Explanatory Materials

(For the 2nd Quarter of the fiscal year 2023, ending March 31, 2024)

November 9, 2023

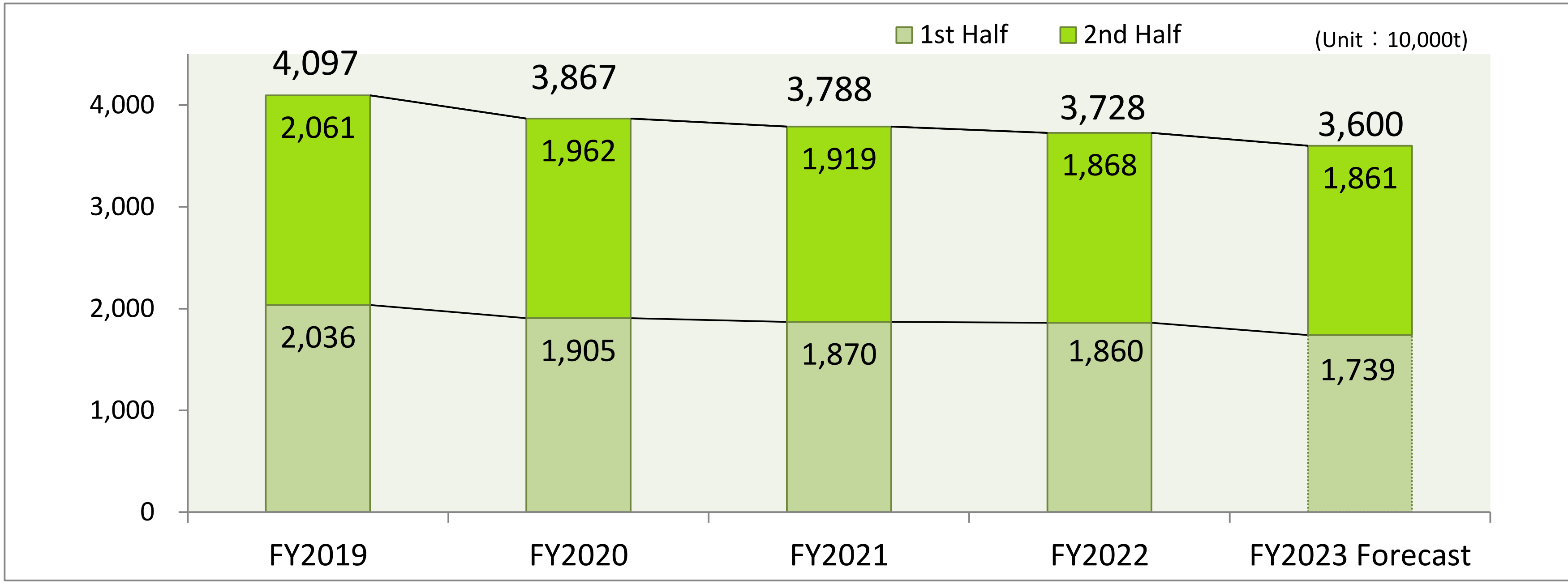
SUMITOMO OSAKA CEMENT

Table of contents

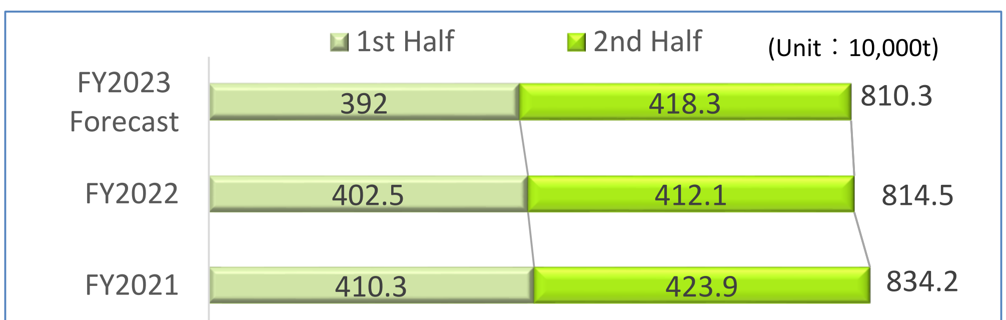
SUMITOMO OSAKA CEMENT

1. Domestic Cement Demand/ Our Sales Volume

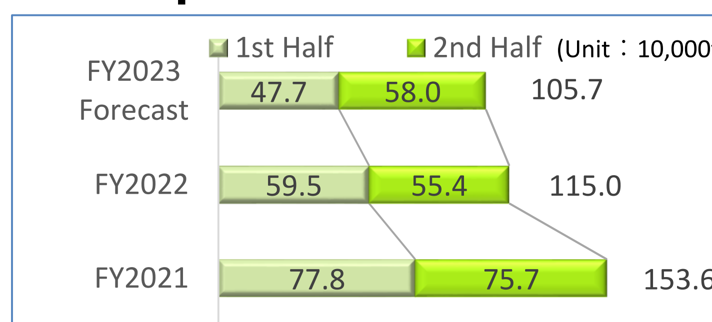
Domestic cement demand



Our domestic sales volume



Our export volume



2. FY2023 2nd Quarter Financial Results

Unit : 100 million yen

① Sales

・Increase in sales due to price increase effects in the cement business, etc.

② Operating profit

・Improvements due to price increases, etc. in the cement business

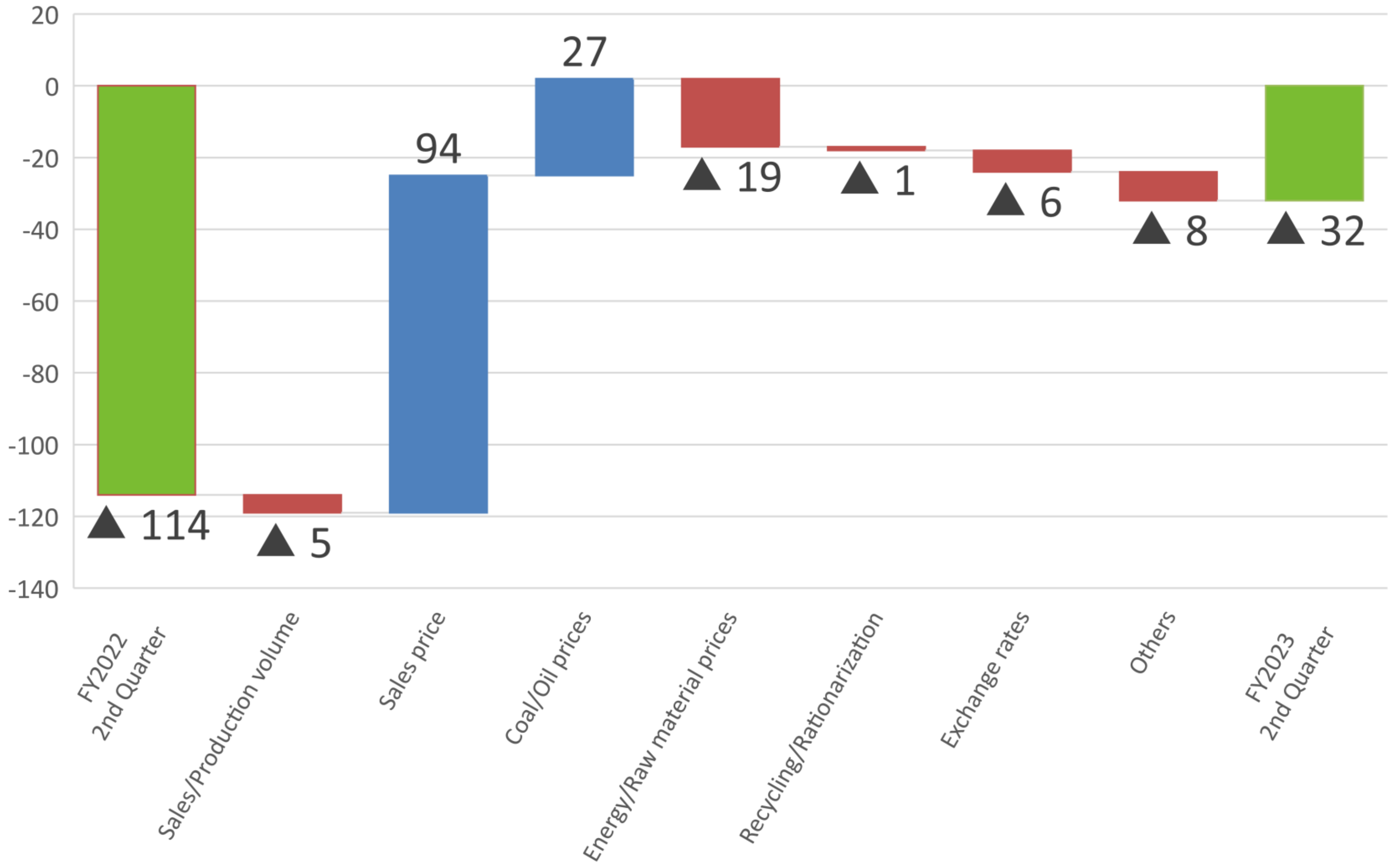
③ Extraordinary profit/loss

・Due to sale of cross-shareholdings, etc.

	FY2023 2nd Quarter	FY2022 2nd Quarter	Increase/ decrease
Sales	1,098	957	141
Operating profit (Cement business only)	18.4 (▲31.6)	▲61.1 (▲114.0)	79.5 (82.4)
Non-operating profit/loss	8.4	6.2	2.2
Ordinary profit	26.8	▲54.9	81.7
Extraordinary profit/loss	39.6	12.6	27.0
Quarterly net profit	58.8	▲29.1	87.9

2. FY2023 2nd Quarter Cement Sales Increase/Decrease Breakdown

Unit : 100 million yen



2. FY2023 2nd Quarter Sales and Profit/Loss by Segment

Unit : 100 million yen

	FY2023 2nd Quarter		FY2022 2nd Quarter		Increase/decrease	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Cement	775	▲31.6	650	▲114.0	125	82.4
Mineral Resources	73	16.3	68	12.6	5	3.6
Cement-related Products	105	5.9	103	7.0	2	▲1.1
Optoelectronics	12	▲1.7	11	▲1.5	0	▲0.2
Advanced Materials	106	18.7	102	26.8	5	▲8.2
Others	27	10.4	22	8.7	4	1.7
Total	1,098	18.4	957	▲61.1	141	79.5

3. FY2023 Full-year Earnings Forecast

① Sales

- Increase in sales due to price increase effects in cement business, etc.

② Operating profit

- Improvements due to price increases, etc. in the cement business

③ Extraordinary profit/loss

- Though sale of cross-shareholdings, etc.

④ Dividend

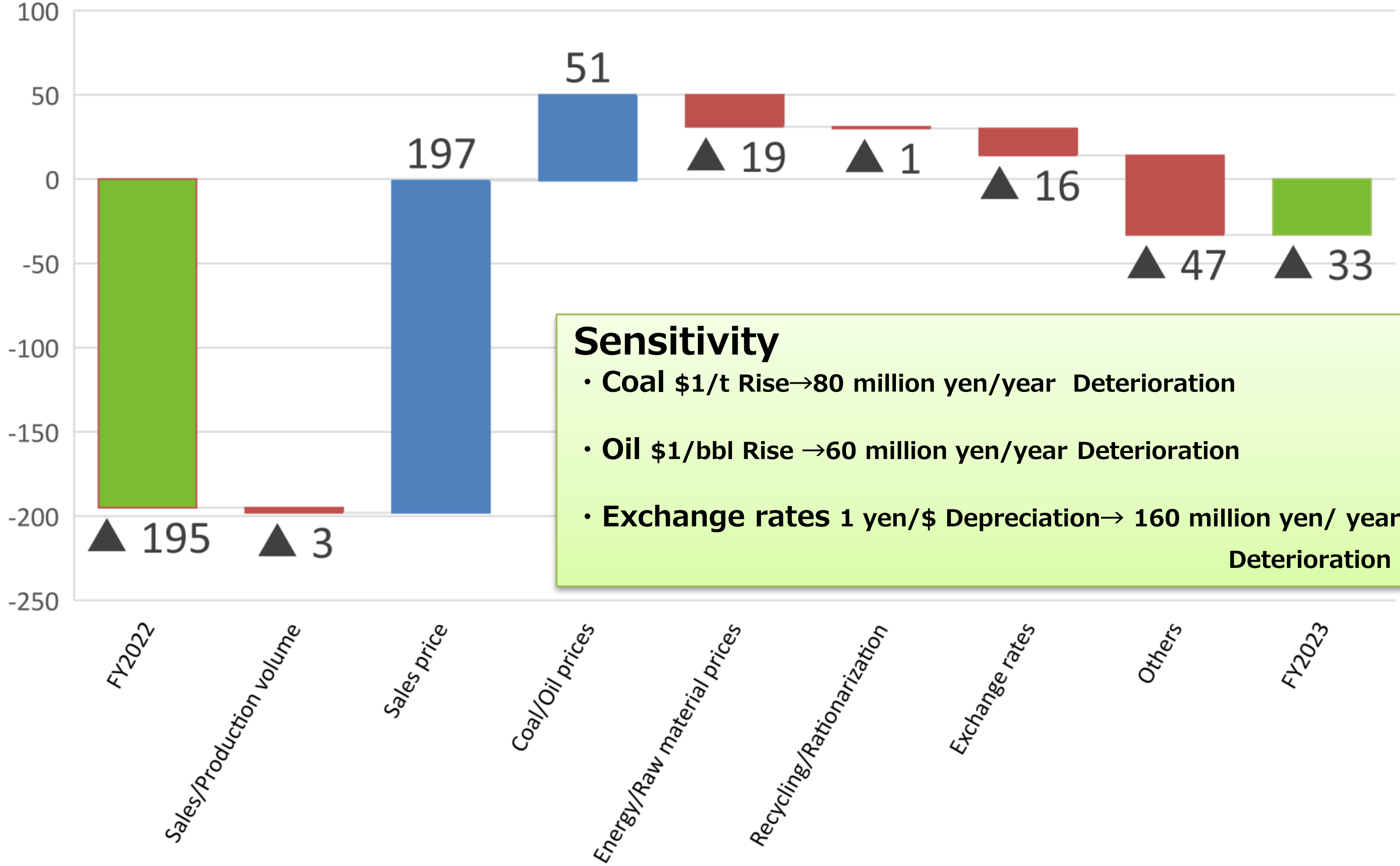
- Unchanged

Unit：100million yen

	FY2023 Forecast	FY2022 Result	Increase/ decrease
Sales	2,276	2,047	229
Operating profit (Cement business only)	61.0 (▲33.4)	▲85.6 (▲195.4)	146.6 (162.0)
Non-operating profit/loss	4.0	7.1	▲3.1
Ordinary profit	65.0	▲78.5	143.5
Extraordinary profit/loss	66.0	47.4	18.6
Net profit	105.0	▲57.2	162.2
Dividend per share	120yen	120yen	-

3. FY2023 Breakdown of Changes in Cement Operating profit (year-on-year)

Unit : 100 million yen



Sensitivity

- **Coal $1/t Rise→80 million yen/year Deterioration**
- **Oil $1/bbl Rise →60 million yen/year Deterioration**
- **Exchange rates 1 yen/$ Depreciation→ 160 million yen/ year Deterioration**

3． FY2023 Full-year Earnings Forecast Revision

Revised from the published value on August 8, 2023

① Sales

・Impact of decreased demand for semiconductors in the advanced materials business.

② Operating profit

・Despite the impact of a decline in demand for semiconductors, the outlook remains unchanged due to improvements in cement profit and loss, etc.

③ Extraordinary profit/loss

・Due to sale of cross-shareholdings, etc.

④ Dividend

・Unchanged

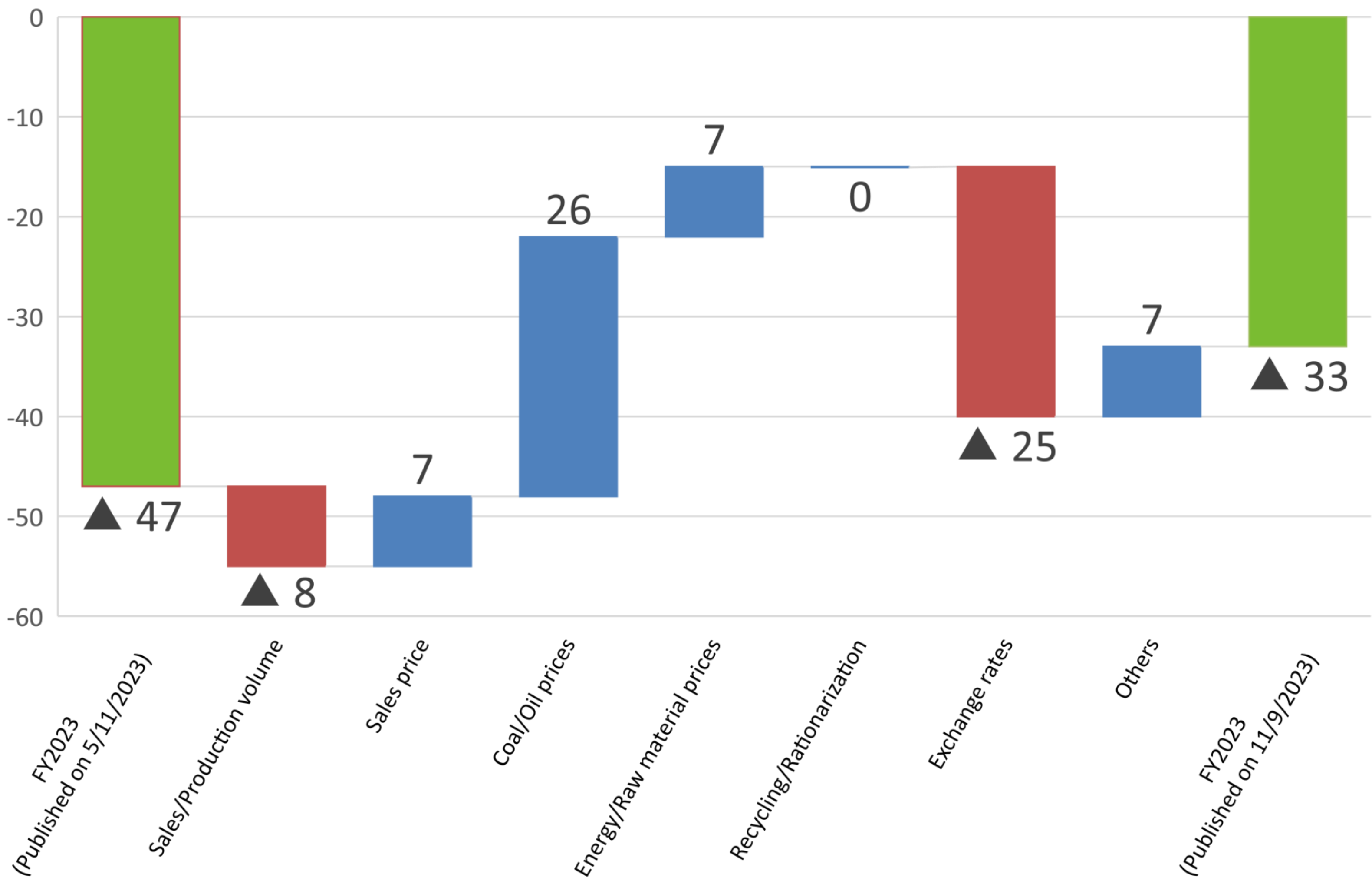
Unit：100million yen

	FY2023 Forecast (Published on 11/9/2023)	FY2023 Forecast (Published on 8/8/2023)	Increase/ decrease
Sales	2,276	2,300	▲24
Operating profit	61.0	61.0	-
Non-operating profit/loss	4.0	4.0	-
Ordinary profit	65.0	65.0	-
Extraordinary profit/loss	66.0	40.6	25.4
Net profit	105.0	95.0	10.0
Dividend per share	120yen	120yen	-

3. FY2023 Cement Operating Profit Change Breakdown

(Comparison with the announcement at the beginning of the year)

Unit : 100 million yen



3. FY2023 Sales & Profit/Loss by Segment

Unit : 100 million yen

	FY2023 Forecast		FY2022 Results		Comparison with previous year		Comparison with initial announcement of the year	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Cement	1,625	▲33.4	1,403	▲195.4	221	162.0	16	13.5
Mineral Resources	149	32.9	134	24.5	16	8.4	1	4.1
Cement-related Products	232	17.2	221	15.1	11	2.1	▲2	▲0.6
Optoelectronics	22	▲4.2	24	▲1.3	▲2	▲2.9	▲5	▲1.2
Advanced Materials	191	29.8	217	53.8	▲26	▲24.1	▲48	▲18.3
Others	57	18.5	48	18.7	9	▲0.2	14	2.4
Total	2,276	61.0	2,047	▲85.6	229	146.6	▲24	-

4. Supplementary Materials
FY2023 Sales & Profit/Loss by Segment and Half Year

SUMITOMO OSAKA CEMENT

Unit : 100 million yen

		FY2023			Comparison with previous year		
		1st Half Results	2nd Half Forecast	Annual Forecast	1st Half	2nd Half	Annual
Sales	Cement	775	849	1,625	125	96	221
	Mineral Resources	73	77	149	5	11	16
	Cement-related Products	105	127	232	2	9	11
	Optoelectronics	12	10	22	0	▲2	▲2
	Advanced Materials	106	85	191	5	▲30	▲26
	Others	27	30	57	4	4	9
Total		1,098	1,178	2,276	141	88	229
Operating profit	Cement	▲31.6	▲1.8	▲33.4	82.4	79.7	162.0
	Mineral Resources	16.3	16.6	32.9	3.6	4.7	8.4
	Cement-related Products	5.9	11.3	17.2	▲1.1	3.2	2.1
	Optoelectronics	▲1.7	▲2.5	▲4.2	▲0.2	▲2.7	▲2.9
	Advanced Materials	18.7	11.1	29.8	▲8.2	▲15.9	▲24.1
	Others	10.4	8.1	18.5	1.7	▲1.8	▲0.2
Total		18.4	42.6	61.0	79.5	67.1	146.6

4. Supplementary Materials Asset Liability Status

Unit : 100 million yen

	End of September, 2023	End of March, 2023	Increase/ decrease	End of March, 2024 Forecast
Cash and deposit	165	145	19	150
Tangible fixed assets	1,819	1,766	54	1,846
Investment securities	459	478	▲19	428
Other assets	1,118	1,177	▲58	1,057
Total of assets	3,562	3,566	▲4	3,481
Interest-bearing debt	935	997	▲62	873
Other liabilities	743	722	20	722
Total of liabilities	1,678	1,720	▲42	1,595
Net assets	1,883	1,846	38	1,886
Total of liabilities and net assets	3,562	3,566	▲4	3,481

4. Supplementary Materials Cash Flow Status

Unit : 100 million yen

	FY 2023 2nd Quarter	FY2022 2nd Quarter	Increase/decrease	FY2023 Forecast
Net profit before profit taxes (Current quarter)	66	▲ 42	109	131
Depreciation	101	94	7	220
Receivables, Debt increase/decrease, Corporate tax, etc.	27	▲ 210	237	49
Operating Cash Flow	195	▲ 158	353	400
Fixed assets acquisition	▲ 149	▲ 117	▲ 32	▲ 318
Sales of assets, etc.	58	24	34	99
Others	▲ 3	2	▲ 6	▲ 13
Investment Cash Flow	▲ 94	▲ 91	▲ 4	▲ 231
Free Cash Flow	101	▲ 249	350	168
Change in interest-bearing debt	▲ 62	325	▲ 387	▲ 124
Treasury stock acquisition	0	▲ 15	15	0
Dividend payment, etc.	▲ 21	▲ 22	1	▲ 41
Financial Cash Flow	▲ 83	288	▲ 371	▲ 165
Change in cash & cash equivalents	19	41	▲ 22	5

4. Supplementary Materials　Trends in Performance, etc.

		FY2019	FY2020	FY2021	FY2022	FY2023 Forecast
Sales	100 million yen	2,452	2,393	1,842	2,047	2,276
Operating profit	100 million yen	161.3	166.3	68.8	▲85.6	61.0
Ordinary profit	100 million yen	169.5	176.4	98.3	▲78.5	65.0
Profit attributable to owners of parent	100 million yen	109.2	117.2	96.7	▲57.2	105.0
Total assets	100 million yen	3,211	3,297	3,311	3,566	3,481
Interest-bearing debt	100 million yen	526	514	566	997	873
Net assets	100 million yen	1,987	2,058	2,032	1,846	1,886
Return on assets (ROA)	%	5.2	5.4	3.0	▲2.3	1.8
Return on equity (ROE)	%	5.6	5.9	4.8	▲3.0	5.7
Return on investment capital (ROIC)	%	4.5	4.5	1.8	▲2.1	1.5
Debt/Earnings (D/E)	%	26	25	28	54	46
Operating +Investment Cash Flow (FCF)	100 million yen	135	139	22	▲360	168
Cross-shareholdings net assets ratio	%	24.6	24.9	26.4	22.6	19.0

4. Supplementary Materials　Trends in Performance, etc.

		FY2019	FY2020	FY2021	FY2022	FY2023 Forecast
Capital investment	100 million yen	202	215	207	297	303
Depreciation	100 million yen	183	188	194	202	220
R&D expenses	100 million yen	31	32	31	31	34
Financial balance	100 million yen	10	10	20	13	6
Number of employees at the end of the year	persons	3,005	3,065	3,068	2,896	–

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 risk and uncertainties that can cause actual events and results to differ materially from those anticipated in these statements.

SUMITOMO OSAKA CEMENT