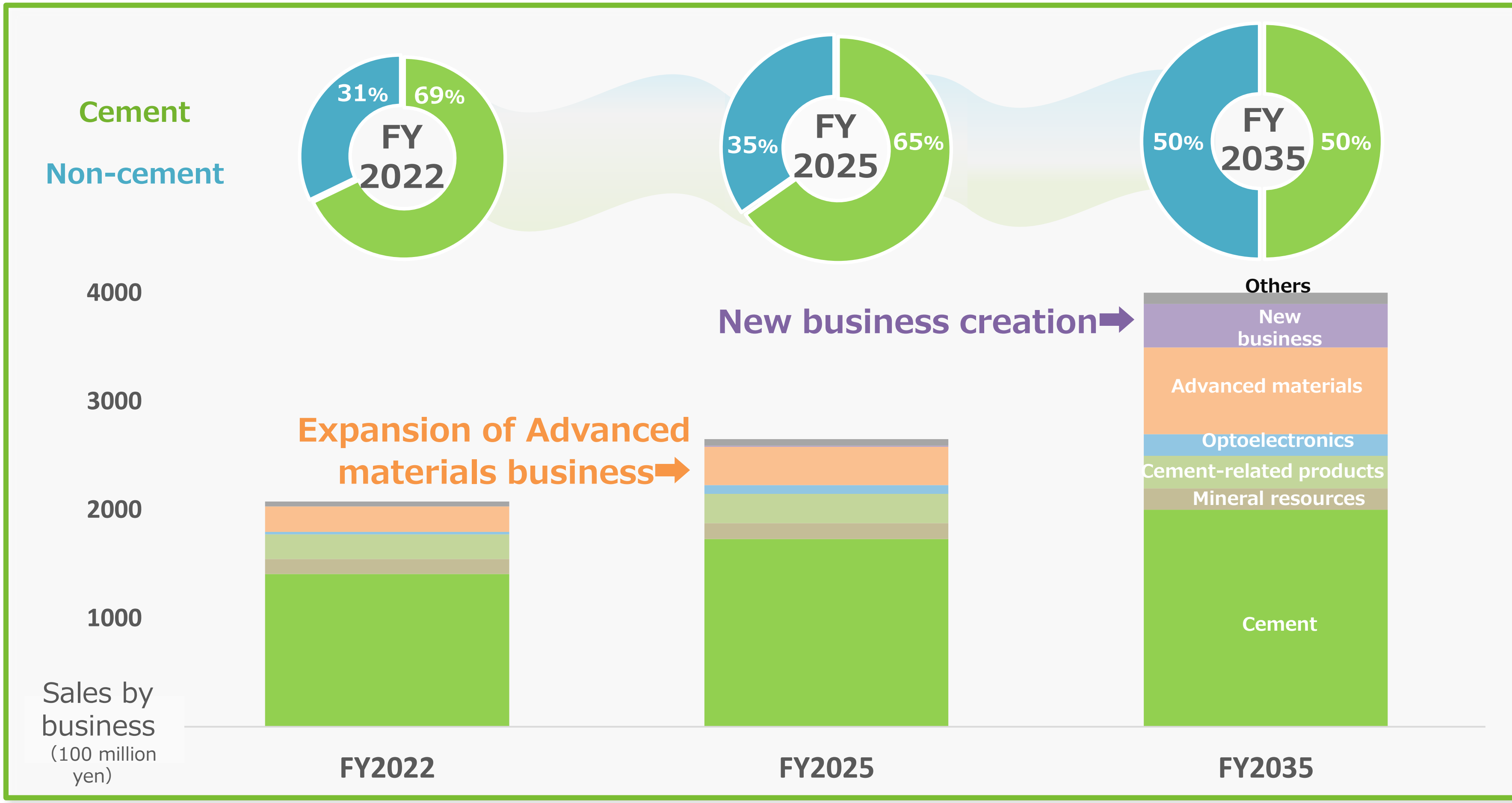
Cement business	*50%*
Non-cement business	*50%*

Vision for each business



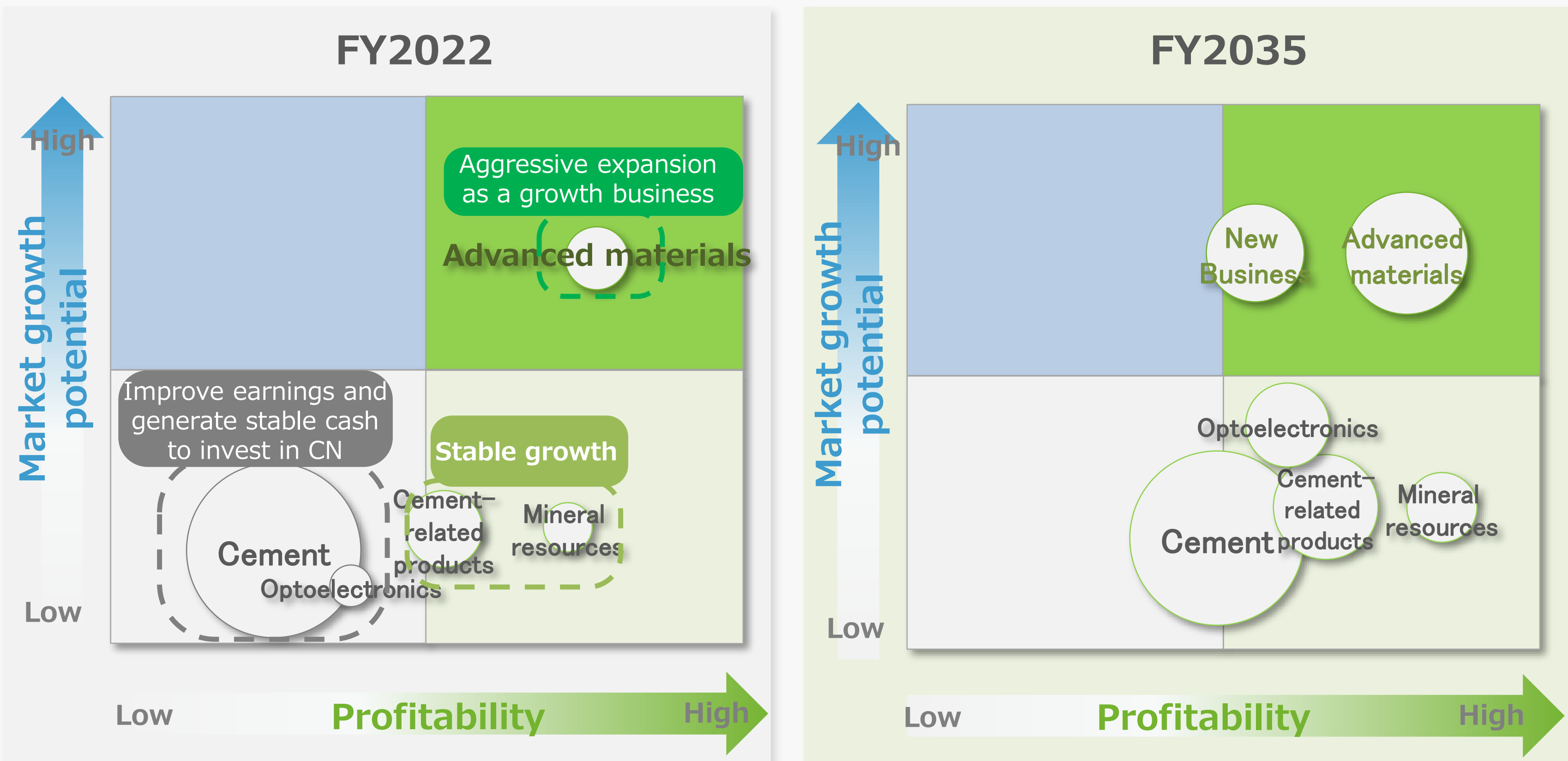
Business portfolio transformation

By 2035, we aim to transform our portfolio to 50% Cement business and 50% Non-cement business, with the Advanced materials business and New business as the new pillars of our business.



Positioning of each business

Based on the market growth potential and profitability of each business, we will promote portfolio transformation by concentrating resources on growth businesses.



Investment policy

Aiming to realize SOC Vision 2035, we will invest approximately 500,000 million yen between 2023 and 2035, mainly in CN and growth investments.

Main theme for investment until FY2035

CN Investment	Growth investment Foundation investment	Maintenance update
About **100** billion yen	About **200** billion yen	About **200** billion yen
CN correspondence of factory and means of transportation	Advanced materials business: Diversification of the electronic materials business New business: Carbon business Overseas business: Australian business	Reinforcement of facilities at each factory, etc.

FY2023-25
Mid-term management plan

SUMITOMO OSAKA CEMENT

FY2023-25 Positioning of Mid-term management plan

In anticipation of SOC Vision 2035, we have formulated the 2023-25 mid-term management plan through backcasting.

★ FY2023-25 Mid-term plan

FY2026-28 Mid-term plan

FY2029-31 Mid-term plan

Year of 2035
SOC Vision 2035

Improving profitability of existing businesses & building foundations for growth

- ✓ Recovery of profitability in Cement business
- ✓ Expansion of Advanced materials business
- ✓ New business development

Promotion of business structure reform

Environmental solution business model execution & expansion

To an environmental solution company

Backcasting

Strategy outline

Company-wide strategy

Improving profitability of existing businesses & 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

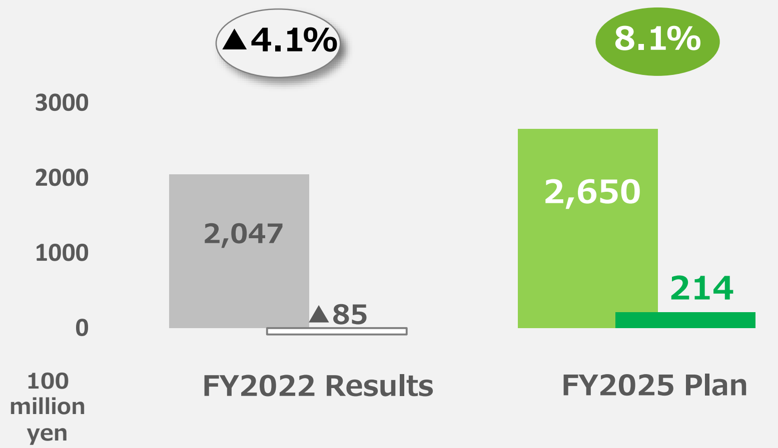
Strengthen management foundation

- **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

Earnings target /Management indicators

Company-wide target

Sales・Operating income（rate)



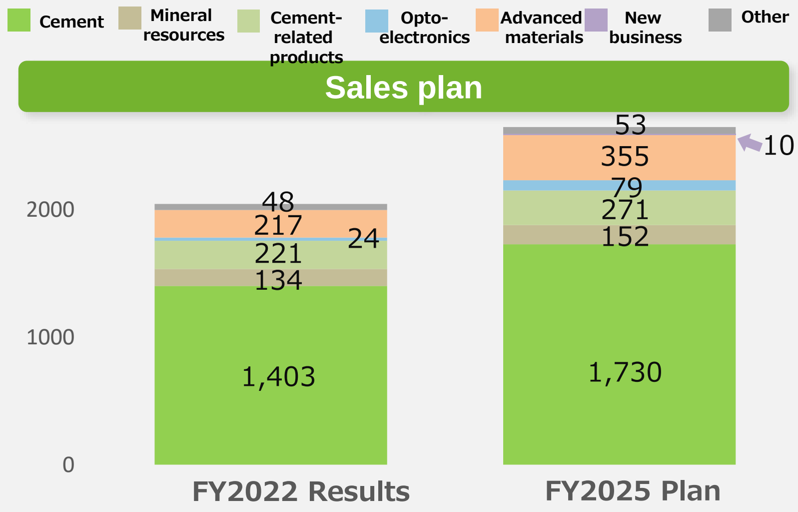
Management index	FY2022 Result	FY2025 Target
ROE	▲3.0%	**8.0%** or more
ROIC	▲4.0%	**5.0%** or more

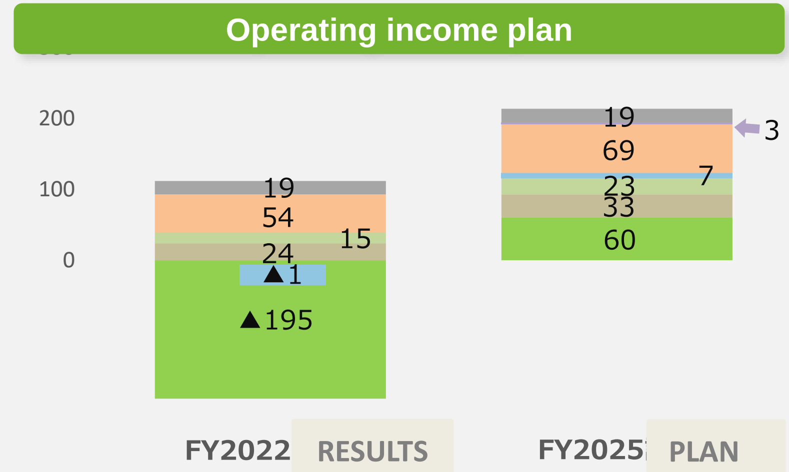
Plan premise

- Domestic need : 3,8 million t
- Coal : CIF250$
- Oil : 90$
- Exchange rate : 130Yen/$

Earnings target by segment

※100 million yen





Business strategy: Cement business

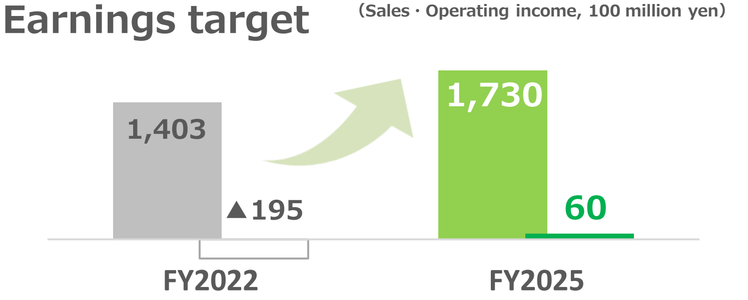
Business vision for 2035

A business that contributes to the CN society by demonstrating a strong presence by securing stable earnings, strengthening marine transportation capabilities, and leading the industry in decarbonization

Key strategy

1. Recovery of profitability
2. Foundation building
3. Promotion of decarbonization

Earnings target



Main measures

1. Recovery of profitability

- Maintaining and securing reasonable prices and responding to the 2024 Problem in Logistics

2. Foundation building

- Australian business expansion
- Promote automation and operational efficiency through the use of digital technology

3. Promotion of decarbonization

- Aggressive capital investment such as increasing the amount of existing thermal energy alternatives, expanding new fuels (biomass), and strengthening chlorination infrastructure
- Examination of environmentally friendly logistics functions (next-generation fuel ships, trucks, etc.)

Business strategy: Advanced materials business

Business vision for 2035

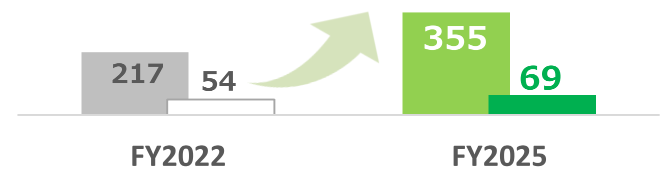
Technology and product development business that contributes to a sustainable society and assist the development of information infrastructure

Key strategy

1. Business expansion by concentrating resources on the electrostatic chuck business
2. Expansion of products other than electrostatic chucks including zinc oxide for cosmetics, functional paints, etc,

Earnings target

(Sales · Operating income, 100 million yen)



Main measures

1. Business expansion by concentrating resources on the electrostatic chuck business

- Strengthen ability to respond to existing customers and expand sales
- Speedingup and improving development competitiveness

2. Expansion of products other than electrostatic chucks

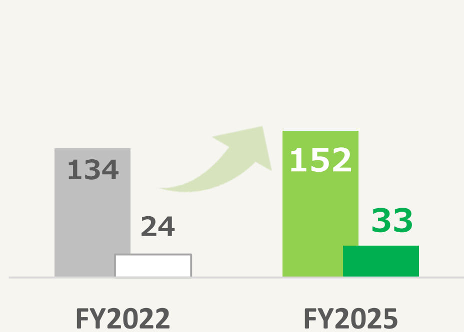
- Developing the market for semiconductor process parts in anticipation of the expansion of the semiconductor manufacturing equipment market
- Increase production capacity of zinc oxide for cosmetics
- Cultivate new customers and markets by customizing functional paint products

Business strategy :
Mineral resources, Cement-related products, Optoelectronics

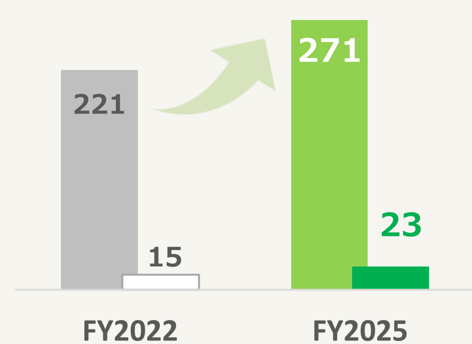
	Mineral resources business	Cement-related products business	Optoelectronics business
Business vision for 2035	Adding value to limestone resources	Realization of people- and environment-friendly business model	Realization of a super-smart society with unique technology
Key strategy	1.Business expansion through investment in increased production 2.Securing resources for business sustainability	1.Environmentally friendly product development/ respond to new needs 2.Entry into urban construction and civil engineering work	1.Gain market share of LN modulator (1.2T/1.6T) 2.Creation contract model construction in the cost communication area ※1.2T(Tbps) : 1.2 trillion bits of data transfer per second

Earnings target
Sales/Operating income
(100 million yen)

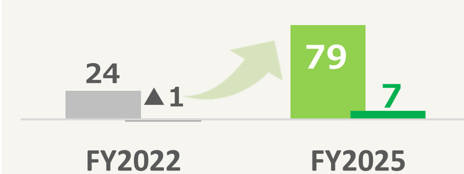
Mineral resources business



Cement-related products business



Optoelectronics business



Business strategy : New business

Concept

From a CO_2 emitting company to a company that utilizes carbon and rare resources through open innovation

Priority theme

1. Launch and sales of CO_2 absorption and low-carbon products
2. CO_2 Recycling and Waste Recycling

Earnings target

(Sales・Operating income, 100 million yen)

CN related cases

1.Launch and sales of CO_2 absorption and low-carbon products

- Launch and commercialization of new products based on CN thinking, leveraging the sales performance of low-carbon cement products since 2011

2.Development and demonstration of CO_2 separation and capture technology

- Development and demonstration of original efficient CO_2 separation and recovery system

3.CO_2 Recycling

- Starting with the social implementation of the achievements of "Establish carbonatation technology with various Ca sources" as a NEDO Green Innovation Fund Project, launch and expand sales of new products, mainly the world's first waste-derived artificial limestone with recycled CO_2.
  (Examples: Various cement-related products using carbon recycled cement, concrete, etc.)

Strengthen management foundation

Strengthen the management base
to support the sustainable growth of the Group

Human resources strategy

- Securing new human resources, including mid-career hiring, in anticipation of business reforms
- Introduced follow-up system for young employees, etc. Establishment of internal human resources
- Creating a well-being workplace

R&D strategy

- Strengthen R&D to create new businesses in High-performance products and decarbonization fields

IP strategy

- Promoting utilization of intellectual property information analysis for management strategy （IP Landscape）

DX strategy

- Common system development for cement plants
- Operation automation of Advanced materials factory
- Head office work style reform

Investment plan

FY2023-25 Major investment themes and investment amount

(100 million yen)

CN Investment	• CN response and facility modification at each factory and power station	170
Growth investment・Foundation investment	• Increased production capacity in the advanced materials business • Australian business expansion • Company-wide DX investment • M&A, etc.	410
Maintenance update	• Reinforcement of facilities at each factory, etc.	500

Total investment in three years 108,000 million yen

Financial policy

Thorough profit maximization and capital optimization to improve ROE

Net income

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Equity capital

Maximize profit with business expansion

Implement asset reduction and shareholder returns

Balanced Growth of Profit and Equity

ROE

2025 Target
8.0% *or more*

Shareholder Return Policy

Improve earnings and implement shareholder returns based on capital efficiency

FY2023-25 Mid-term management plan period

Total return ratio based on continuous stable dividends

Aim for 3-year average of 50% or more

Capital allocation

FY2023-25

Improve profitability ➡

in	out
Operating CF 1,110	Shareholder return※ 180
	Capital investment · Overseas investment 1,080
Sale of assets, etc.※ 200	Others 50

※Based on a stable dividend of 120 yen per share, we will increase the dividend and acquire treasury stock based on the improvement in earnings.
Aiming for a total payout ratio of 50% or more on average over three years

⬅ Focus on CN & growth investment

※Strategic shareholdings / net assets ratio
Aim for less than 20% in FY2023 and less than 10% in FY2026

Unit：100 million yen

ESG（Non-financial）target

E

Environment

Concept: Based on "SO-CN2050", Implement environmental investment of 40 billion yen until 2030. Achieving CO2 emission targets ※30% reduction in energy-derived CO2 emissions intensity (compared to 2005)

- Strengthen environmental measures, increase the amount of alternative thermal energy used, and promote further reduction of CO2 emissions

S

Society

Concept : Secure, develop, and retain human resources, promote D&I, and consider human rights in anticipation of business expansion, and strive for social coexistence and symbiosis.

- Strengthen hiring in growth businesses such as the advanced materials business and implement measures to reduce the number of employee turnover
- Promoting diversity by increasing the ratio of female new graduates, the ratio of female managers, and the ratio of employees with disabilities
- Establishment of special committee, enactment of human rights policy, implementation of human rights DD

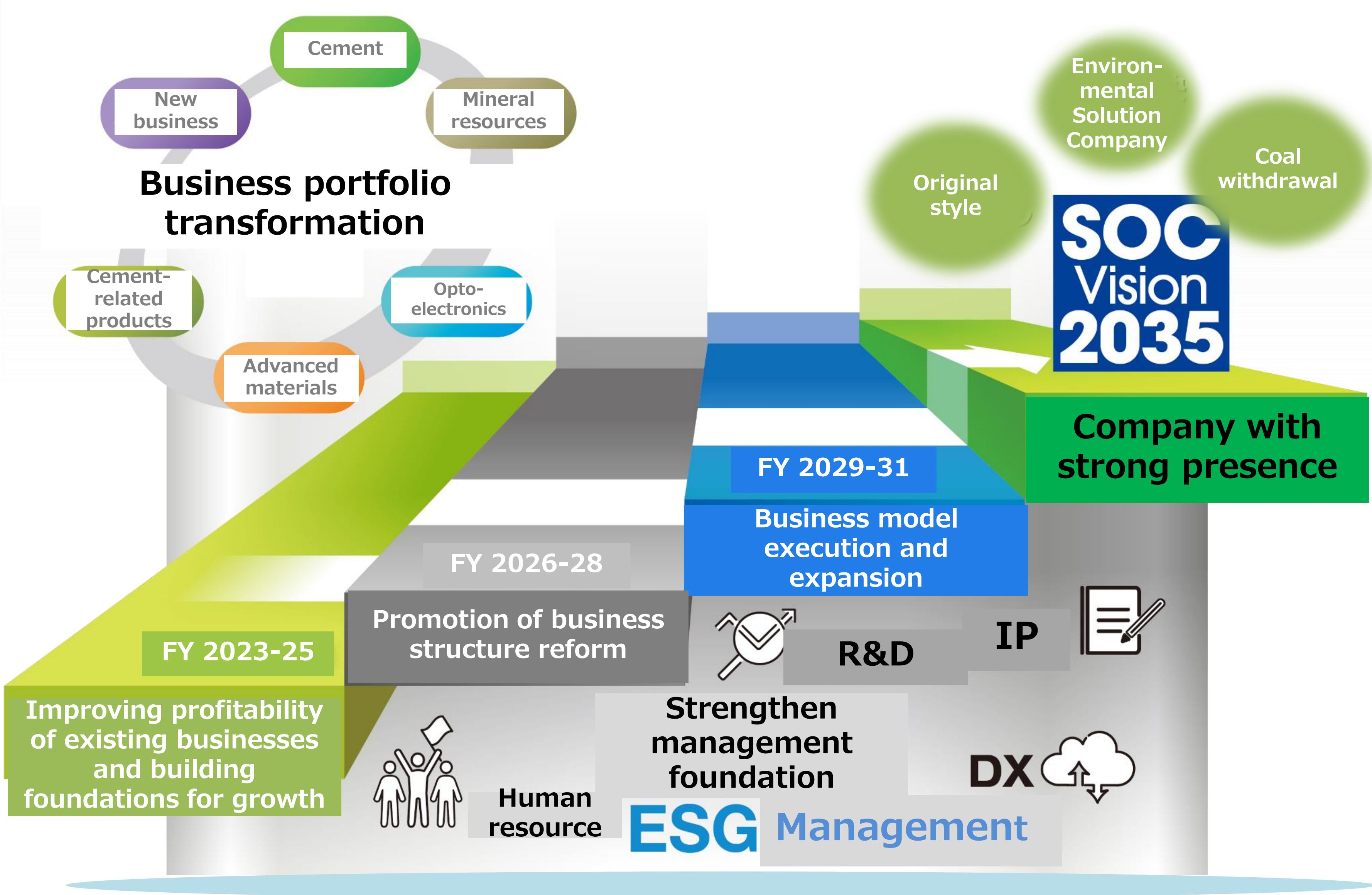
G

Governance

Concept : Continuously enhance the transparency and fairness of corporate management to improve long-term corporate value

- Further strengthening of corporate governance and risk management systems
- Thorough compliance education for employees, raising information security awareness

Overview


Cement
New business
Mineral resources
Business portfolio transformation
Cement-related products
Opto-electronics
Advanced materials
Environ-mental Solution Company
Original style
Coal withdrawal
SOC Vision 2035
Company with strong presence
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Improving profitability of existing businesses and building foundations for growth
R&D
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Human resource
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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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