Explanatory Material
(Ended March 31, 2021)
May 13, 2021

SUMITOMO OSAKA CEMENT CO., LTD.

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SUMITOMO OSAKA CEMENT

Fiscal 2019 : April 1, 2019-March 31, 2020
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Fiscal 2021 : April 1, 2021-March 31, 2022

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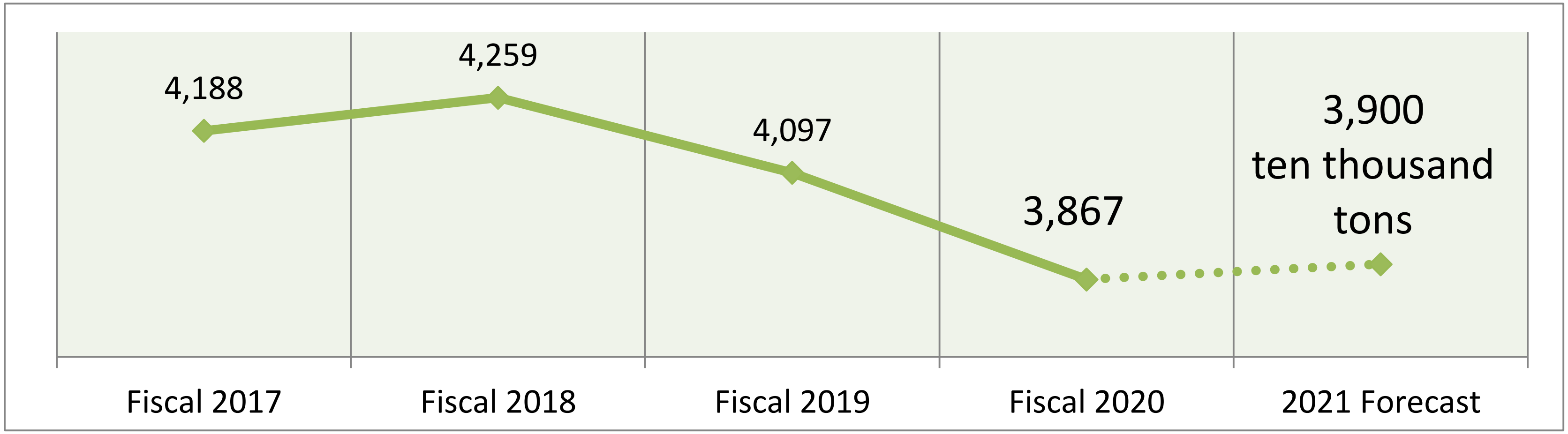
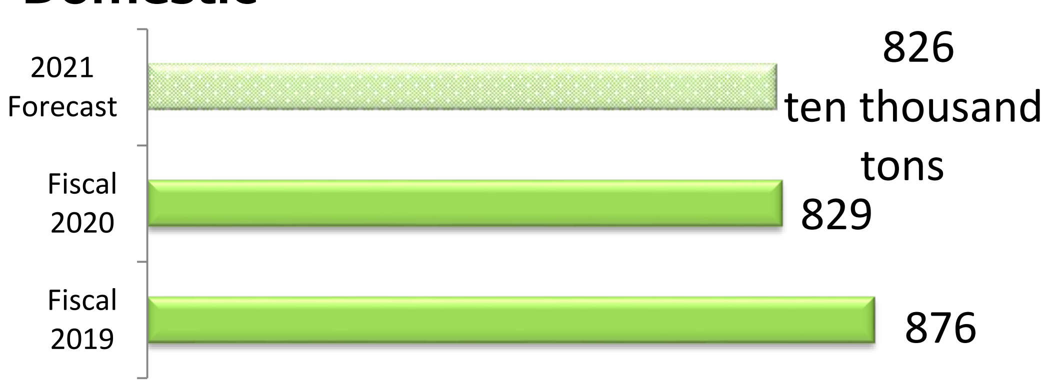
SUMITOMO OSAKA CEMENT

Domestic Demand for Cement



Sumitomo Osaka Cement´s Sales Volume

Domestic



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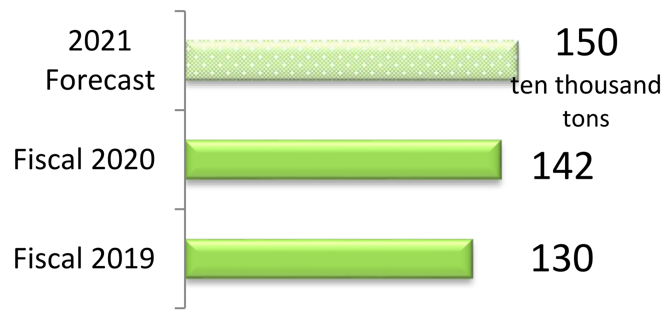


2. Fiscal 2020 Financial Results

SUMITOMO OSAKA CEMENT

Consolidated Net Sales

Unit : 100 million yen

	Fiscal 2020	Fiscal 2019	Increase/ Decrease
Cement-Related Business	2,170	2,205	▲35
High-Performance Product Business	172	185	▲13
Others	51	61	▲10
Total	2,393	2,452	▲59

Consolidated Profit and Loss

Operating Income	166.3	161.3	5.0
Ordinary Income	176.4	169.5	6.9
Net Profit	117.2	109.2	8.0

2. Fiscal 2020 Financial Results
(Net Sales and Operating Income by Segment)

SUMITOMO OSAKA CEMENT

Unit : 100 million yen

Net Sales

	Fiscal 2020	Fiscal 2019	Increase/ Decrease
Cement	1,875	1,888	▲13
Mineral Resources	120	126	▲7
Cement-Related Products	176	191	▲15
Cement-Related Business	2,170	2,205	▲35
Optoelectronics	57	59	▲1
Advanced Materials	107	114	▲7
Battery Materials	7	13	▲5
High-Performance Product Business	172	185	▲13
Others	51	61	▲10
Total	2,393	2,452	▲59

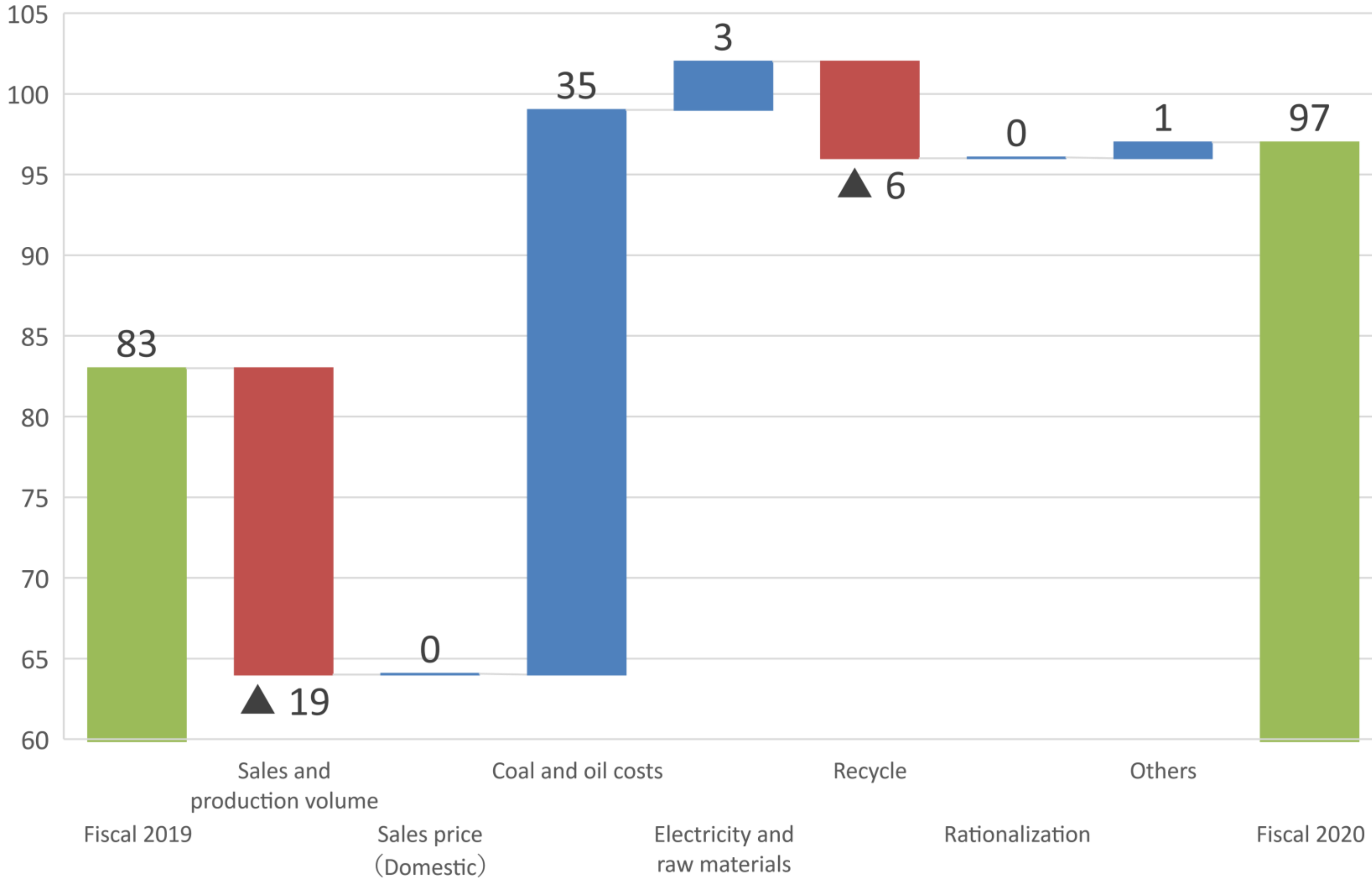
Operating income

	Fiscal 2020	Fiscal 2019	Increase/ Decrease
Cement	96.7	82.5	14.3
Mineral Resources	18.4	23.9	▲5.4
Cement-Related Products	16.6	18.2	▲1.7
Cement-Related Business	131.7	124.6	7.1
Optoelectronics	2.7	2.0	0.8
Advanced Materials	20.7	18.5	2.2
Battery Materials	▲5.7	▲1.5	▲4.3
High-Performance Product Business	17.6	19.0	▲1.3
Others	16.4	18.6	▲2.2
Total	166.3	161.3	5.0

2. Fiscal 2020 Financial Results (Breakdown of Operating Income in the Cement Segment)

SUMITOMO OSAKA CEMENT

Unit : 100 million yen



3. Forecast for Fiscal 2021

SUMITOMO OSAKA CEMENT

Consolidated Net Sales

Unit : 100 million yen

	2021 Forecast	Fiscal 2020	Increase/ Decrease
Cement-Related Business	1,619 (▲556)	2,170	▲551
High-Performance Product Business	187	172	16
Others	49	51	▲2
Total	1,855 (▲556)	2,393	▲538

（Note） The amount in parentheses is the amount of impact on sales due to the application of revenue recognition standards.

Consolidated Profit and Loss

Operating Income	115.0	166.3	▲51.3
Ordinary Income	125.0	176.4	▲51.4
Net Profit	90.0	117.2	▲27.2

3. Forecast for Fiscal 2021
(Net Sales and Operating Income by Segment)

SUMITOMO OSAKA CEMENT

Unit : 100 million yen

Net Sales

	Fiscal 2021	Fiscal 2020	Increase/ Decrease
Cement	1,312 (▲545)	1,875	▲563
Mineral Resources	112 (▲10)	120	▲8
Cement-Related Products	195 (▲1)	176	19
Cement-related business	1,619 (▲556)	2,170	▲551
Optoelectronics	32	57	▲25
Advanced Materials	143	107	36
Battery Materials	12	7	5
High-Performance Product Business	187	172	16
Others	49	51	▲2
Total	1,855 (▲556)	2,393	▲538

Operating Income

	Fiscal 2021	Fiscal 2020	Increase/ Decrease
Cement	39.3	96.7	▲57.4
Mineral Resources	20.2	18.4	1.8
Cement-Related Products	16.9	16.6	0.3
Cement-related business	76.4	131.7	▲55.3
Optoelectronics	▲0.5	2.7	▲3.2
Advanced Materials	26.6	20.7	5.9
Battery Materials	▲1.4	▲5.7	4.3
High-Performance Product Business	24.7	17.6	7.1
Others	13.9	16.4	▲2.5
Total	115.0	166.3	▲51.3

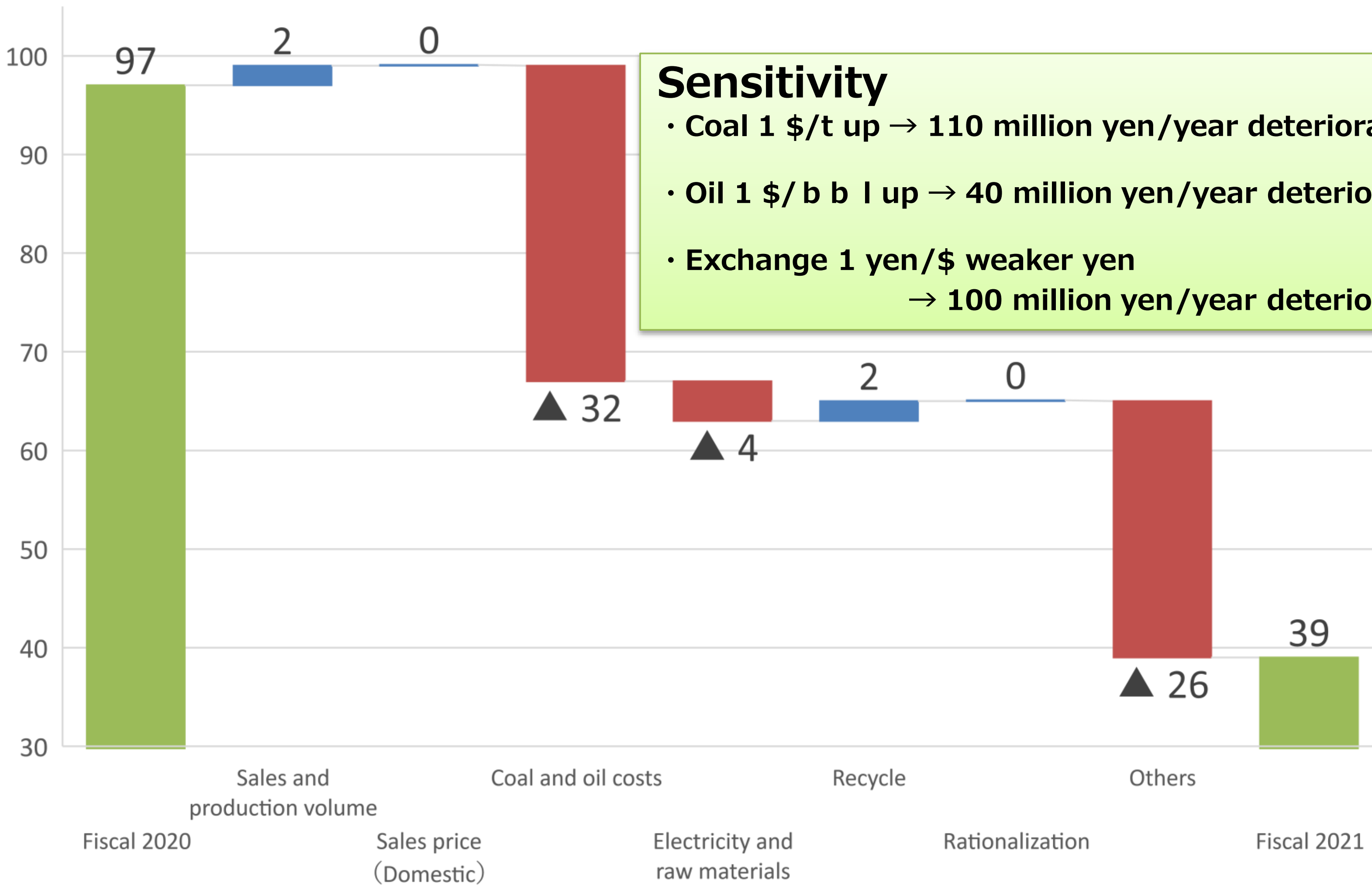
（Note）The amount in parentheses is the amount of impact on sales due to the application of revenue recognition standards.

3. Forecast for Fiscal 2021

SUMITOMO OSAKA CEMENT

(Breakdown of Operating Income in the Cement Segment)

Unit : 100 million yen



Sensitivity

- Coal 1 \$/t up → 110 million yen/year deterioration
- Oil 1 \$/ b b l up → 40 million yen/year deterioration
- Exchange 1 yen/\$ weaker yen → 100 million yen/year deterioration

4. Assets and Liabilities

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Unit : 100 million yen

	Mar´20	Mar´21	Mar´22 Forecast
Cash and Deposits	159	187	188
Property, Plant and Equipment	1,664	1,677	1,713
Investment Securities	541	571	555
Others	847	862	842
Total Assets	3,211	3,297	3,298
Interest-Bearing Liabilities	526	514	514
Others	698	724	701
Total Liabilities	1,224	1,238	1,216
Total Net Assets	1,987	2,058	2,083
Total Liabilities and Net Assets	3,211	3,297	3,298

4. Cash Flow

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Unit : 100 million yen

	Fiscal 2020	2021 Forecast
Income before Income Taxes and Minority Interests	170	128
Depreciation and Amortization	188	201
Income Taxes Paid and Other	▲30	▲52
Cash Flow from Operating Activities	328	277
Payment for Acquisition of Fixed Assets	▲202	▲247
Income from Sales of Fixed Assets	20	16
Others	▲6	▲1
Cash Flow from Investment Activities	▲189	▲232
Free Cash Flow	139	46
Net Increase/Decrease in Interest-Bearing Liabilities	▲11	0
Acquisition of Treasury Stock (Including Expenditures from Deposits)	▲50	―
Cash Dividends Paid and Other	▲47	▲45
Cash Flow from Financial Activities	▲109	▲45
Increase/Decrease in Cash and Cash Equivalents	28	1

4. Capital Investment, etc.

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Unit : 100 million yen

	Fiscal 2020	2021 Forecast
Capital Investment	215	237
Depreciation and Amortization	188	201
R&D Expenses	32	33

5. Shareholder Returns

■Basic approach of dividends
Based on the continuation of stable dividends, the decision will be made by comprehensively considering the business environment, business outlook, previous year's dividend status, etc.

■Dividends and share buyback…
Will be examined to suit the state of cash flow after dividend payments, as well as business performance trends and selling strategic-holding stocks.

Unit : Yen per share

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	2021 Forecast
Interim Dividend	**55**	**55**	**60**	**60**	**60**
Year-End Dividend	**55**	**55**	**60**	**60**	**60**
Total	**110**	**110**	**120**	**120**	**120**

6. Additional Material (Actual Results)

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Unit : 100 million yen

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	2021 Forecast
Net Sales	2,448	2,511	2,452	2,393	1,855
Cement-Related Products	2,204	2,249	2,205	2,170	1,619
High-Performance Products	185	196	185	172	187
Others	59	65	61	51	49
Operating Income	189.9	141.8	161.3	166.3	115.0
Ordinary Income	201.5	158.0	169.5	176.4	125.0
Profit Attributable to Owners of the Parent	146.6	78.0	109.2	117.2	90.0
Total Assets	3,400	3,248	3,211	3,297	3,298
Interest-Beating Liabilities	618	611	526	514	514
Total Net Assets	2,042	1,941	1,987	2,058	2,083

6. Additional Material (Trends in Business Performance, etc.)

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	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	2021 Forecast
ROA (%)	6.0	4.8	5.2	5.4	3.8
ROE (%)	7.4	4.0	5.6	5.9	4.4
D／E (%)	30	31	26	25	25
FCF (100 million yen)	17	92	135	139	46
Capital Investment (100 million yen)	251	190	202	215	237
Depreciation and Amortization (100 million yen)	177	185	183	188	201
R&D Expenses (100 million yen)	30	32	31	32	33
Net Financial Income (100 million yen)	15	10	10	10	10
Number of Employees at the End of the Fiscal Year	2,987	2,974	3,005	3,065	–

6. Additional Material

SUMITOMO OSAKA CEMENT

(2021 Net Sales and Operating Income by Segment)

Unit:100 million yen

Net Sales

	2021 First-Half	2021 Second-Half	2021 Full-Year
Cement	629 (▲270)	683 (▲275)	1,312 (▲545)
Mineral Resources	55 (▲5)	57 (▲5)	112 (▲10)
Cement-Related Products	86	109 (▲1)	195 (▲1)
Cement-Related Business	770 (▲275)	849 (▲281)	1,619 (▲556)
Optoelectronics	17	15	32
Advanced Materials	64	79	143
Battery Materials	6	6	12
High-Performance Product Business	87	100	187
Others	25	24	49
Total	882 (▲275)	973 (▲281)	1,855 (▲556)

Operating Income

	2021 First-Half	2021 Second-Half	2021 Full-Year
Cement	12.3	27.0	39.3
Mineral Resources	9.9	10.3	20.2
Cement-Related Products	5.2	11.8	16.9
Cement-Related Business	27.4	49.1	76.4
Optoelectronics	0.1	▲0.6	▲0.5
Advanced Materials	10.3	16.4	26.6
Battery Materials	▲0.5	▲0.9	▲1.4
High-Performance Product Business	9.9	14.9	24.7
Others	6.8	7.1	13.9
Total	44.0	71.0	115.0

（Note）The amount in parentheses is the amount of impact on sales due to the application of revenue recognition standards.

6. Additional Material

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(2021 Breakdown of Operating Income in the Cement Segment)

Unit : 100 million yen

	Fiscal 2020→2021 Forecast		
	First Half	Second Half	Total
Sales and Production Volume	1	1	2
Sales Price (Domestic)	0	0	0
Coal and Oil Costs	▲ 16	▲ 15	▲ 32
Electricity and Raw Materials	▲ 1	▲ 3	▲ 4
Recycle	2	0	2
Rationalization	0	0	0
Others	▲ 7	▲ 19	▲ 26
Increase/Decrease in Operating Income	▲ 21	▲ 37	▲ 57

Precaution Statement

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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 CO., LTD.