Explanatory Materials
(for fiscal year ending March 31, 2023)

May 11, 2023

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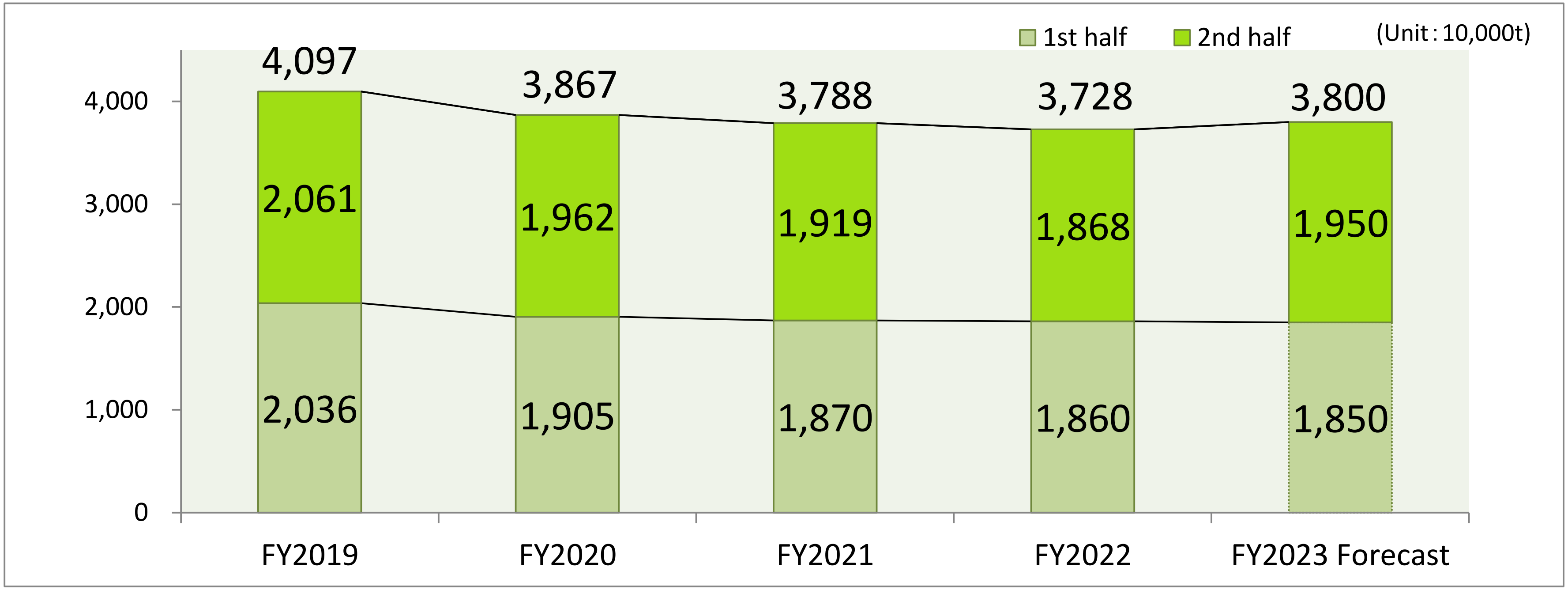
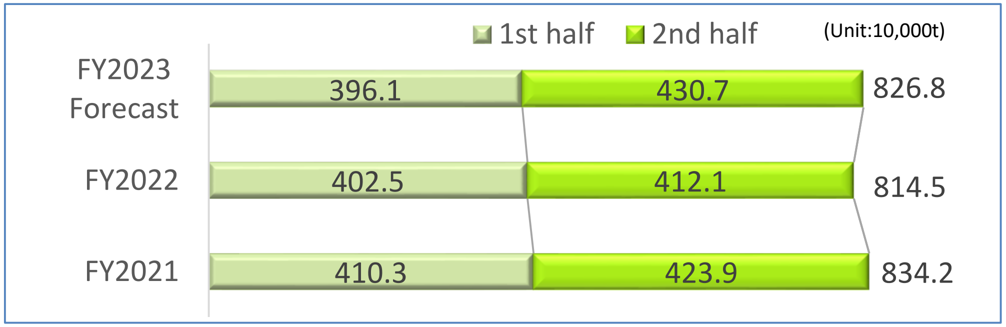
(1) Domestic cement demand/ Our sales volume

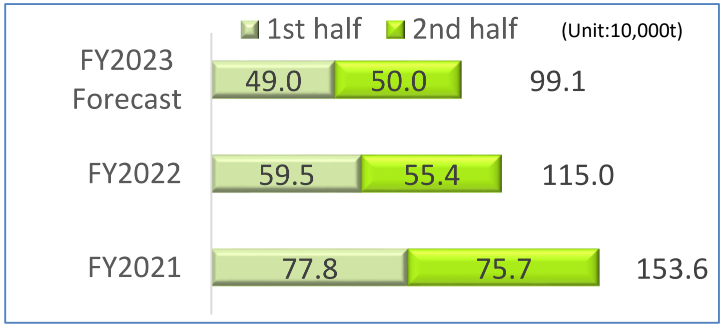
Domestic cement demand



Our domestic sales volume



Our export volume



(2) FY2022 Financial Summary

① Sales

・Both cement-related and high-performance products increased their sales

② Operating income

・Profits in the cement business significantly decreased due to the impact of rising coal and oil prices

③ Non-operating profit/loss

・Decrease in income due to decrease in dividend income, exchange loss, etc.

④ Extraordinary profit/loss

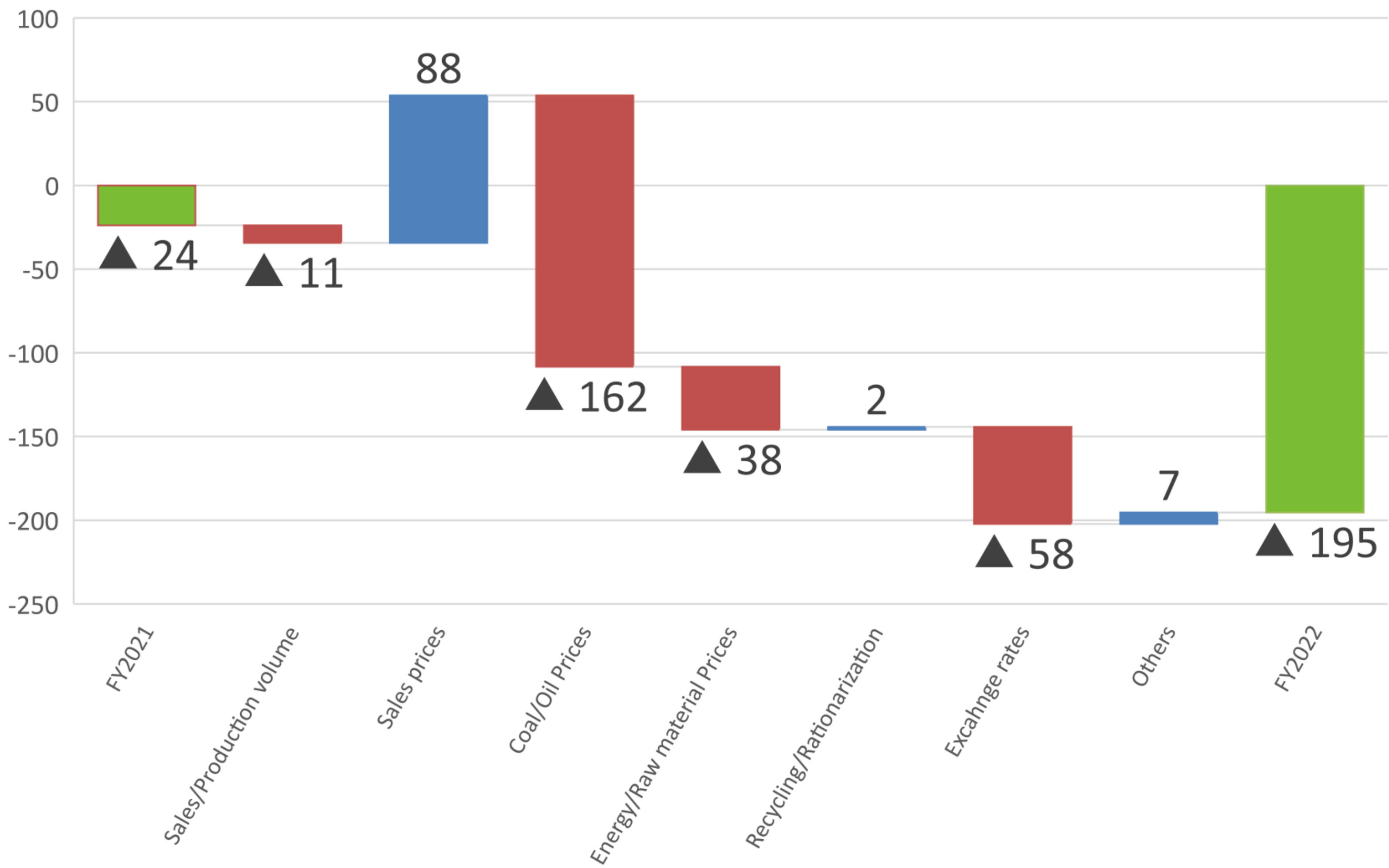
・Income increased due to the sale of assets such as cross-shareholdings

Unit : 100 million yen

	FY2022	FY2021	Increase/ Decrease
Sales	**2,047**	**1,842**	**205**
Operating income (Cement business only)	**▲85.6** (▲195.4)	**68.8** (▲23.8)	**▲154.3** (▲171.6)
Non-operating profit/loss	**7.1**	**29.6**	**▲22.5**
Ordinary income	**▲78.5**	**98.3**	**▲176.8**
Extraordinary profit/loss	**47.4**	**21.8**	**25.6**
Net income	**▲57.2**	**96.7**	**▲153.9**
Dividend per share	**120 Yen**	**120 Yen**	**-**

(2) FY2022 Cement sales increase/decrease breakdown

Unit : 100 million yen



(2) FY2022 Sales and profit/loss by segment

Unit : 100 million yen

	Sales			Operating income		
	FY2022	FY2021	Increase/ decrease	FY2022	FY2021	Increase/ decrease
Cement	1,403	1,266	137	▲195.4	▲23.8	▲171.6
Mineral resources	134	123	11	24.5	22.6	1.8
Cement-related products	221	207	14	15.1	18.2	▲3.1
Total of cement-related	1,758	1,597	162	▲155.8	17.0	▲172.8
Optoelectronics	24	38	▲14	▲1.3	1.0	▲2.3
Advanced materials	217	146	71	53.8	33.0	20.8
Total of high performance products	241	184	57	52.5	34.0	18.5
Others	48	62	▲14	18.7	17.0	1.7
Total	2,047	1,842	205	▲85.6	68.8	▲154.3

(3) FY2023 Earning forecast

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① Sales

・Increase in sales due to cement sales price hike

② Operating income

・Profitability improved due to the effect of cement sales price hike, and turned profitable

③ Non-operating profit/loss

・Effects of financial balance, exchange gains and losses, etc.

④ Extraordinary profit/loss

・Impact of the sale of cross-shareholdings

⑤ Dividend

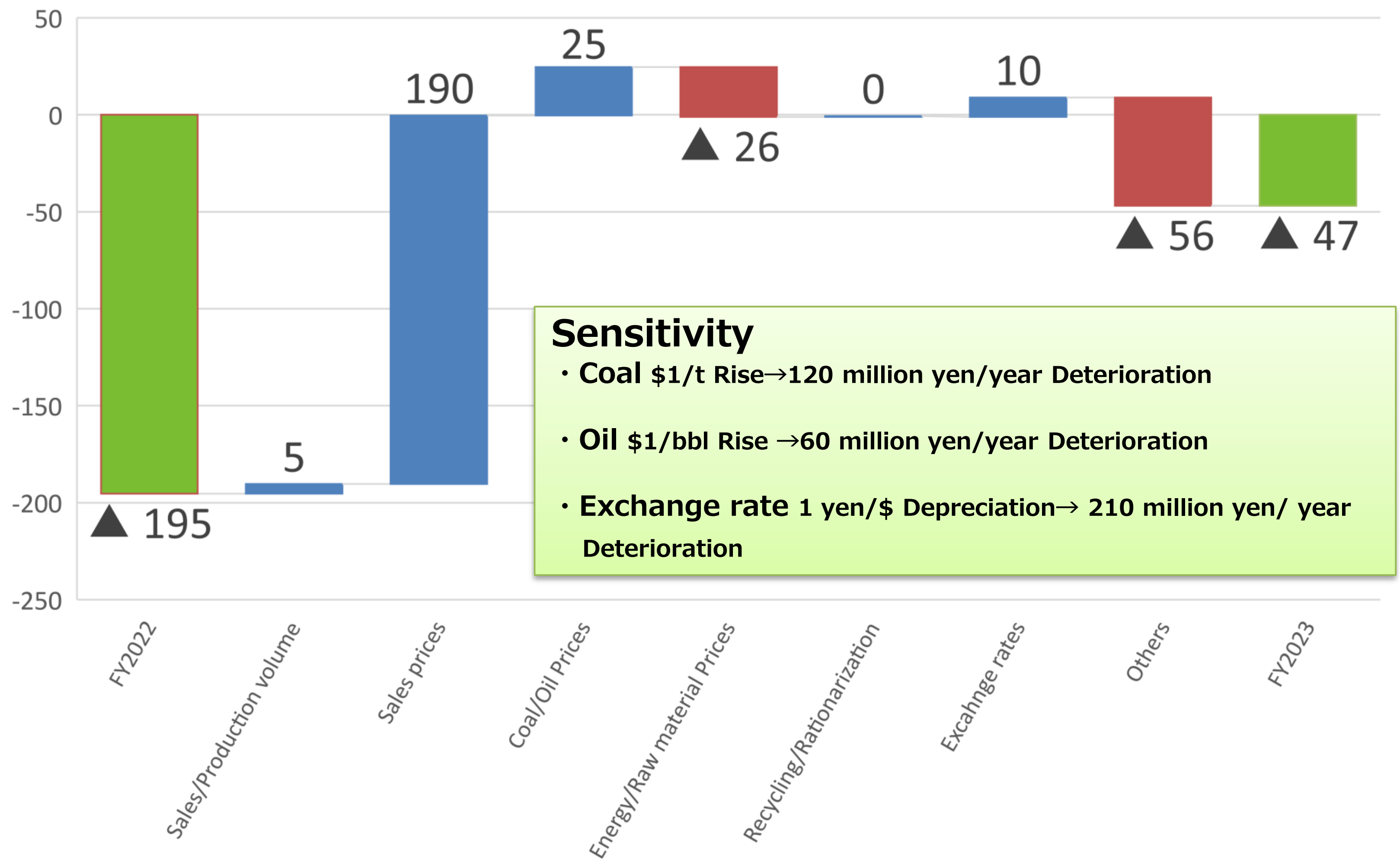
・Deferred

Unit：100million yen

	FY2023	FY2022	Increase/ decrease
Sales	2,300	2,047	253
Operating income (Cement business only)	61.0 (▲46.9)	▲85.6 (▲195.4)	146.6 (148.5)
Non-operating profit/loss	4.0	7.1	▲3.1
Ordinary income	65.0	▲78.5	143.5
Extraordinary profit/loss	▲1.0	47.4	▲48.4
Net income	60.0	▲57.2	117.2
Dividend per share	120 yen	120 yen	-

(3)FY2023 Cement operating profit change breakdown

Unit : 100 million yen



Sensitivity

- **Coal $1/t Rise→120 million yen/year Deterioration**
- **Oil $1/bbl Rise →60 million yen/year Deterioration**
- **Exchange rate 1 yen/$ Depreciation→ 210 million yen/ year Deterioration**

(3) FY2023 Sales and profit forecast by segment

Sales

Operating income

Unit : 100 million yen

	Sales: 2023 Annual Forecast	Sales: 2022 Annual Performance	Sales: Increase/ Decrease	Operating income: 2023 Annual forecast	Operating income: 2022 Annual Performance	Operating income: Increase/ Decrease
Cement	1,609	1,403	205	▲46.9	▲195.4	148.5
Mineral resources	148	134	14	28.8	24.5	4.3
Cement-related products	234	221	13	17.8	15.1	2.7
Total of cement related	1,991	1,758	232	▲0.3	▲155.8	155.5
Optoelectronics	27	24	3	▲3.0	▲1.3	▲1.7
Advanced materials	240	217	23	48.0	53.8	▲5.8
Total of high performance products	266	241	26	45.0	52.5	▲7.5
Others	43	48	▲5	16.1	18.7	▲2.5
Total	2,300	2,047	253	61.0	▲85.6	146.6

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2. Supplementary material
FY2023 1st and 2nd half outlook by segment

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Unit : 100 million yen

	Sales 2023 1st Half Forecast	Sales 2023 2nd Half Forecast	Sales 2023 Annual Forecast	Operating income 2023 1st Half Forecast	Operating income 2023 2nd Half Forecast	Operating income 2023 Annual Forecast
Cement	756	852	1,609	▲70.3	23.4	▲46.9
Mineral resources	75	73	148	14.0	14.8	28.8
Cement-related products	111	123	234	7.6	10.2	17.8
Total of cement related	942	1,049	1,991	▲48.7	48.4	▲0.3
Optoelectronics	10	16	27	▲2.0	▲1.0	▲3.0
Advanced materials	117	123	240	22.2	25.9	48.0
Total of high performance products	128	139	266	20.2	24.9	45.0
Others	18	25	43	7.3	8.9	16.1
Total	1,088	1,212	2,300	▲21.0	82.0	61.0

2. Supplementary material

FY2023 Cement Operating Income Change Breakdown by 1st /2nd Half

Unit : 100 million yen

	FY2022→FY2023		
	1st Half Forecast	2nd Half Forecast	Annual Forecast
Sales and production volume	▲ 3	8	5
Sales prices	78	112	190
Coal and oil prices	19	6	25
Electricity and raw material price	▲ 22	▲ 4	▲ 26
Recycling and rationalization	0	0	0
Exchange rates	2	8	10
Others	▲ 30	▲ 26	▲ 56
Cement Operating income change	44	105	149

Sensitivity			
	Coal	1$/t Rising	120 million yen/Year Deterioration
	Oil	1$/bbl Rising	60 million yen/year Deterioration
	Exchange rates	1yen/$ Cheap yen	210 million yen/year Deterioration

2. Supplementary material　Status of Assets and Liabilities

Unit : 100 million yen

	End of March, 2022 Results	End of March, 2023 Results	End of March, 2024 Forecast
Cash and deposit	131	145	145
Tangible fixed assets	1,692	1,766	1,847
Investment securities	594	478	477
Other assets	893	1,177	998
Total of assets	3,311	3,566	3,466
Interest-bearing debt	566	997	904
Other liabilities	713	722	698
Total of liabilities	1,279	1,720	1,601
Net assets	2,032	1,846	1,865
Total liabilities and net assets	3,311	3,566	3,466

2. Supplementary material　Status of Cash Flow

Unit : 100 million yen

	FY2022 Results	FY2023 Forecast
Net income before income taxes	▲ 31	64
Depreciation (including amortization of goodwill)	202	223
Receivables, Debt increase/decrease. Corporate tax, etc.	▲ 332	178
Operating cash flow	▲ 161	464
Fixed asset acquisition	▲ 279	▲336
Sale of assets, etc.	86	17
Others	▲ 5	▲10
Investment cash flow	▲ 198	▲329
Free cash flow	▲ 360	135
Change in interest-bearing debt	431	▲94
Acquisition of treasury stock (Deposit expenditure including)	▲ 15	0
Dividend payment, etc.	▲ 43	▲41
Financial cash flow	373	▲135
Changes in cash and cash equivalents	14	0

2. Supplementary material Changes in performance, etc.

Unit : 100 million yen

	FY2019	FY2020	FY2021	FY2022	FY2023 Forecast
Sales	2,452	2,393	1,842	2,047	2,300
Cement related	2,205	2,170	1,597	1,758	1,991
High performance products	185	172	184	241	266
Others	61	51	62	48	43
Operating income	161.3	166.3	68.8	▲ 85.6	61.0
Ordinary income	169.5	176.4	98.3	▲78.5	65.0
Profit attributable to owners of parent	109.2	117.2	96.7	▲57.2	60.0
Total liabilities and Net assets	3,211	3,297	3,311	3,566	3,466
Interest-bearing debt	526	514	566	997	904
Net assets	1,987	2,058	2,032	1,846	1,865

2. Supplementary material　Changes in performance, etc.

		FY2019	FY2020	FY2021	FY2022	FY2023 Forecast
ROA	(%)	5.2	5.4	3.0	▲ 2.3	1.9
ROE	(%)	5.6	5.9	4.8	▲ 3.0	3.3
D／E	(%)	26	25	28	54	48
FCF	(100 million yen)	135	139	22	▲ 360	135
Capital investment	(100 million yen)	202	215	207	297	304
Depreciation	(100 million yen)	183	188	194	202	223
R&D expenses	(100 million yen)	31	32	31	31	34
Financial balance	(100 million yen)	10	10	20	13	4
Number of employees at the end of the period	(persons)	3,005	3,065	3,068	2,896	–

2. Supplementary material
FY2023 Non-consolidated financial outlook

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Sales

Unit : 100 million yen

	2023 1st Half Forecast	2023 2nd Half Forecast	2023 Annual Forecast
Cement related	767	886	1,653
High performance products	125	136	261
Others	13	13	26
Total	904	1,035	1,939

Profit/loss

Operating income	▲ 36.0	54.0	18.0
Ordinary income	▲ 23.0	55.0	32.0
Net income	▲ 20.0	60.0	40.0

Caution

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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.

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