

Sumitomo Osaka Cement Co., Ltd

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (JGAAP)

(August 6, 2024)

Company name	Sumitomo Osaka Cement Co., Ltd	Stock Exchange Listing	Tokyo
Stock code	5232	URL	https://www.soc.co.jp/
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Scheduled date to commence dividend payments	-		
Availability of preparation of supplementary explanatory materials for financial results:	Available		
Availability to hold financial briefings:	None		

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 2025 (From April 1, 2024, to June 30, 2024)

(1) Consolidated Operating Results (Cumulative)

(Percentages represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter of Fiscal Year Ending March 31, 2025	53,225	0.9	1,263	894.1	1,982	45.4	686	△86.8
First Quarter of Fiscal Year Ended March 31, 2024	52,766	16.0	127	-	1,363	-	5,183	-

(Note) Comprehensive profit First Quarter of Fiscal Year Ending March 31, 2025 △1,131 million yen (△74.2%)
First Quarter of Fiscal Year Ended March 31, 2024 4,384 million yen (−%)

	Quarterly net income per share	Quarterly diluted net income per share
	Yen	Yen
First Quarter of Fiscal Year Ending March 31, 2025	20.17	-
First Quarter of Fiscal Year Ended March 31, 2024	151.34	-

(2) Consolidated Financial Status

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
First Quarter of Fiscal Year Ending March 31, 2025	358,621	193,263	53.2
FY ended March 31, 2024	356,283	196,775	54.5

(Reference) Equity First Quarter of Fiscal Year Ending March 31, 2025 190,849 million yen
FY ended March 31, 2024 194,345 million yen

2. Dividend Status

	Full-year dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2024	-	60.00	-	60.00	120.00
FY ending March 31, 2025	-				
End of March 31, 2025 (forecast)		60.00	-	60.00	120.00

(Note) Revision of dividend forecast from the most recently announced forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 2025 (From April 1, 2024, to March 31, 2025)

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	111,820	1.9	3,600	95.9	3,700	38.3	2,400	△59.2	71.51
Full year	229,550	3.2	11,100	53.1	11,300	33.3	10,300	△32.9	310.37

(Note) Revision of dividend forecast from the most recently announced earnings forecasts: None

*Notes

(1) Significant changes in the scope of consolidation during the quarter under review : None

New - company (company name), Excluded - company (company name)

(2) Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements : None

(3) Changes in Accounting Policies, Changes in Accounting Estimation or Restatements

① Changes in accounting policies due to the revision of accounting standards : Available

Changes in accounting policies other than ① and ② : None

③ Changes in accounting estimation : None

④ Restatements : None

(4) Numbers of Shares Issued (Common Stock)

① Number of shares outstanding at the end of the period (including treasury stock)	1Q FY ending March 31, 2025	34,329,517 shares	FY ended March 31, 2024	34,329,517 shares
② Number of treasury stock at the end of the period	1Q FY ending March 31, 2025	731,117 shares	FY ended March 31, 2024	81,351 shares
③ Average number of shares during the period (cumulative quarterly period)	1Q FY ending March 31, 2025	34,015,579 shares	1Q FY ended March 31, 2024	34,252,745 shares

*Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: None

*Explanation for the appropriate use of earnings forecasts and other special notes:

The forward-looking statements contained in this report are based on information that is available to the Company at present. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors. Please refer to "1. Qualitative Information on Quarterly Results (3) Qualitative Information on Consolidated Earnings Forecasts and Other Forward-Looking Statements" on page 3 of the attached materials for information on the above earnings forecasts.

○ Table of Contents of Appendix

1.	Qualitative Information on Quarterly Results	4
(1)	Qualitative Information on Consolidated Operating Results	4
(2)	Qualitative Information on Consolidated Fiscal Position.....	5
(3)	Qualitative Information on Consolidated Financial Forecasts and Other Forward-Looking Statements.....	5
2.	Quarterly Consolidated Financial Statements and Significant Notes Thereto.....	6
(1)	Quarterly Consolidated Balance Sheet	6
(2)	Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	8
(3)	Notes to Quarterly Consolidated Financial Statements	10
	(Notes to Going Concern Assumptions)	10
	(Notes in the event of significant changes in shareholders' equity)	10
	(Notes on Changes in Accounting Policies)	10
	(Segment Information, etc.)	10
	(Notes on Quarterly Consolidated Statement of Cash Flows)	11
3.	Supplementary Information.....	12
(1)	Consolidated Segment of Profit and Loss (Period Comparison)	12

1. Qualitative Information on Quarterly Results

(1) Qualitative Information on Consolidated Operating Results

In the current quarter under review (April 1, 2024 to June 30, 2024), the Japanese economy was affected by rising prices, but it continued to recover moderately due to improvements in employment and income conditions, a pickup in capital investment, the effects of government economic measures, and other factors.

In the cement industry, domestic demand for cement was 8,166 thousand tons, down 4.8% from the same period of the previous year, as both public and private demand dropped due to a labor shortage, rising construction costs, and changes to working styles. Exports, on the other hand, grew 34.0% year-on-year. As a result, the total sales volume of domestic manufacturers, including exports, was up 1.0% year on year to 10,182 thousand tons.

Under these circumstances, our group has implemented the “FY2023–25 Medium-Term Management Plan” since fiscal 2023. It has been working on various measures such as “improving profitability of existing businesses” to recover the profitability of the cement business and to improve profitability by acquiring market shares in next-generation optical communication parts; “building a foundation for growth” to expand scale and enhance profitability by investing resources in the electronic materials business for semiconductor manufacturing equipment, expand overseas business (the Australian business), and develop new business in the decarbonization field; and “strengthening management foundation” to develop strategies for human resources, R&D, IP, and DX.

As a result of the above, net sales for the quarter under review totaled 53,225 million yen, up 459 million yen year on year, and ordinary income totaled 1,982 million yen, up 619 million yen year on year. Net income attributable to owners of parent was 686 million yen, down 4,497 million yen year on year.

Segment results are as follows.

Effective from the first quarter of the current fiscal year, the Company's subsidiary Chiyoda Engineering Co., Ltd. has changed its reportable segment classification from “Other” to “Cement”.

Comparisons with the same period of the previous year are based on figures that have been reclassified into the new reporting segment classifications.

1 Cement

Although the sales volume was lower than the same period of the previous term, the domestic selling price was raised in response to a cost increase, resulting in sales of 38,481 million yen, up 863 million yen (2.3%) from the previous term, contributing to a year-on-year profit increase of 1,696 million yen. However, we also posted an operating loss of 372 million yen.

2 Mineral resources

Net sales increased 842 million yen (24.1%) over the same period year-on-year to 4,341 million yen due to a higher sales volume of limestone for overseas steel markets. Operating income was 841 million yen, an increase of 132 million yen (18.7%) year-on-year.

3 Cement-related products

Net sales increased 632 million yen (13.1%) year-on-year to 5,448 million yen due to a higher sales volume of concrete structure repair and reinforcement materials. Operating income was 196 million yen, an increase of 79 million yen (67.2%) year-on-year.

4 Opto-electronics

Thanks to an increase in the sales volume of optoelectronic equipment, net sales were 601 million yen, an increase of 108 million yen (22.1%) from the same period previous fiscal year. Operating loss was 151 million yen, a deterioration of 68 million yen from the same period of previous fiscal year, mainly due to an increase in production costs.

5 Advanced materials

The sales volume of electronic materials for semiconductor manufacturing equipment decreased, and net sales was 3,427 million yen, down 1,985 million yen (36.7%) same period of the from the previous term. Operating income was 382 million yen, a decrease of 592 million yen (60.7%) from the same period of the previous fiscal year.

6 Others

Although net sales decreased 1 million yen (0.2%) over the same period year-on-year to 925 million yen, operating income was 414 million yen, an increase of 17 million yen (4.4%) from the previous fiscal year due to an increase in software sales.

(2) Qualitative Information on Consolidated Fiscal Position

Total assets at the end of the first quarter of the current fiscal year were 358,621 million yen, up 2,337 million yen from the end of the previous fiscal year. The main changes were a 725 million yen increase in electronically recorded monetary claims and a 1,167 million yen increase in tangible non-current assets.

Total liabilities amounted to 165,358 million yen, up 5,849 million yen from the end of the previous fiscal year. The main changes were a 9,000 million yen increase in commercial paper and a 2,408 million yen decrease in income taxes payable.

Net assets totaled 193,263 million yen, down 3,511 million yen from the end of the previous fiscal year. The main changes were a 1,371 million yen decrease in earned surplus and a 2,518 million yen decrease due to the purchase of treasury stock.

(3) Qualitative Information on Consolidated Financial Forecasts and Other Forward-Looking Statements

The consolidated earnings forecast announced on May 14, 2024 remains unchanged.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	Previous consolidated fiscal period (March 31, 2024)	First quarter of current fiscal year (June 30, 2024)
Assets		
Current assets		
Cash and deposits	18,724	16,716
Bills receivable and accounts receivable	43,334	42,942
Electronically recorded monetary claims	8,829	9,554
Goods and products	11,721	12,335
Work in process	94	293
Raw materials and supplies	23,771	24,092
Short-term loans receivable	380	404
Others	2,334	3,276
Allowance for doubtful accounts	△38	△40
Total of current assets	109,155	109,575
Non-current assets		
Tangible non-current assets		
Buildings and structures	180,341	182,428
Accumulated depreciation	△130,629	△131,427
Buildings and structures (net amount)	49,712	51,000
Machinery and equipment	492,651	496,229
Accumulated depreciation	△428,582	△431,543
Machinery and equipment (net amount)	64,068	64,686
Land	39,084	39,084
Construction in progress	12,962	11,890
Others	39,949	40,506
Accumulated depreciation	△21,279	△21,501
Others (net amount)	18,669	19,004
Total tangible non-current assets	184,499	185,666
Intangible assets		
Goodwill	63	55
Others	3,580	3,452
Total intangible assets	3,643	3,507
Investment and other assets		
Investment securities	44,850	45,394
Long-term loans	4,531	4,793
Deferred tax assets	994	976
Assets related to retirement benefits	3,803	3,833
Others	4,927	4,957
Allowance for doubtful accounts	△121	△83
Total investment and other assets	58,985	59,871
Total non-current assets	247,128	249,045
Total assets	356,283	358,621

(Unit: Millions of yen)

	Previous consolidated fiscal period (March 31, 2024)	First quarter of current fiscal year (June 30, 2024)
Liabilities		
Current Liabilities		
Notes and accounts payable	30,801	31,501
Electronically recorded liabilities	2,828	3,480
Short-term borrowings	25,273	25,592
Commercial paper	-	9,000
Long-term borrowings to be repaid within a year	8,228	8,251
Income taxes payable	3,032	623
Bonus reserve	2,538	1,513
Others	16,639	14,200
Total of current liabilities	89,342	94,163
Non-current debt		
Corporate bonds	20,000	20,000
Long-term borrowings	26,027	26,314
Deferred tax liabilities	9,570	10,367
Reserve for retirement benefits for directors	122	116
Reserve for PCB waste disposal cost	2	2
Retirement benefit debt	922	926
Reserve for stock benefits	65	73
Asset retirement obligations	258	259
Others	13,196	13,134
Total non-current liabilities	70,166	71,195
Total liabilities	159,508	165,358
Net assets		
Shareholders' equity		
Capital	41,654	41,654
Capital surplus	10,488	10,488
Earned surplus	119,016	117,645
Treasury stocks	△311	△2,830
Total shareholders' equity	170,847	166,957
Accumulated other comprehensive income		
Evaluation difference on available-for-sale securities	21,702	22,059
Foreign exchange adjustment amount	345	415
Accumulated adjustment for retirement benefits	1,450	1,417
Total of other accumulated other comprehensive income	23,498	23,892
Non-controlling shareholder stake	2,430	2,413
Total net assets	196,775	193,263
Total liabilities and net assets	356,283	358,621

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income
First Quarter

(Unit: Millions of yen)

	First quarter of previous fiscal year (From April 1, 2023 to June 30, 2023)	First quarter of current fiscal year (From April 1, 2024 to June 30, 2024)
Net sales	52,766	53,225
Cost of sales	43,083	41,772
Gross income	9,682	11,453
Selling costs / general and administrative expenses	9,555	10,189
Operating income	127	1,263
Non-operating income		
Interest income	22	29
Dividend income	513	541
Exchange gain	682	348
Investment gain on equity method	-	8
Rent received	31	44
Others	416	147
Total non-operating income	1,664	1,121
Non-operating expenses		
Interest expense	231	232
Investment loss on equity method	33	-
Others	162	169
Total non-operating expenses	428	402
Ordinary income	1,363	1,982
Extraordinary income		
Gain on sales of non-current assets	1	34
Gain on sales of investment securities	4,241	-
Total extraordinary income	4,243	34
Extraordinary loss		
Loss on removal of non-current assets	163	175
Total extraordinary losses	163	175
Net income before income taxes	5,443	1,841
Corporate tax, resident tax and business tax	809	432
Corporate tax adjustment	△607	671
Total corporate taxes	202	1,104
Net income	5,240	737
Net income attributable to non-controlling shareholders	57	51
Quarterly profit attributable to owners of parent	5,183	686

Quarterly Consolidated Comprehensive Profit
First Quarter

(Unit: Millions of yen)

	First quarter of previous fiscal year (From April 1, 2023 to June 30, 2023)	First quarter of current fiscal year (From April 1, 2024 to June 30, 2024)
Net income	5,240	737
Other comprehensive income		
Evaluation difference on available-for-sale securities	△846	355
Foreign exchange adjustment amount	△31	54
Adjustment amount for retirement benefits	19	△32
Amount equivalent to equity in equity-method affiliates	2	16
Total other comprehensive income	△856	394
Comprehensive income	4,384	1,131
(Breakdown)		
Quarterly comprehensive income for parent company shareholders	4,327	1,080
Quarterly comprehensive income for non-controlling shareholders	57	51

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

Treasury stock increased by 2,518 million yen (decrease in shareholders' equity) during the first quarter of the current fiscal year, mainly due to the acquisition of treasury stock in accordance with the resolution of the Board of Directors meeting held on May 14, 2024.

Treasury stock amounted to 2,830 million yen at the end of the first quarter of the current fiscal year.

(Notes on Changes in Accounting Policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022. Hereinafter referred to as the "Revised 2022 Accounting Standard") is applied from the beginning of the first quarter of the current fiscal year.

With respect to the revision regarding the classification of income taxes (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of paragraph 20-3 of the Revised 2022 Accounting Standard and paragraph 65-2-(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "Revised 2022 Guidance") were applied. This change has no impact on the quarterly consolidated financial statements.

In addition, the Company has adopted the Revised 2022 Guidance related to the revision of the treatment in consolidated financial statements of the deferral for tax purposes of gains or losses on sales of investments in subsidiaries among consolidated companies, effective from the beginning of the first quarter of the current fiscal year. The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous fiscal year, respectively, have been prepared on a retrospective basis. This change has no impact on the quarterly consolidated financial statements of the previous quarter or the consolidated financial statements the previous fiscal year.

(Segment Information, etc.)

I First Quarter of Previous Fiscal Year (April 1, 2023 - June 30, 2023)

Information About Amounts of Sales and Income or Loss by Reportable Segment

(Unit: million yen)

	Reportable segments							Note 1 Adjustment amount	Note 2 Amount recorded in quarterly consolidated statement of income
	Cement	Mineral resources	Cement- related products	Opto- electronics	Advanced materials	Others	Total		
Net sales									
(1) Net sales to external customers	37,617	3,499	4,816	492	5,413	927	52,766	-	52,766
(2) Intersegment net sales and transfer	827	1,120	477	2	-	1,520	3,948	△3,948	-
Total	38,445	4,619	5,293	495	5,413	2,447	56,714	△3,948	52,766
Segment income / loss (△)	△2,069	709	117	△83	974	397	47	79	127

(Note) 1. Segment profit/loss adjustment of 79 million yen is intersegment transaction elimination.

2. Segment profit/loss is under adjustment with operating income of the quarterly consolidated statement of income

II First Quarter of Current Fiscal Year (April 1, 2024 - June 30, 2024)

1. Information About Amounts of Sales and Income or Loss by Reportable Segment

(Unit: million yen)

	Reportable segments							Note 1	Note 2
	Cement	Mineral resources	Cement-related products	Opto-electronics	Advanced materials	Others	Total	Adjustment amount	Amount recorded in quarterly consolidated statement of income
Net sales									
(1) Net sales to external customers	38,481	4,341	5,448	601	3,427	925	53,225	-	53,225
(2) Intersegment net sales and transfer	922	762	698	-	-	1,231	3,615	△3,615	-
Total	39,403	5,104	6,147	601	3,427	2,157	56,840	△3,615	53,225
Segment income / loss (△)	△372	841	196	△151	382	414	1,312	△48	1,263

(Note) 1. Segment profit/loss adjustment of △48 million yen is intersegment transaction elimination.

2. Segment profit/loss is under adjustment with operating income of the quarterly consolidated statement of income

2. Matters related to changes in reportable segments, etc.

Effective from the first quarter of the current fiscal year, the Company's subsidiary Chiyoda Engineering Co., Ltd. has changed its reportable segment classification from "Other" to "Cement".

The segment information for the first quarter of the previous fiscal year is presented based on the classification after the change.

(Notes on Quarterly Consolidated Statement of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the first quarter of the current fiscal year. Depreciation and amortization (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current fiscal year are as follows

	First quarter of previous fiscal year (From April 1, 2023 to June 30, 2023)	First quarter of current fiscal year (From April 1, 2024 to June 30, 2024)
Depreciation	4,937 million yen	5,160 million yen
Amortization of goodwill	7 million yen	7 million yen

3. Supplementary Information

(1) Consolidated Segment of Profit and Loss (Period Comparison)

(Unit: million yen)

	First quarter of previous fiscal year	First quarter of current fiscal year	Change from the same period of the previous year	Percentage change from the same period of the previous year (%)
Cement business	37,617	38,481	863	2.3
Mineral resources business	3,499	4,341	842	24.1
Cement-related products business	4,816	5,448	632	13.1
Optoelectronics business	492	601	108	22.1
Advanced materials business	5,413	3,427	△1,985	△36.7
Other businesses	927	925	△1	△0.2
Net sales for external customers	52,766	53,225	459	0.9
Cement business	△2,069	△372	1,696	-
Mineral resources business	709	841	132	18.7
Cement-related products business	117	196	79	67.2
Optoelectronics business	△83	△151	△68	-
Advanced materials business	974	382	△592	△60.7
Other businesses	397	414	17	4.4
Adjustment amount	79	△48	△128	-
Operating income	127	1,263	1,136	894.1
Non-operating income	1,664	1,121	△543	△32.6
Non-operating expenses	428	402	△25	△6.1
Non-operating profit/loss	1,236	719	△517	△41.8
Ordinary income	1,363	1,982	619	45.4
Extraordinary income	4,243	34	△4,209	△99.2
Extraordinary loss	163	175	12	7.4
Extraordinary profit/loss	4,079	△141	△4,221	-
Quarterly profit attributable to owners of parent	5,183	686	△4,497	△86.8