Explanatory Materials for Financial Results (For the 1st Quarter of Fiscal Year Ending March 31, 2027)

August 4, 2026

SUMITOMO OSAKA CEMENT

Note: This document has been translated from the Japanese original for reference purposes only.
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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1. FY2026 1st Quarter Key Points of Financial Results

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- Despite tough conditions in domestic cement demand, operating profit increased partly due to the impact of price hikes implemented in the previous period.
- The High-Performance Products business saw a decline in profit partly due to increased costs, including one-time relocation expenses, equipment depreciation, and developmental expenses.
- Company-wide earnings also improved due to the profit growth in the Cement business.

Net sales (1st quarter results)	Operating profit (1st quarter results)	Cement operating profit (1st quarter results)	High-Performance Products operating profit (1st quarter results)
56,100mn yen +4,500mn yen YoY +8.8% YoY	**3,460mn yen** +1,720mn yen YoY +99.1% YoY	**1,570mn yen** +1,640mn yen YoY * FY2025 1Q: -70mn yen	**740mn yen** -150mn yen YoY -17.0% YoY
Full-year earnings forecast 234,500mn yen +10,800mn yen YoY +4.8% YoY	Full-year earnings forecast 15,000mn yen +1,350mn yen YoY +9.9% YoY	Full-year earnings forecast 5,000mn yen -500mn yen YoY -9.0% YoY	Full-year earnings forecast 4,200mn yen +1,780mn yen YoY +73.4% YoY

Key points

- The Cement business saw higher profit year on year mainly owing to the impact of domestic selling price hikes, despite sluggish domestic demand, rising energy prices, and other factors.
- The High-Performance Products business recorded higher revenue but lower profit year on year, as increased sales volume of electrostatic chucks was offset by rising costs, including one-time relocation expenses, equipment depreciation, and developmental expenses, and other factors.
- Profit attributable to owners of the parent also increased year on year due to the profit growth in the Cement business.

[Reference Information] The new production facility for electrostatic chucks was completed on July 9 as scheduled, and shipments have begun.

2. Domestic Cement Demand / Our Sales Volume

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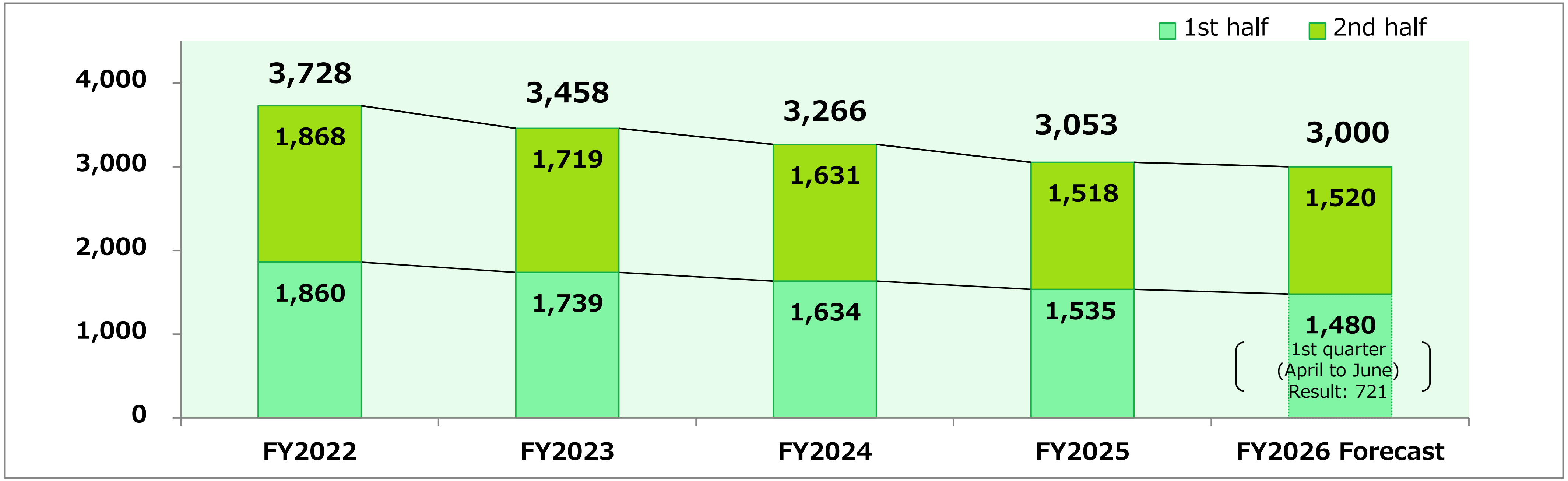
Note: First-half and full-year forecasts remain unchanged

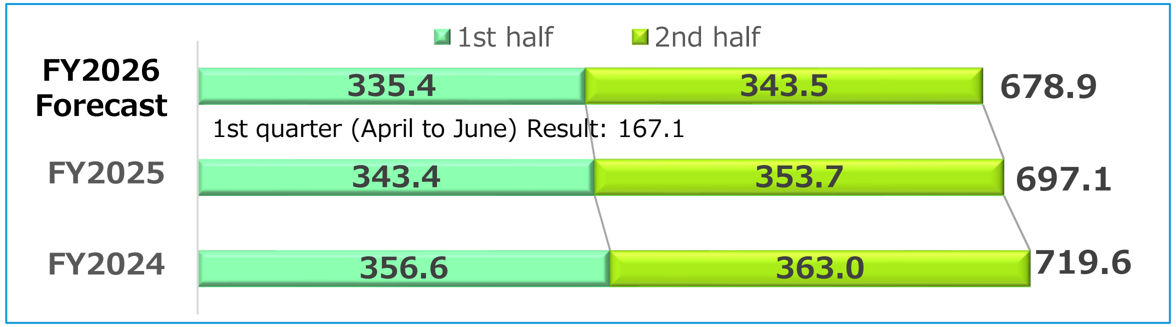
Domestic cement demand

(Unit: 10,000t)



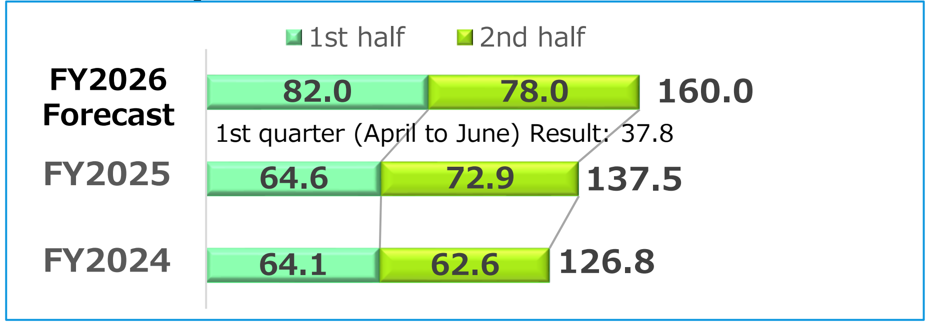
Our domestic sales volume

(Unit: 10,000t)



Our export volume

(Unit: 10,000t)



3. FY2026 1st Quarter Financial Summary

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- **The Cement business saw an improvement in profitability, mainly due to the impact of domestic selling price hikes implemented in the previous period.**
- **In the High-Performance Products business, sales volume of electrostatic chucks increased. Although profits declined in the first quarter mainly due to higher costs, including one-time expenses, progress has generally been as planned against the forecast.**
  To achieve the first half targets, we will steadily deliver the benefits of the new production facility for expanding production capacity.

Unit: 100 million yen

<u>Year on year</u>

① Net sales

- Increased mainly due to domestic cement selling price hikes and increased sales volumes of high-performance products and electrostatic chucks.

② Operating profit

- Increased mainly due to the impact of cement price hikes implemented in the previous period.

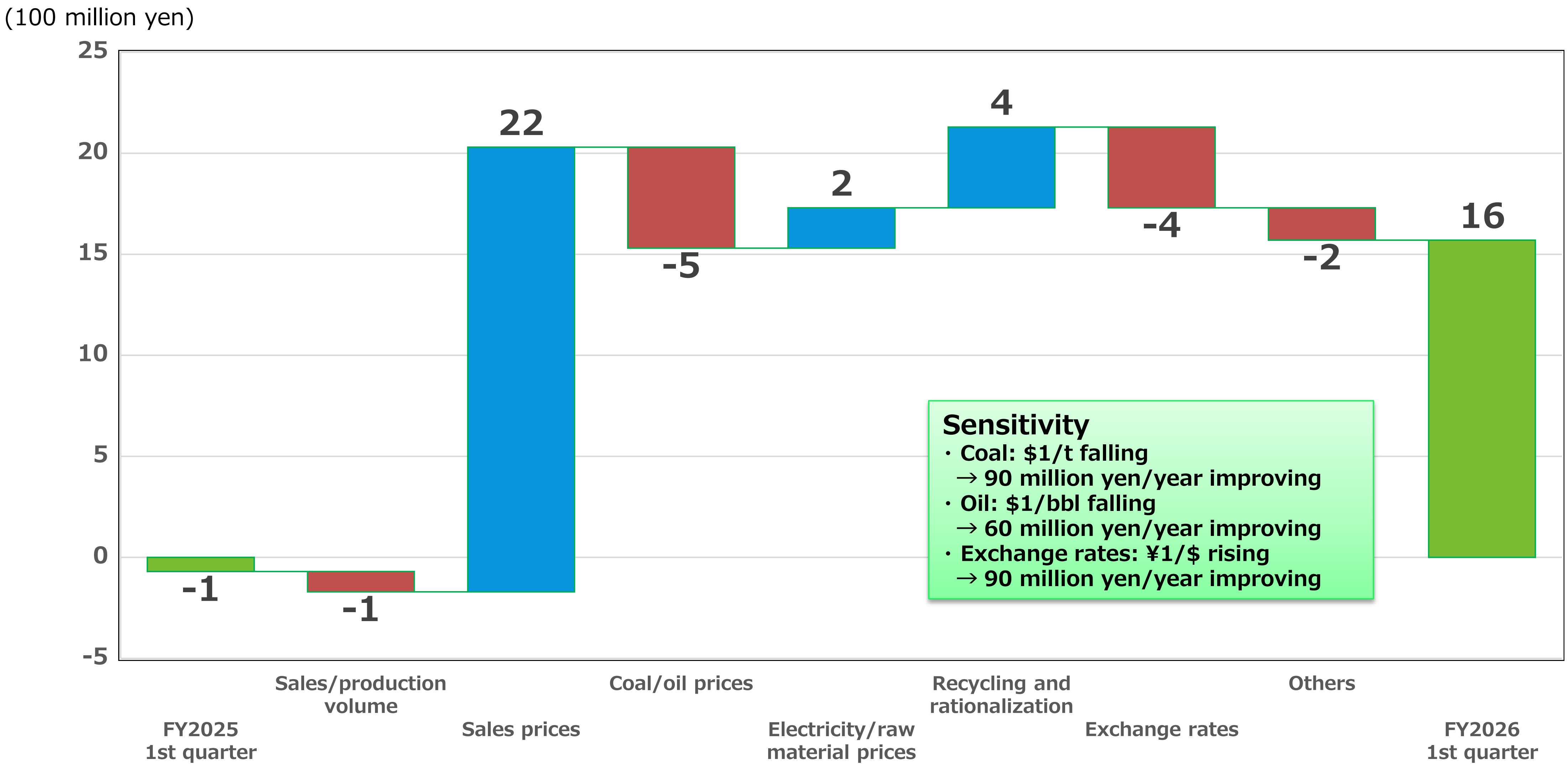
	FY2025 1st quarter	FY2026 1st quarter	YoY Change	YoY Change Rate
Net sales	**515**	**561**	**45**	8.8%
Operating profit (Cement business only)	**17.4** (-0.7)	**34.6** (15.7)	**17.2** (16.4)	99.1% (−)
Operating profit margin	3.4%	6.2%	2.8%	
Non-operating income/expenses, net	**1.8**	**1.3**	**-0.5**	-29.5%
Ordinary profit	**19.2**	**35.9**	**16.7**	87.0%
Extraordinary income/losses, net	**3.8**	**2.2**	**-1.6**	-41.2%
Profit attributable to owners of the parent	**14.8**	**22.0**	**7.2**	48.3%

3. FY2026 1st Quarter
Sales and Income by Segment (Year-on-year)

Unit: 100 million yen

	FY2025 1st quarter			FY2026 1st quarter			YoY Change			
	Net sales	**Operating profit**	Operating profit margin	**Net sales**	**Operating profit**	Operating profit margin	**Net sales**	Change rate	**Operating profit**	Change rate
Cement	**366**	**-0.7**	-0.2%	**395**	**15.7**	4.0%	**28**	7.7%	**16.4**	–
Mineral Resources	**41**	**5.5**	13.4%	**46**	**7.6**	16.6%	**5**	11.0%	**2.1**	37.5%
Cement-Related Products	**47**	**-0.6**	-1.3%	**49**	**-0.2**	-0.5%	**2**	4.3%	**0.4**	–
High-Performance Products	**52**	**8.9**	17.1%	**62**	**7.4**	12.0%	**10**	18.5%	**-1.5**	-17.0%
Advanced Materials	**46**	**9.1**	19.8%	**54**	**6.4**	12.0%	**8**	17.3%	**-2.6**	-28.9%
Optoelectronics	**7**	**-0.1**	-2.2%	**8**	**1.0**	11.6%	**2**	26.7%	**1.1**	–
Other	**9**	**4.0**	44.4%	**10**	**3.7**	38.3%	**1**	8.3%	**-0.3**	-6.5%
Total	**515**	**17.4**	3.4%	**561**	**34.6**	6.2%	**45**	8.8%	**17.2**	99.1%

3. FY2026 1st Quarter
Breakdown of Changes in Operating Profit from Cement Business (Year-on-year)



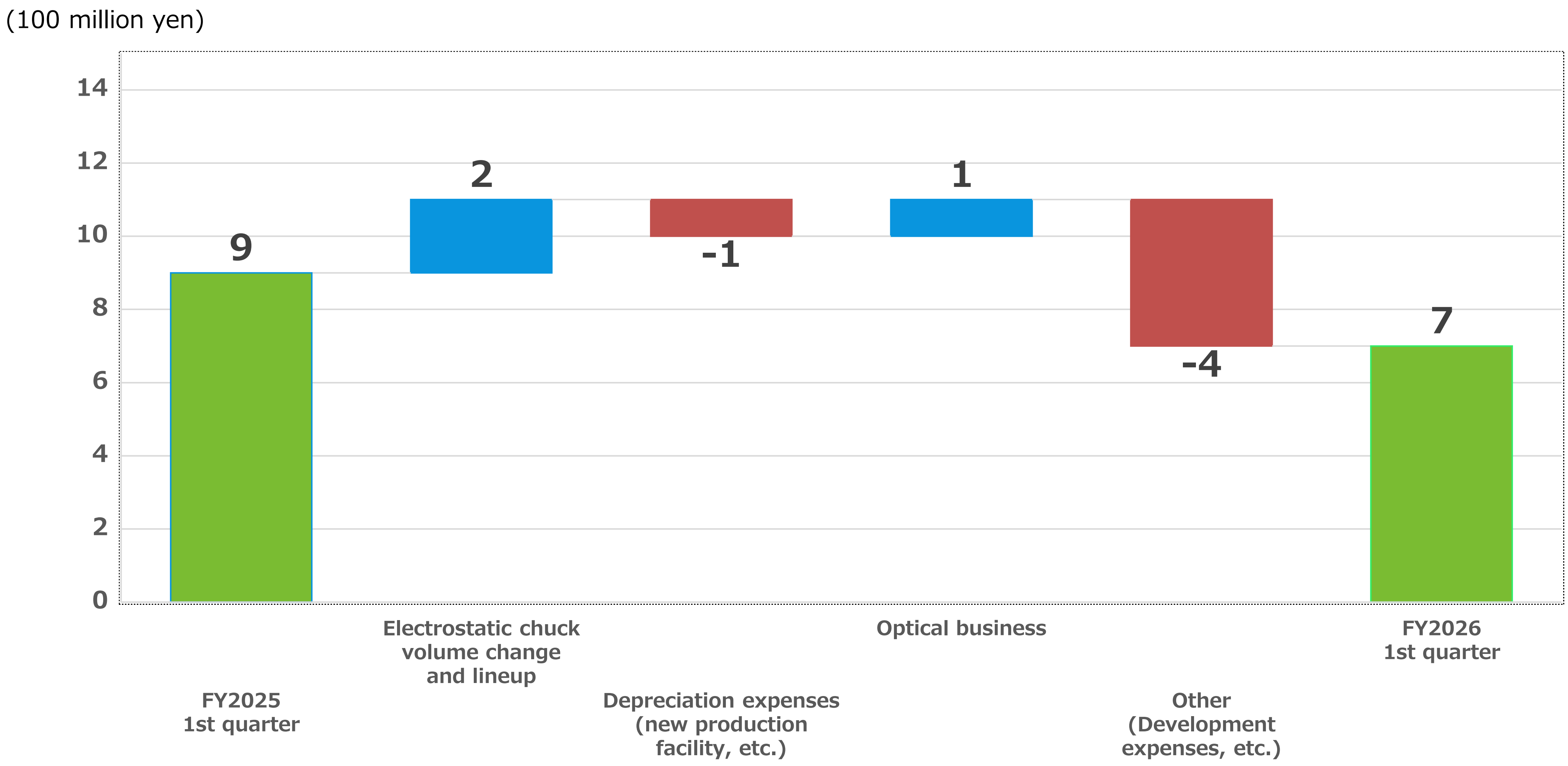
3. FY2026 1st Quarter
Earnings of Mineral Resources and Cement-Related Products

Unit: 100 million yen

		FY2025 1st quarter	FY2026 1st quarter	YoY Change	
Mineral Resources	**Net sales**	**41**	**46**	**5**	**Higher revenue and income** • Higher revenue and income mainly due to the impact of price hikes
	Operating profit	**5.5**	**7.6**	**2.1**	
Cement-Related Products	**Net sales**	**47**	**49**	**2**	**Higher revenue and income** • Higher revenue and income mainly due to an increase in sales volume of precast concrete products
	Operating profit	**-0.6**	**-0.2**	**0.4**	

3. FY2026 1st Quarter

Breakdown of Changes in Operating Income from High-Performance Products Business (Year-on-year)



4. FY2026 (Fiscal Year Ending March 31, 2027) Key Points of Earnings Forecast

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▶ **Although the progress rate has been high for the first quarter results against the forecast announced at the beginning of the year, we have decided to <u>maintain our earnings forecast</u> at this time because trends in exchange rates and energy prices remain uncertain. We will work to steadily achieve the forecast and even exceed it.**

Net sales	Operating profit	ROE	ROIC	Total return ratio
(FY2026 Forecast) **234,500mn yen** **+4.8% YoY**	(FY2026 Forecast) **15,000mn yen** **+9.9% YoY**	(FY2026 Forecast) **5.0%** **-0.8pp YoY**	(FY2026 Forecast) **3.5%** **+0.2pp YoY**	(FY2026 Forecast) **38%**
Medium-term Management Plan (FY2028 Target) 255,500mn yen	Medium-term Management Plan (FY2028 Target) 27,000mn yen	Medium-term Management Plan (FY2028 Target) 9.0% or higher	Medium-term Management Plan (FY2028 Target) 6.0% or higher	Medium-term Management Plan (FY26-28 Average) 50% or higher

Key points

- We expect profit to decline in the Cement business, mainly factoring in lower sales and production volumes, as well as cost deterioration due to soaring energy prices.
- We expect profit to increase in the High-Performance Products business mainly due to an increase in sales volume of electrostatic chucks alongside a recovery of semiconductor demand.
- While expecting a turnaround in ROIC due to an increase in operating profit, we strive to further improve it toward the target together with ROE.

4. FY2026 Earnings Forecast (Year-on-year)

- **Forecasts announced at the beginning of the year (May 13) remain unchanged.**

Unit: 100 million yen

	FY2026 Forecast			YoY Change					
	1st half	2nd half	Full year	1st half	YoY Change	2nd half	YoY Change	Full year	YoY Change
Net sales	**1,110**	**1,235**	**2,345**	**52**	4.9%	**56**	4.7%	**108**	4.8%
Operating profit **(Cement business only)**	**45.0** **(5.0)**	**105.0** **(45.0)**	**150.0** **(50.0)**	**3.8** **(4.6)**	9.2% –	**9.7** **-9.6**	10.2% (-17.6%)	**13.5** **-5.0**	9.9% (-9.0%)
Operating profit margin	4.1%	8.5%	6.4%	0.2%		0.4%		0.3%	
Non-operating income/expenses, net	**-2.0**	**-3.0**	**-5.0**	**-3.1**	–	**-9.4**	–	**-12.6**	–
Ordinary profit	**43.0**	**102.0**	**145.0**	**0.7**	1.6%	**0.3**	0.3%	**0.9**	0.7%
Extraordinary income/losses, net	**1.0**	**-5.0**	**-4.0**	**-35.0**	-97.2%	**14.7**	–	**-20.4**	–
Profit attributable to owners of the parent	**31.0**	**69.0**	**100.0**	**-24.9**	-44.6%	**12.8**	22.7%	**-12.1**	-10.8%
Dividend per share	**60 yen**	***20 yen**	**-**	**-**		**-**		**-**	

*FY26 Forecast, Exchange rate: ¥155/$ (1st half: ¥155/$, 2nd half: ¥155/$), Coal (CIF): $140/t (1st half: $135/t, 2nd half: $145/t), Oil: $100/bbl (1st half: $100/bbl, 2nd half: $100/bbl)

* We plan to implement a three-for-one stock split of the common shares, effective October 1, 2026.
The dividend per share for the second half (year-end) of FY2026 reflects the impact of this stock split.
If this stock split is not taken into account, the year-end dividend would be 60.00 yen, and the total annual dividend would be 120.00 yen.

4. FY2026 Earnings Forecast
Sales and Income by Segment (Year-on-year)

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- **Forecasts announced at the beginning of the year (May 13) remain unchanged.**

Unit: 100 million yen

	FY2025 Results			FY2026 Forecast			Change			
	Net sales	Operating profit	Operating profit margin	Net sales	Operating profit	Operating profit margin	Net sales	Change rate	Operating profit	Change rate
Cement	1,588	55.0	3.5%	1,590	50.0	3.1%	2	0.1%	-5.0	-9.0%
Mineral Resources	175	29.9	17.1%	190	30.0	15.8%	15	8.5%	0.1	0.5%
Cement-Related Products	230	14.8	6.4%	240	15.0	6.3%	10	4.3%	0.2	1.3%
High-Performance Products	208	24.2	11.6%	283	42.0	14.8%	75	36.0%	17.8	73.4%
Advanced Materials	181	24.8	13.7%	255	42.0	16.5%	74	41.1%	17.2	69.4%
Optoelectronics	27	-0.6	-2.1%	28	0.0	–	1	2.5%	0.6	–
Other	36	13.9	39.2%	42	13.0	31.0%	6	18.2%	-0.9	-6.7%
Total	2,237	136.5	6.1%	2,345	150.0	6.4%	108	4.8%	13.5	9.9%

4. FY2026 Earnings Forecast

Breakdown of Changes in Operating Income from Cement Business (Year-on-year)

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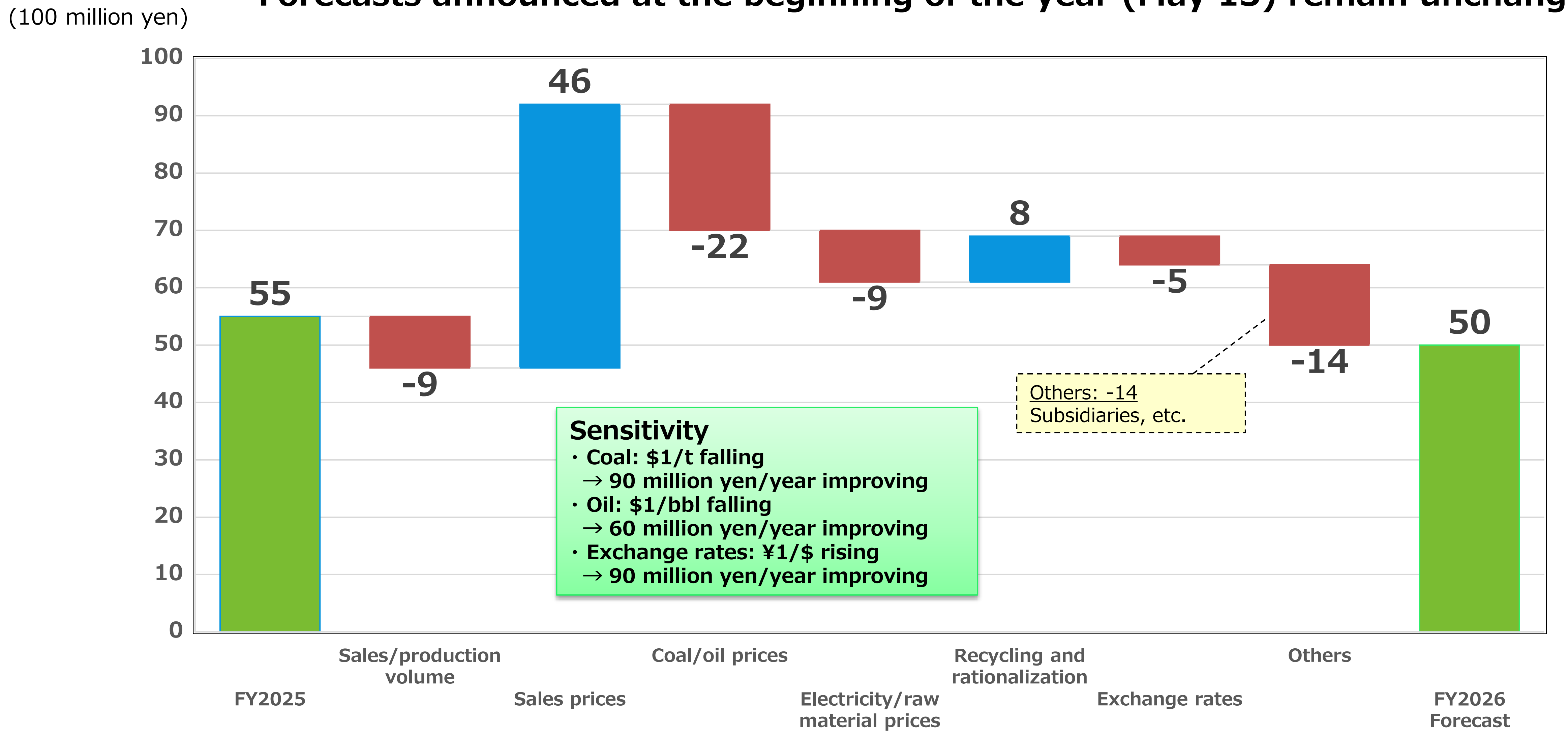
- **Forecasts announced at the beginning of the year (May 13) remain unchanged.**



4. FY2026 Earnings Forecast
Mineral Resources and Cement-Related Products

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- **Forecasts announced at the beginning of the year (May 13) remain unchanged.**

Unit: 100 million yen

		FY2025 Results	FY2026 Forecast	YoY Change	
Mineral Resources	Net sales	175	190	15	**Higher revenue and income** ・Higher revenue due to a higher sales volume of limestone, but income to be flat YoY due to increased mining costs
	Operating profit	29.9	30.0	0.1	
Cement-Related Products	Net sales	230	240	10	**Higher revenue and income** ・Higher revenue due to an increase in sales volume of concrete structure repair/reinforcement materials and an increase in the number of ground improvement works, but income to be flat YoY due to an increase in manufacturing costs
	Operating profit	14.8	15.0	0.2	

4. FY2026 Earnings Forecast

Breakdown of Changes in Operating Income from High-Performance Products Business (Year-on-year)

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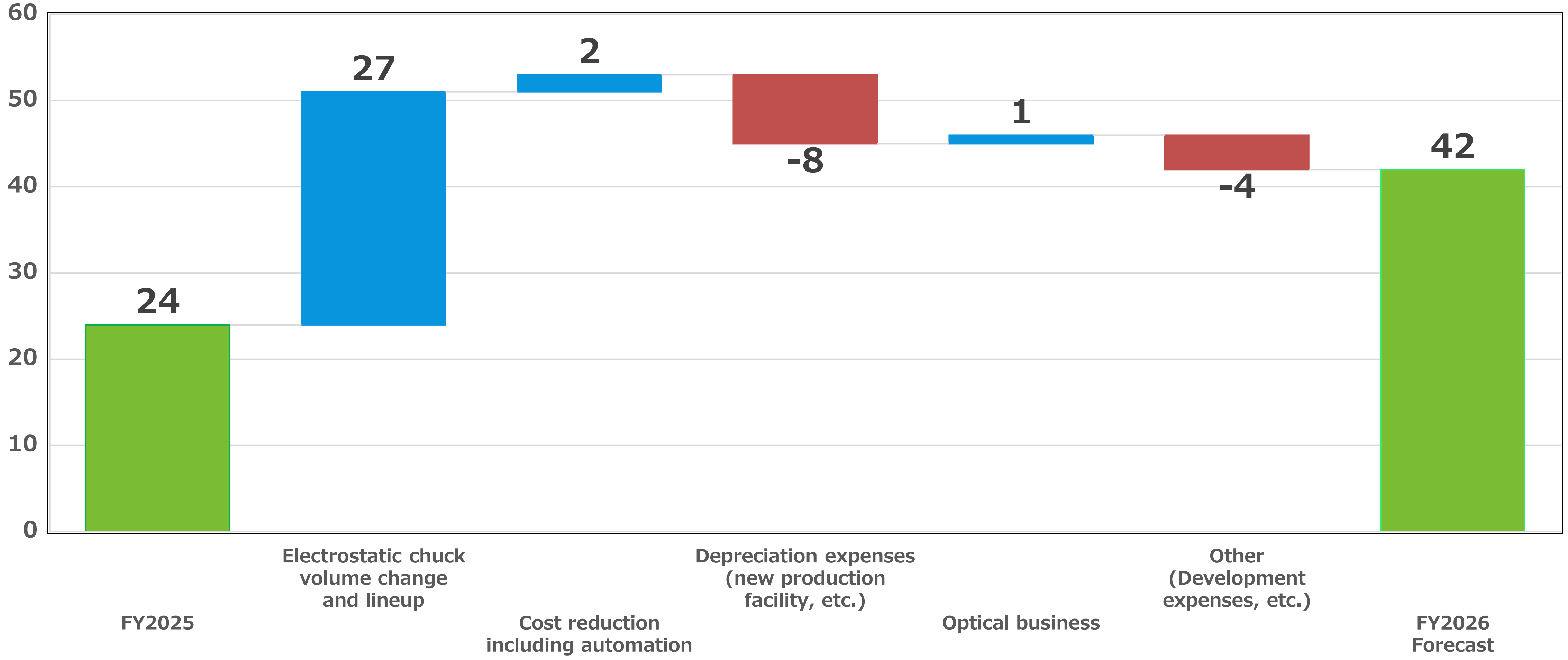
- **Forecasts announced at the beginning of the year (May 13) remain unchanged.**

(100 million yen)



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5. FY2026 Earnings Forecast
Sales and Income by Segment (Semiannual)

- **Forecasts announced at the beginning of the year (May 13) remain unchanged.**

Unit: 100 million yen

		FY2025 Results			FY2026 Forecast			Change		
		1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Net sales	Cement	752	836	1,588	765	825	1,590	13	-11	2
	Mineral Resources	86	89	175	94	96	190	8	7	15
	Cement-Related Products	106	125	230	111	129	240	5	4	10
	High-Performance Products	96	112	208	119	164	283	23	52	75
	Advanced Materials	83	97	181	106	149	255	23	52	74
	Optoelectronics	13	15	27	13	15	28	0	0	1
	Other	18	18	36	21	21	42	3	3	6
Total		1,058	1,179	2,237	1,110	1,235	2,345	52	56	108
Operating profit	Cement	0.4	54.6	55.0	5.0	45.0	50.0	4.6	-9.6	-5.0
	Mineral Resources	14.8	15.1	29.9	15.0	15.0	30.0	0.2	-0.1	0.1
	Cement-Related Products	4.3	10.5	14.8	4.0	11.0	15.0	-0.3	0.5	0.2
	High-Performance Products	13.6	10.7	24.2	15.0	27.0	42.0	1.4	16.3	17.8
	Advanced Materials	14.3	10.5	24.8	15.0	27.0	42.0	0.7	16.5	17.2
	Optoelectronics	-0.7	0.1	-0.6	0.0	0.0	0.0	0.7	-0.1	0.6
	Other	7.4	6.5	13.9	6.0	7.0	13.0	-1.4	0.5	-0.9
Total		41.2	95.3	136.5	45.0	105.0	150.0	3.8	9.7	13.5

*FY26 Forecast, Exchange rate: ¥155/$ (FY25 Average: ¥150/$), Coal (CIF): $140/t (FY25: $135/t), Oil: $100/bbl (FY25: $72/bbl)

5. FY2026
Breakdown of Changes in Operating Income from Cement Business (Semiannual)

- **Forecasts announced at the beginning of the year (May 13) remain unchanged.**

Unit: 100 million yen

	FY2025→FY2026		
	1st half	2nd half	Full year
Sales and production volume	-4	-5	-9
Sales prices	35	11	46
Coal and oil prices	-9	-13	-22
Electricity and raw material prices	-4	-5	-9
Recycling and rationalization	5	3	8
Exchange rates	-4	-1	-5
Others	-14	0	-14
Cement operating profit change	5	-10	-5

Sensitivity	Coal	$1/t falling	90 million yen/year improving
	Oil	$1/bbl falling	60 million yen/year improving
	Exchange rates	¥1/$ rising	90 million yen/year improving

5. FY2026 First-Half Earnings Forecast
Sales and Income by Segment

- **For the first half of FY2026, the forecasts announced at the beginning of the year (May 13) remain unchanged.**

Unit: 100 million yen

		FY2025 1st half results			FY2026 1st half forecast			YoY Change			1st quarter progress rate (vs. 1st half forecast)
		1st quarter (Apr.–Jun.)	2nd quarter (Jul.–Sep.)	1st half	1st quarter (Apr.–Jun.)	2nd quarter (Jul.–Sep.)	1st half	1st quarter (Apr.–Jun.)	2nd quarter (Jul.–Sep.)	1st half	
Net sales	Cement	366	386	752	395	370	765	28	-15	13	51.6%
	Mineral Resources	41	45	86	46	48	94	5	3	8	48.7%
	Cement-Related Products	47	59	106	49	62	111	2	3	5	43.7%
	High-Performance Products	52	44	96	62	57	119	10	13	23	52.0%
	Advanced Materials	46	38	83	54	52	106	8	15	23	50.6%
	Optoelectronics	7	6	13	8	5	13	2	-2	0	63.4%
	Other	9	9	18	10	11	21	1	3	3	46.5%
Total		515	542	1,058	561	549	1,110	45	7	52	50.5%
Operating profit	Cement	-0.7	1.1	0.4	15.7	-10.7	5.0	16.4	-11.8	4.6	314.8%
	Mineral Resources	5.5	9.3	14.8	7.6	7.4	15.0	2.1	-1.9	0.2	50.6%
	Cement-Related Products	-0.6	4.9	4.3	-0.2	4.2	4.0	0.4	-0.7	-0.3	-
	High-Performance Products	8.9	4.7	13.6	7.4	7.6	15.0	-1.5	2.9	1.4	49.4%
	Advanced Materials	9.1	5.2	14.3	6.4	8.6	15.0	-2.6	3.4	0.7	43.0%
	Optoelectronics	-0.1	-0.5	-0.7	1.0	-1.0	0.0	1.1	-0.4	0.7	-
	Other	4.0	3.4	7.4	3.7	2.3	6.0	-0.3	-1.2	-1.4	62.4%
Total		17.4	23.8	41.2	34.6	10.4	45.0	17.2	-13.4	3.8	77.0%

Note) 2nd quarter forecast = 1st half forecast - 1st quarter results

5. Supplementary Materials
Status of Assets and Liabilities

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Unit: 100 million yen

	As of March 31, 2026	As of June 30, 2026	Change	(Reference) Initial forecast As of March 31, 2027 (Forecast)
Cash and deposits	166	147	-19	150
Property, plant and equipment	1,944	1,931	-13	1,972
Investment securities	437	429	-8	431
Other assets	1,073	1,107	34	1,085
Total assets	3,620	3,614	-6	3,638
Interest-bearing liabilities	864	881	17	880
Other liabilities	776	756	-20	723
Total liabilities	1,640	1,637	-3	1,603
Net assets	1,979	1,977	-3	2,035
Total liabilities and net assets	3,620	3,614	-6	3,638

5. Supplementary Materials
Changes in Performance etc.

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			FY2022	FY2023	FY2024	FY2025	FY2026 Forecast
Net sales		100 million yen	2,047	2,225	2,195	2,237	2,345
Operating profit		100 million yen	-85.6	72.5	93.5	136.5	150.0
Ordinary profit		100 million yen	-78.5	84.8	93.7	144.1	145.0
Profit attributable to owners of the parent		100 million yen	-57.2	153.4	90.1	112.1	100.0
Total assets		100 million yen	3,566	3,563	3,530	3,620	3,638
Interest-bearing liabilities		100 million yen	997	795	833	864	880
Net assets		100 million yen	1,846	1,968	1,937	1,979	2,035
Return on assets	(ROA)	%	-2.3	2.4	2.6	4.0	4.0
Return on equity	(ROE)	%	-3.0	8.1	4.7	5.8	5.0
Return on invested capital	(ROIC)	%	-2.1	1.8	2.4	3.3	3.5
Debt/equity	(D/E)	%	54	40	43	44	43
Free cash flow	(FCF)	100 million yen	-360	284	31	60	5
Net asset ratio of cross-shareholdings		%	22.6	19.6	16.9	17.0	16.1

5. Supplementary Materials
Changes in Performance etc.

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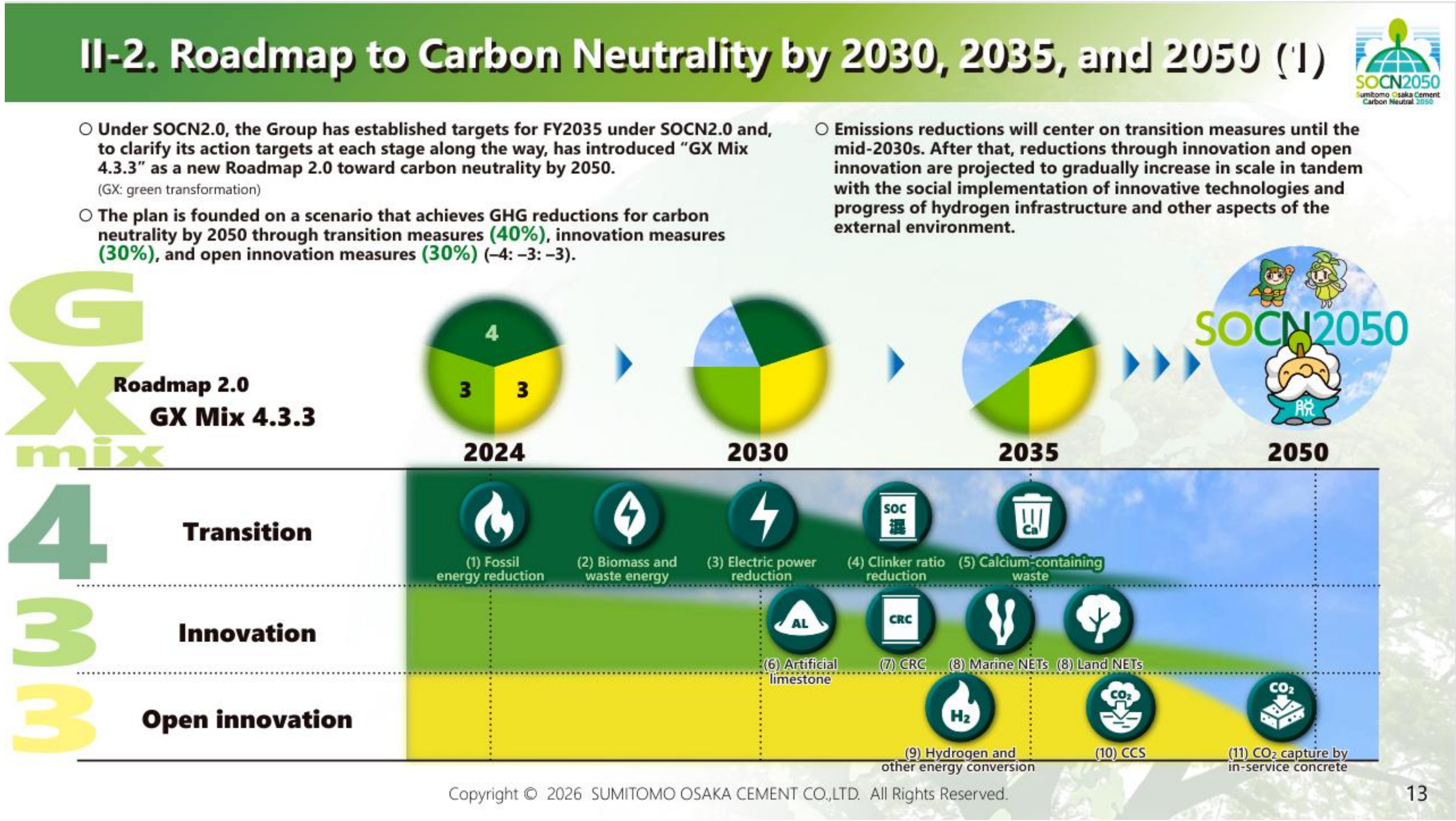
		FY2022	FY2023	FY2024	FY2025	FY2026 Forecast
Capital investment	100 million yen	297	294	308	315	271
Depreciation	100 million yen	202	217	226	236	243
R&D expenses	100 million yen	31	35	36	36	42
Financial balance	100 million yen	13	6	4	-1	-7
Number of employees at the end of the period	Persons	2,896	2,886	2,952	3,045	–

Domestic demand for cement	10,000t	3,728	3,458	3,266	3,053	3,000
Average exchange rate	yen/US$	135	144	152	150	155
Coal procurement price (CIF)	US$/t (approximate)	280	210	155	135	140
Oil	US$/bbl	96	82	79	72	100

[Topic 1] Revision of the Medium- to Long-Term Vision for Carbon Neutrality

In May 2026, we released "SOCN2050" Version 2.0, which includes a roadmap and detailed investment plans for our carbon neutrality initiatives, as well as revisions based on these updates, such as expanding the scope of our interim reduction targets and establishing new reduction targets for FY2035.



Please visit our website for details.
https://www.soc.co.jp/news/86432/

[Topic 2] Key Feedback from Shareholders and Investors and Our Responses

We regard dialogue with our shareholders and investors as a critical process for enhancing corporate value, utilizing their feedback to improve our management and disclosures.

Key actions taken based on dialogue

Category	Feedback Received	Responses
Shareholder Returns	Consider providing stable dividends even amid significant volatility in business performance.	• We announced a new shareholder return policy in the FY2026–28 Medium-Term Management Plan. • We will aim for a total payout ratio of 50% or more a three-year average, and have set a minimum dividend of 120 yen per share(*).
Information Disclosure	Tell us how you address questions from investors.	• Starting with the full-year financial results for FY2024 (ended March 31, 2025), we have been disclosing the content of the Q&A sessions from our financial results briefings on our website.
Information Disclosure	Enhance disclosures on the High-Performance Products business, which you have identified as a growth area.	• We disclosed the growth strategy for the High-Performance Products business in the FY2026–28 Medium-Term Management Plan. • Also, starting with the full-year financial results for FY2025 (ended March 31, 2026), we have been disclosing the factors affecting changes in operating profit for both results and earnings forecasts.
Management Indicators	Disclose business-specific ROIC to help us understand the transformation of the business portfolio.	• As stated in the FY2026–28 Medium-Term Management Plan, we will introduce business-specific ROIC and aim to achieve profitability that exceeds the hurdle rate for each business.
Sustainability	Explain your carbon neutrality initiatives to address new regulations and changes in the external environment.	• We released SOCN2050 Ver.2 in May 2026 to address changes in the external environment, etc. https://www.soc.co.jp/news/86432/

* We plan to implement a three-for-one stock split of the common shares, effective October 1, 2026.
In conjunction with this stock split, we will revise the minimum annual dividend under the above shareholder return policy to 40 yen per share.
This revision will be implemented in accordance with the split ratio, and there will be no substantive change to the minimum annual dividend per share.

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.

SUMITOMO OSAKA CEMENT