Explanatory Materials
(For Fiscal Year Ended March 31, 2024)

May 14, 2024

SUMITOMO OSAKA CEMENT CO., LTD.

Table of Contents

Table of Contents

(1) Vision for 2035 (SOC Vision 2035)

Aim: Company with a 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 Tackle challenge of withdrawing from coal use

* 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%

(2) FY2023–25 Medium-term Management Plan

Company-wide strategy

Improving profitability of existing businesses & building foundations for growth

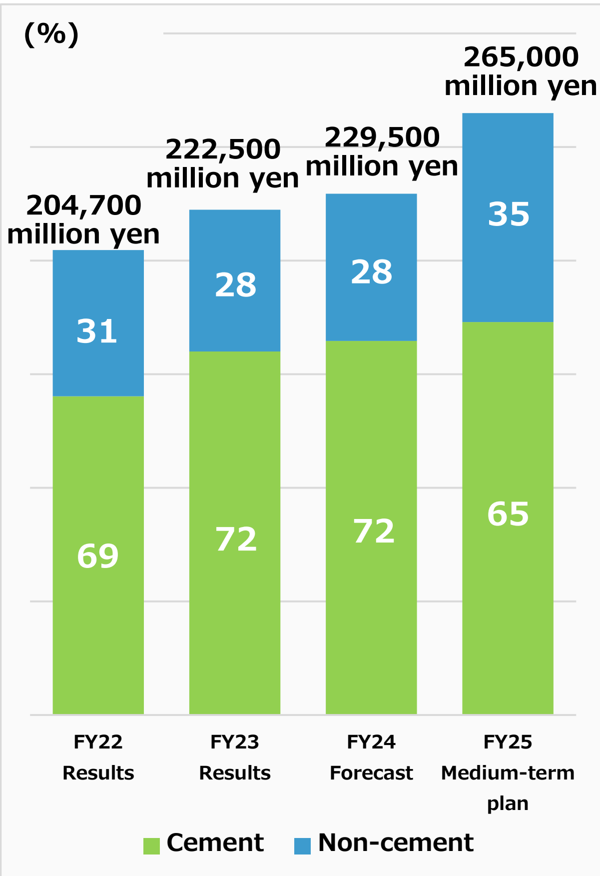
Improving profitability of existing businesses	• Recovery of profitability in cement business • Improve profitability by gaining market share for next-generation optical communication components
Building foundations for growth	• Expand scale and strengthen profitability by concentrating resources on the electronic materials business for semiconductor manufacturing equipment • Overseas business expansion (Australian business) • New business development in the decarbonization field

Strengthen management foundation

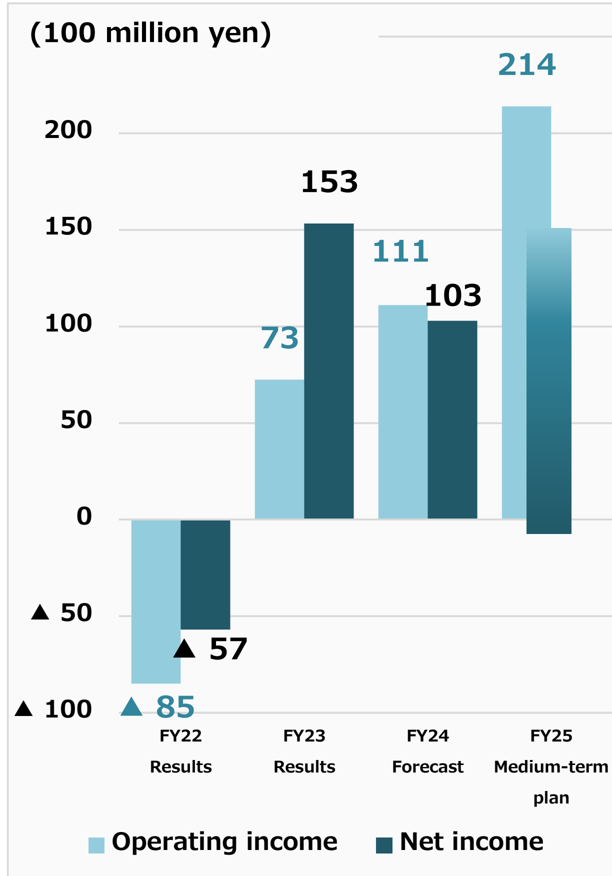
- **Human resource strategy**: Investment in people who support business growth and operation of new personnel measures
- **R&D strategy**: Strengthen R&D to create new businesses in high-performance products and decarbonization fields
- **IP strategy**: Develop human resources with intellectual property 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

(3) Numerical Progress

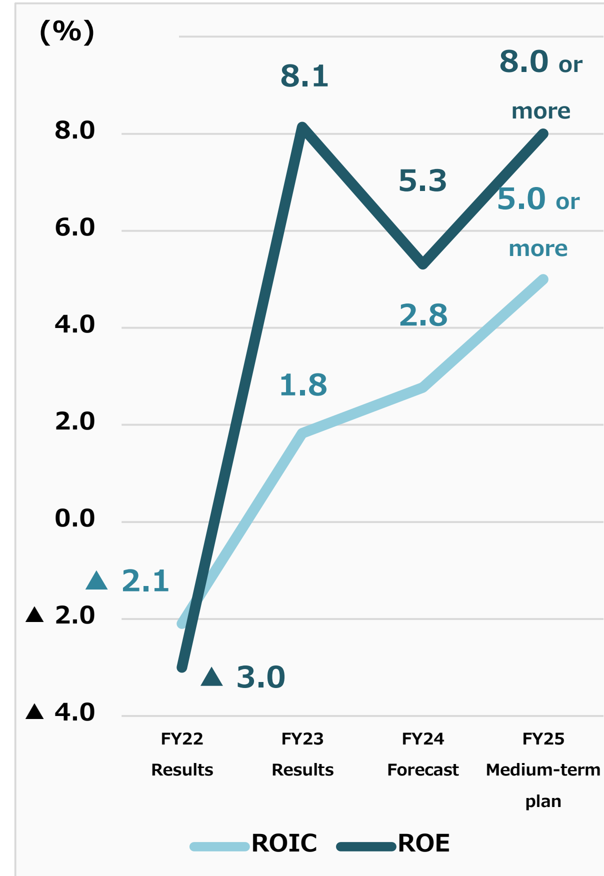
Ratio to net sales



Changes in profits

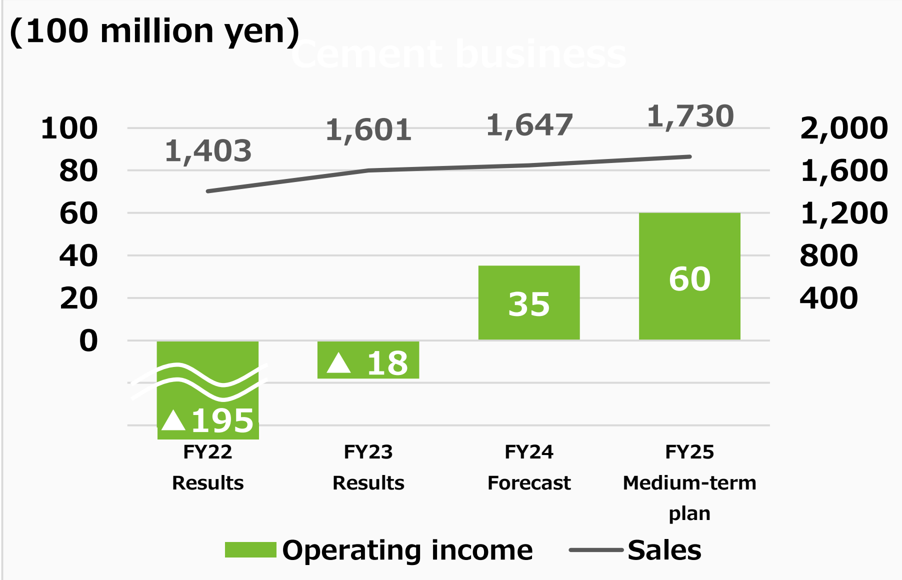


Changes in indicators



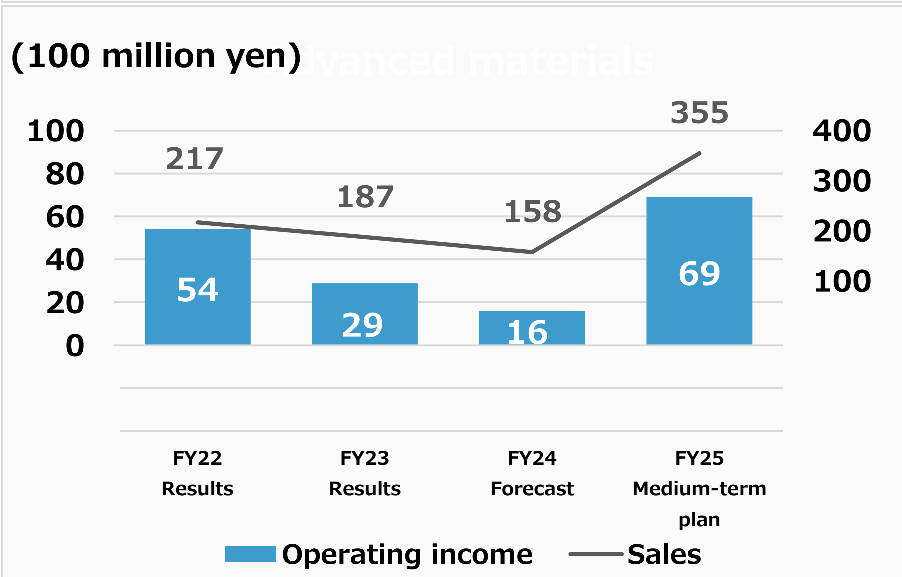
(4) Net Sales and Operating Income by Business and Initiatives to Achieve the Medium-term Management Plan ①

Cement



- Securing fair prices
- Responding to the 2024 Problem of Driver Shortages in Logistics
- Expanding use of fossil energy alternatives
- Developing Australian downstream business

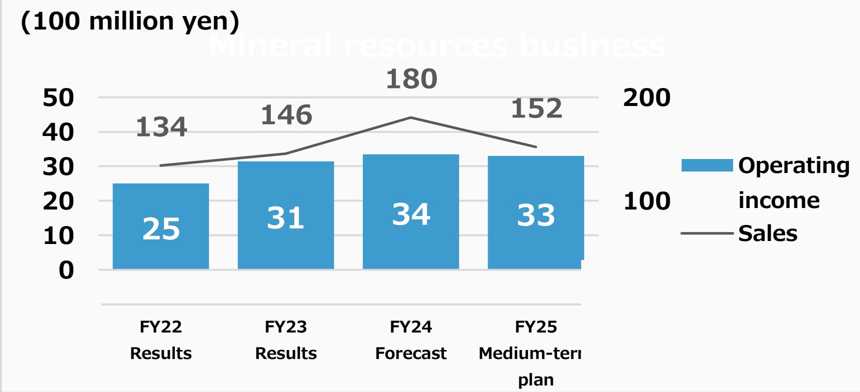
Advanced materials



- Expanding production capacity with a new manufacturing building
- Implementing semi-automated and labour-saving manufacturing processes to strengthen competitiveness in quality and cost
- Developing next-generation electrostatic chuck (ESC)

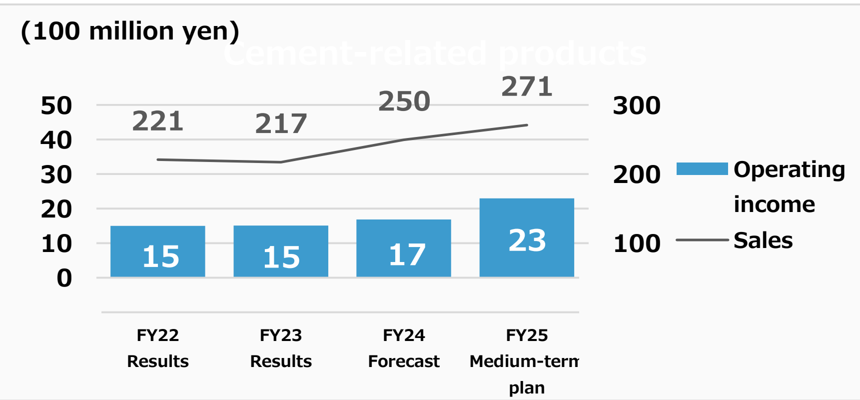
(4) Net Sales and Operating Income by Business and Initiatives to Achieve the Medium-term Management Plan ②

Mineral resources



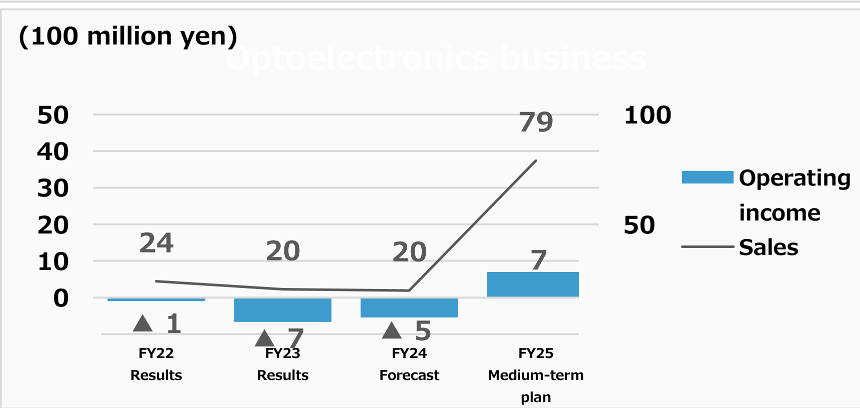
- Acquiring and retaining new customers
- Operating the shipping berth for Shuho Mine upon completion of its extension
- Advancing new development projects to secure mineral content

Cement-related products



- Participating in large-scale projects
- Expanding orders received for urban construction and civil engineering work
- Enhancing labor-saving and productivity through construction ICT

Optoelectronics



- Acquiring customer endorsement through sample evaluation
- Establishing a mass production system

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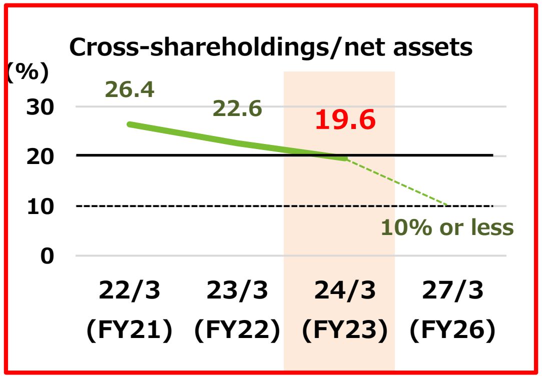
(5) Capital Allocation



* Cross-shareholdings = non-consolidated investment securities amount

●FY23 Results
- Amount: 43,700 million yen

●FY24 Forecast
- Amount: 28,000 million yen

●Supplementary comments
- Profitability improvement
- Decrease in coal inventories

●FY23 Results
- Amount: 13,900 million yen

●FY24 Forecast
- Amount: 4,000 million yen

◆Sale of cross-shareholdings
- 17,800 million yen

FY2023–25 Plan

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

*Aim for a total payout ratio of 50% or more on average over three years based on continued stable dividend payments

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

in (FY23–24 cumulative)
- Operating CF 717
- Sale of assets, etc. 179

out (FY23–24 cumulative)
- Shareholder return 131
- Capital investment/ Overseas investment 599
- Others 166

●FY23 Results
- Amount: 4,100 million yen

●FY24 Forecast
- Amount: 9,000 million yen

◆FY23–24 Average total payout ratio: 51%

●FY23 Results
- Amount: 28,900 million yen

●FY24 Forecast
- Amount: 31,000 million yen

●FY23 Results
- Amount: 24,600 million yen

●FY24 Forecast
- Amount: -8,000 million yen

●Supplementary comments
- Change in interest-bearing debt: 16,400 million yen

Unit: 100 million yen

Table of Contents

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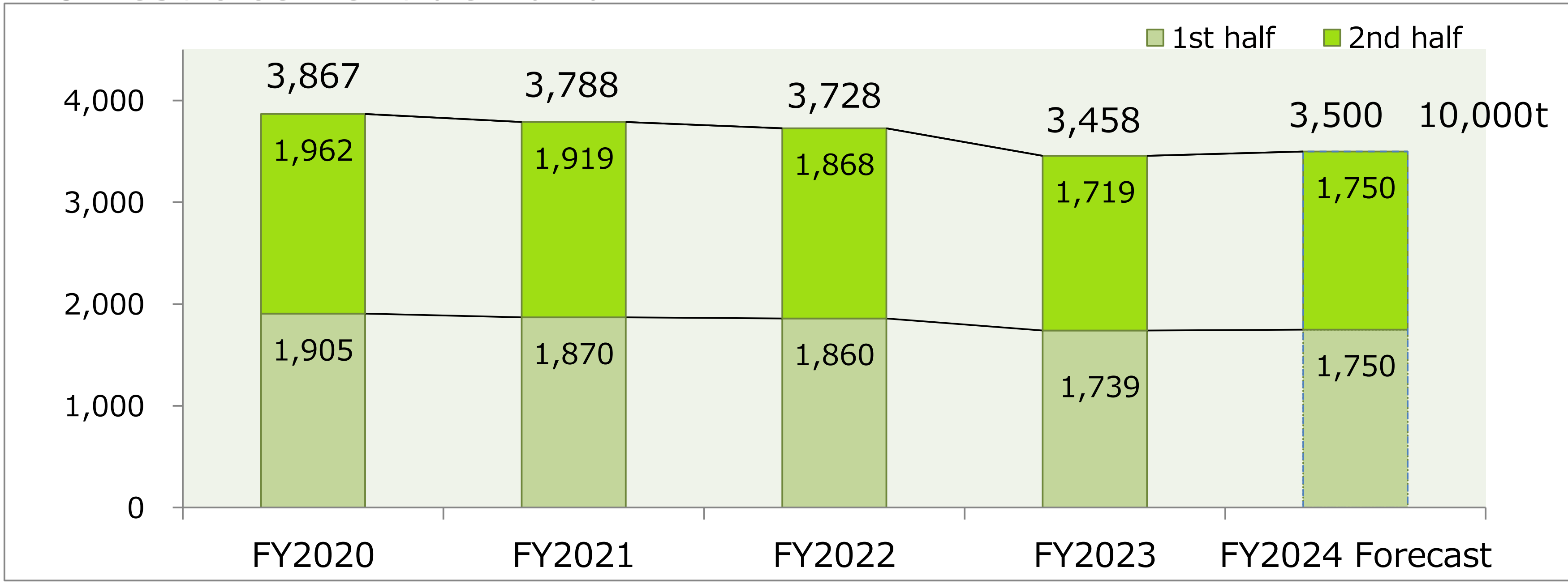
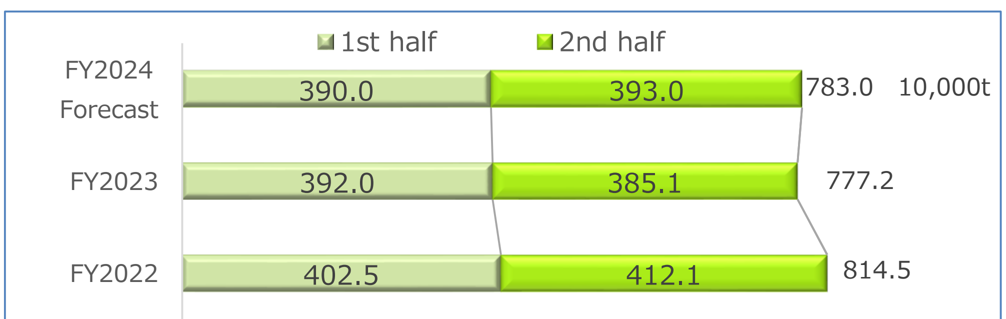
(1) Domestic Cement Demand / Our Sales Volume

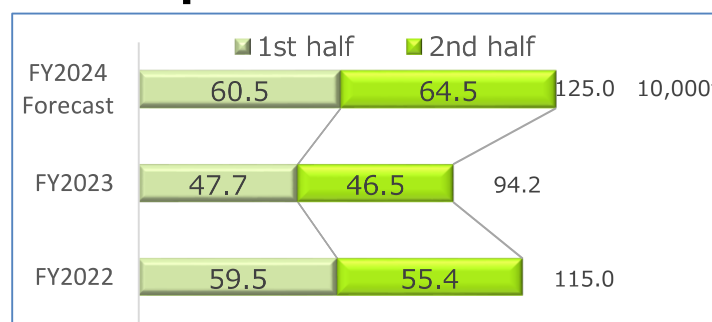
Domestic cement demand



Our domestic sales volume



Our export volume



(2) FY2023 Financial Summary

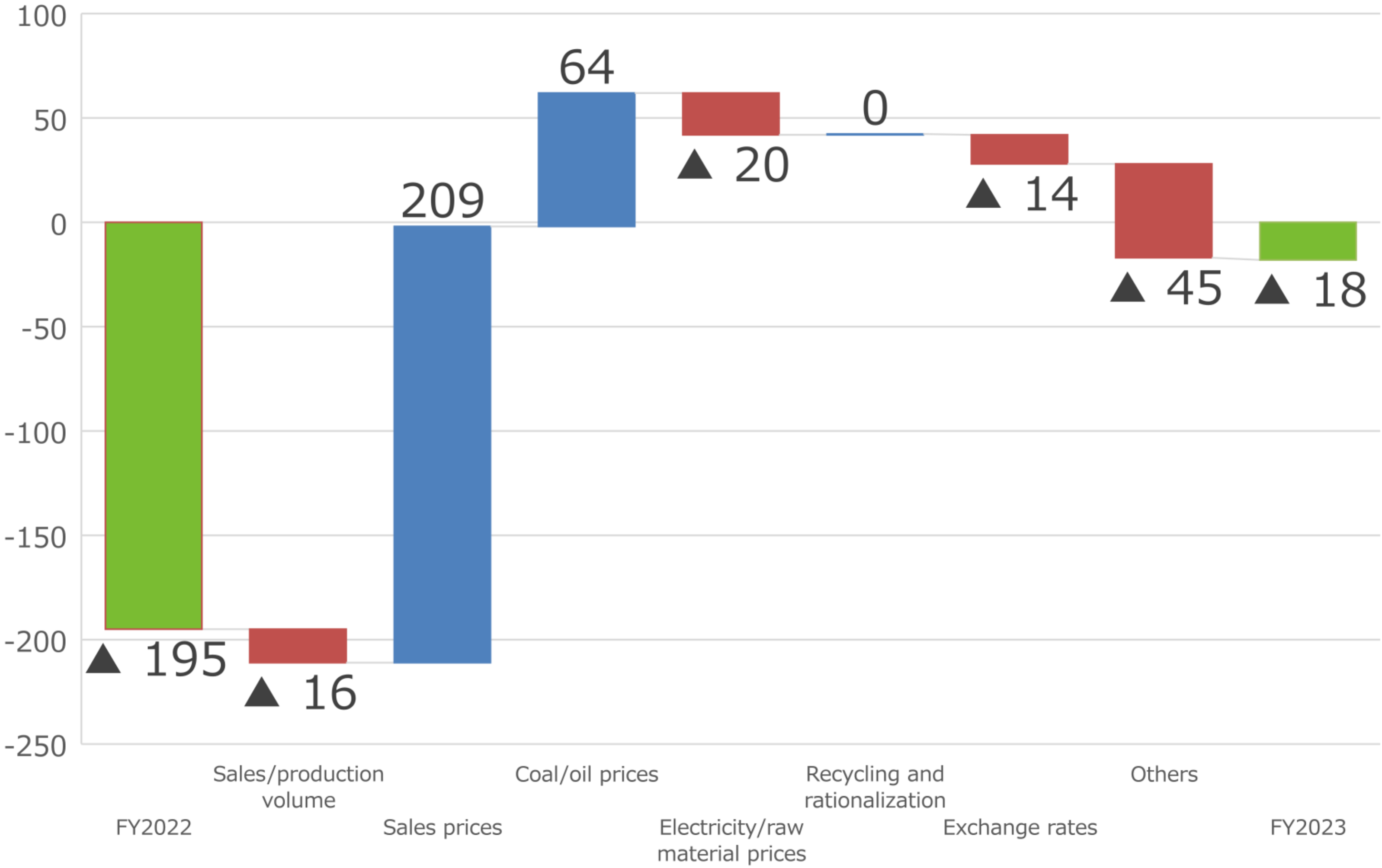
Unit: 100 million yen

	FY2023	FY2022	YoY	Feb. 9 Published Figure
Sales	2,225	2,047	178	▲16
Operating income (Cement business only)	72.5 (▲17.5)	▲85.6 (▲195.4)	158.1 (177.9)	3
Non-operating profit/loss	12.3	7.1	5.2	-
Ordinary income	84.8	▲78.5	163.3	8
Extraordinary profit/loss	101.6	47.4	54.2	-
Net income	153.4	▲57.2	210.6	35
Dividend per share	120 yen	120 yen	-	-

(2) FY2023 Breakdown of Change in Cement Operating Income

SUMITOMO OSAKA CEMENT

Unit: 100 million yen



(2) FY2023 Sales and Profit/Loss by Segment

SUMITOMO OSAKA CEMENT

Unit: 100 million yen

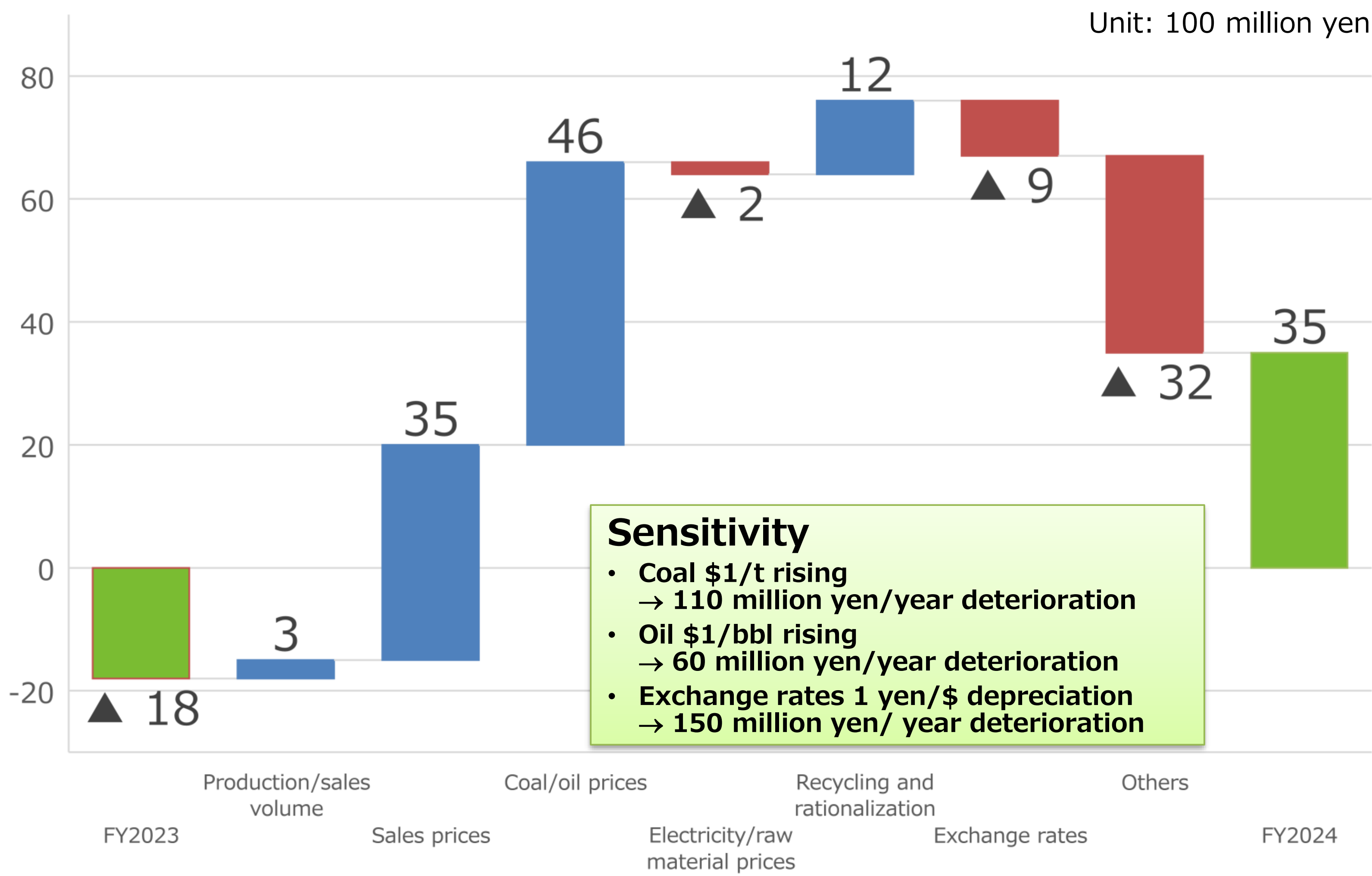
	FY2023		FY2022		Increase/decrease	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Cement	1,601	▲17.5	1,403	▲195.4	198	177.9
Mineral resources	146	31.4	134	24.5	12	6.9
Cement-related products	217	15.1	221	15.1	▲4	0.0
Optoelectronics	20	▲6.7	24	▲1.3	▲3	▲5.4
Advanced materials	187	28.9	217	53.8	▲30	▲24.9
Others	54	20.2	48	18.7	5	1.6
Total	2,225	72.5	2,047	▲85.6	178	158.1

(3) FY2024 Earnings Forecast

Unit: 100 million yen

	FY2024 Forecast	FY2023 Results	Increase/ decrease
Sales	2,295	2,225	71
Operating income (Cement business only*)	111.0 (35.1)	72.5 (▲17.5)	38.5 (52.6)
Non-operating profit/loss	2.0	12.3	▲10.3
Ordinary income	113.0	84.8	28.2
Extraordinary profit/loss	25.0	101.6	▲76.6
Net income	103.0	153.4	▲50.4
Dividend per share	120 yen	120 yen	-

(3) FY2024 Breakdown of Change in Cement Operating Income



Sensitivity

- **Coal $1/t rising → 110 million yen/year deterioration**
- **Oil $1/bbl rising → 60 million yen/year deterioration**
- **Exchange rates 1 yen/$ depreciation → 150 million yen/ year deterioration**

(3) FY2024 Sales and Profit Forecast by Segment

SUMITOMO OSAKA CEMENT

Unit: 100 million yen

	FY2024 Forecast		FY2023 Results		Increase/decrease	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Cement	1,647	35.1	1,601	▲17.5	46	52.6
Mineral resources	180	33.5	146	31.4	35	2.1
Cement-related products	250	16.9	217	15.1	32	1.8
Optoelectronics	20	▲5.4	20	▲6.7	▲1	1.3
Advanced materials	158	16.1	187	28.9	▲30	▲12.8
Others	41	14.7	54	20.2	▲12	▲5.6
Total	2,296	111.0	2,225	72.5	70	38.5

Table of Contents

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3. Supplementary Material
FY2024 Sales & Profit/Loss by Segment and Half Year

SUMITOMO OSAKA CEMENT

Unit: 100 million yen

		FY2024 Forecast			YoY Comparison		
		1st half	2nd half	Full year	1st half	2nd half	Full year
Sales	Cement	808	838	1,647	33	13	46
	Mineral resources	88	92	180	16	19	35
	Cement-related products	118	132	250	13	20	32
	Optoelectronics	9	11	20	▲3	2	▲1
	Advanced materials	75	82	158	▲31	2	▲30
	Others	20	21	41	▲7	▲6	▲12
Total		1,118	1,177	2,295	20	50	70
Operating income	Cement	3.5	31.6	35.1	35.2	17.5	52.6
	Mineral resources	15.2	18.3	33.5	▲1.1	3.2	2.1
	Cement-related products	6.7	10.2	16.9	0.8	1.0	1.8
	Optoelectronics	▲3.4	▲2.0	▲5.4	▲1.7	3.1	1.3
	Advanced materials	7.0	9.2	16.1	▲11.7	▲1.1	▲12.8
	Others	7.0	7.7	14.7	▲3.4	▲2.2	▲5.6
Total		36.0	75.0	111.0	17.6	20.9	38.5

3. Supplementary Material
FY2024 Cement
Operating Income Change Breakdown by 1st /2nd Half

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Unit: 100 million yen

	FY2023 → FY2024		
	1st half	2nd half	Full year
Sales and production volume	▲1	4	3
Sales prices	35	0	35
Coal and oil prices	36	10	46
Electricity and raw material prices	0	▲2	▲2
Recycling and rationalization	6	6	12
Exchange rates	▲7	▲2	▲9
Others	▲34	2	▲32
Cement operating income change	35	18	53

Sensitivity	Coal	1$/t rising	110 million yen/year deterioration
	Oil	1$/bbl rising	60 million yen/year deterioration
	Exchange rates	1 yen/$ yen depreciation	150 million yen/year deterioration

3. Supplementary Material
Status of Assets and Liabilities

SUMITOMO OSAKA CEMENT

Unit: 100 million yen

	End of March 2023 Results	End of March 2024 Results	End of March 2025 Forecast
Cash and deposits	145	187	145
Tangible fixed assets	1,766	1,845	1,948
Investment securities	478	449	421
Other assets	1,177	1,082	1,074
Total of assets	3,566	3,563	3,588
Interest-bearing debt	997	795	834
Other liabilities	722	800	798
Total of liabilities	1,720	1,595	1,632
Net assets	1,846	1,968	1,956
Total liabilities and net assets	3,566	3,563	3,588

3. Supplementary Material
Status of Cash Flow

SUMITOMO OSAKA CEMENT

Unit: 100 million yen

	FY2023 Results	FY2024 Forecast
Net income before income taxes	186	138
Depreciation (including amortization of goodwill)	217	225
Receivables, debt increase/decrease Corporate tax, etc.	34	▲ 83
Operating cash flow	437	280
Fixed asset acquisition	▲ 289	▲ 301
Sale of assets, etc.	139	40
Others	▲ 4	▲ 9
Investment cash flow	▲ 154	▲ 270
Free cash flow	284	10
Change in interest-bearing debt	▲ 202	38
Acquisition of treasury stock	-	▲ 50
Dividend payment, etc.	▲ 42	▲ 40
Financial cash flow	▲ 244	▲ 52
Changes in cash and cash equivalents	42	▲ 42

3. Supplementary Material Changes in Performance, etc.

SUMITOMO OSAKA CEMENT

		FY2020	FY2021	FY2022	FY2023	FY2024 Forecast
Sales	100 million yen	2,393	1,842	2,047	2,225	2,295
Operating income	100 million yen	166.3	68.8	▲85.6	72.5	111.0
Ordinary income	100 million yen	176.4	98.3	▲78.5	84.8	113.0
Profit attributable to owners of parent	100 million yen	117.2	96.7	▲57.2	153.4	103.0
Total assets	100 million yen	3,297	3,311	3,566	3,563	3,588
Interest-bearing debt	100 million yen	514	566	997	795	834
Net assets	100 million yen	2,058	2,032	1,846	1,968	1,956
Return on assets (ROA)	%	5.4	3.0	▲2.3	2.4	3.2
Return on equity (ROE)	%	5.9	4.8	▲3.0	8.1	5.3
Return on investment capital (ROIC)	%	4.5	1.8	▲2.1	1.8	2.8
Debt/equity (D/E)	%	25	28	54	40	43
Operating + Investment Cash Flows (FCF)	100 million yen	139	22	▲360	284	10
Net asset ratio of cross-shareholdings	%	24.9	26.4	22.6	19.6	17.7

3. Supplementary Material Changes in Performance, etc.

SUMITOMO OSAKA CEMENT

		FY2020	FY2021	FY2022	FY2023	FY2024 Forecast
Capital investment	100 million yen	215	207	297	294	328
Depreciation	100 million yen	188	194	202	217	225
R&D expenses	100 million yen	32	31	31	35	36
Financial balance	100 million yen	10	20	13	6	1
Number of employees at the end of the period	(persons)	3,065	3,068	2,896	2,886	-

3. Supplementary Material
FY2024 Non-consolidated Financial Outlook

SUMITOMO OSAKA CEMENT

Unit: 100 million yen

	2024 1st Half	2024 2nd Half	2024 Full-year
Sales	**909**	**939**	**1,848**
Operating income	**19.1**	**44.4**	**63.5**
Ordinary income	**34.0**	**45.0**	**79.0**
Net income	**27.0**	**63.0**	**90.0**

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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