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Sumitomo Osaka Cement Co., Ltd

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

(November 12, 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 submit the Semi-annual Report: November 13, 2024
 Scheduled date to commence dividend payments: December 3, 2024
 Availability of preparation of supplementary explanatory materials for financial results: Available
 Availability to hold financial briefings: Yes (for analysts)
 (Figures are rounded down to the nearest million yen)

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

(1) Consolidated Operating Results (Cumulative)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Half of Fiscal Year Ending March 31, 2025	108,613	(1.1)	2,280	24.0	2,124	(20.6)	943	(84.0)
First Half of Fiscal Year Ended March 31, 2024	109,786	14.8	1,838	-	2,676	-	5,878	-

(Note) Comprehensive profit First Half of Fiscal Year Ending March 31, 2025 665 million yen [(88.5%)]
 First Half of Fiscal Year Ended March 31, 2024 5,799 million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
First Half of Fiscal Year Ending March 31, 2025	28.06	-
First Half of Fiscal Year Ended March 31, 2024	171.61	-

(2) Consolidated Financial Status

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
First Half of Fiscal Year Ending March 31, 2025	358,326	190,320	52.4
FY ended March 31, 2024	356,283	196,775	54.5

(Reference) Equity First Half of Fiscal Year Ending March 31, 2025 187,876 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	-	60.00			
End of March 31, 2025 (forecast)			-	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 parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	223,800	0.6	8,400	15.8	8,300	(2.1)	7,800	(49.2)	234.12

(Note) Revision of dividend forecast from the most recently announced earnings forecasts: Yes

*Notes

- (1) Significant changes in the scope of consolidation during the first half of the fiscal year under review : None

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

- (2) Application of Special Accounting Methods for Preparation of Semi-annual 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
- ② Changes in accounting policies other than ① : 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)	First Half of Fiscal Year Ending March 31, 2025	34,329,517	FY ended March 31, 2024	34,329,517
② Number of treasury stock at the end of the period	First Half of Fiscal Year Ending March 31, 2025	1,359,272 shares	FY ended March 31, 2024	81,351 shares
③ Average number of shares during the period (shares)	First Half of Fiscal Year Ending March 31, 2025	33,613,013	1H FY ended March 31, 2024	34,252,212

* The semi-annual financial reports are outside of the scope of review by certified public accountants and audit corporations

* Explanation for the appropriate use of performance 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 "(3) Qualitative Information on Consolidated Earnings Forecasts and Other Forward-Looking Statements" in "1. Qualitative Information on Semi-annual Results" on page 3 of the attached materials for information on the above earnings forecasts.

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1. Qualitative Information on Semi-annual Results

(1) Qualitative Information on Consolidated Operating Results

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

In the cement industry, domestic demand for cement was 16,342 thousand tons, down 6.0% from the same period of the previous year, due to a labor shortage and over-time work regulations in the construction and logistics industries. Exports, on the other hand, grew 22.8% year on year.

As a result, the total sales volume of domestic manufacturers, including exports, was down 1.5% from the previous fiscal year to 20,385 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 period under review totaled 108,613 million yen, down 1,172 million yen year on year, and ordinary income came to 2,124 million yen, down 551 million yen year on year. Net income attributable to owners of parent was 943 million yen, down 4,935 million yen year on year.

Segment results are as follows.

Effective from the beginning of the first half 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 domestic selling price was raised in response to a cost increase, the domestic sales volume was lower than the same period of the previous term, and electricity purchase prices fell in the electricity supply business, resulting in sales of 77,597 million yen, down 692 million yen (0.9%) from the previous term, and an operating loss of 1,665 million yen. However, due to the improved manufacturing costs, profit increased 1,373 million yen year on year.

2 Mineral Resources

Thanks to an increase in the sales volume of limestone for overseas, net sales were 8,793 million yen, an increase of 1,525 million yen (21.0%) from the same period of the previous fiscal year. However, operating income was 1,623 million yen, a deterioration of 5 million yen (0.4%) from the same period of the previous fiscal year, mainly due to an increase in mining and other costs.

3 Cement-Related Products

Net sales grew 1,322 million yen (12.6%) year on year to 11,855 million yen due to an increase in ground improvement work, and higher sales volume of concrete structure repair and reinforcement materials. Operating income was 783 million yen, an increase of 194 million yen (33.1%) year on year.

4 Optoelectronics

Net sales were 1,149 million yen, mostly unchanged from the same period of the previous fiscal year. Operating loss was 250 million yen, a deterioration of 83 million yen from the same period of the 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 were 7,328 million yen, down 3,316 million yen (31.2%) from the same period of the previous term. Operating income was 981 million yen, a decrease of 887 million yen (47.5%) from the same period of the previous fiscal year.

6 Others

The number of real estate rental properties decreased and repair costs increased, and net sales were 1,888 million yen, down 9 million yen (0.5%) from the same period of the previous term. Operating income was 749 million yen, a decrease of 91 million yen (10.9%) from the same period of the previous fiscal year.

(2) Qualitative Information on Consolidated Fiscal Position

Total assets at the end of the first half of the current fiscal year were 358,326 million yen, up 2,042 million yen from the end of the previous fiscal year. The main changes were a 2,927 million yen decrease in cash and deposits, a 603 million yen increase in raw materials and supplies, and a 4,407 million yen increase in tangible non-current assets.

Total liabilities amounted to 168,006 million yen, up 8,497 million yen from the end of the previous fiscal year. The main changes were a 5,000 million yen increase in commercial paper and a 5,000 million yen increase in corporate bonds.

Net assets totaled 190,320 million yen, down 6,455 million yen from the end of the previous fiscal year. The main changes were a 1,114 million yen decrease in earned surplus and a 4,995 million yen decrease due to the purchase of treasury stock.

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

The previous full-year consolidated earnings forecast (published on May 14, 2024) is under review. For details, please refer to “Notice regarding the difference between the second quarter (interim) earnings forecast and actual results for the fiscal year ending March 2025 and the revision of the full-year earnings forecast” announced today (November 12, 2024).

2. Notes on Semi-annual Consolidated Financial Statements and Principal

(1) Semi-annual Consolidated Balance Sheet

(Unit: Millions of yen)

	Previous consolidated fiscal period (March 31, 2024)	First half of consolidated fiscal period under review (September 30, 2024)
Assets		
Current assets		
Cash and deposits	18,724	15,797
Bills receivable and accounts receivable	43,334	43,218
Electronically recorded monetary claims	8,829	9,338
Goods and products	11,721	11,480
Work in process	94	370
Raw materials and supplies	23,771	24,375
Short-term loans receivable	380	370
Others	2,334	2,775
Allowance for doubtful accounts	(38)	(45)
Total of current assets	109,155	107,680
Non-current assets		
Tangible non-current assets		
Buildings and structures	180,341	183,826
Accumulated depreciation	(130,629)	(132,064)
Buildings and structures (net amount)	49,712	51,761
Machinery and equipment	492,651	502,464
Accumulated depreciation	(428,582)	(434,899)
Machinery and equipment (net amount)	64,068	67,564
Land	39,084	39,075
Construction in progress	12,962	11,619
Others	39,949	40,613
Accumulated depreciation	(21,279)	(21,726)
Others (net amount)	18,669	18,886
Total tangible non-current assets	184,499	188,906
Intangible assets		
Goodwill	63	47
Others	3,580	3,340
Total intangible assets	3,643	3,388
Investment and other assets		
Investment securities	44,850	44,307
Long-term loans	4,531	4,265
Deferred tax assets	994	1,071
Assets related to retirement benefits	3,803	3,894
Others	4,927	4,895
Allowance for doubtful accounts	(121)	(82)
Total investment and other assets	58,985	58,351
Total non-current assets	247,128	250,646
Total assets	356,283	358,326

(Unit: Millions of yen)

	Previous consolidated fiscal period (March 31, 2024)	First half of consolidated fiscal period under review (September 30, 2024)
Liabilities		
Current Liabilities		
Notes and accounts payable	30,801	34,851
Electronically recorded liabilities	2,828	3,345
Short-term borrowings	25,273	24,782
Commercial paper	-	5,000
Long-term borrowings to be repaid within a year	8,228	8,007
Income taxes payable	3,032	1,147
Bonus reserve	2,538	2,627
Others	16,639	15,363
Total of current liabilities	89,342	95,124
Non-current debt		
Corporate bonds	20,000	25,000
Long-term borrowings	26,027	23,526
Deferred tax liabilities	9,570	9,162
Reserve for retirement benefits for directors	122	120
Reserve for PCB waste disposal cost	2	1
Retirement benefit debt	922	968
Reserve for stock benefits	65	68
Asset retirement obligations	258	261
Others	13,196	13,772
Total fixed liabilities	70,166	72,882
Total liabilities	159,508	168,006
Net assets		
Shareholders' equity		
Capital	41,654	41,654
Capital surplus	10,488	10,488
Earned surplus	119,016	117,902
Treasury stocks	(311)	(5,307)
Total shareholders' equity	170,847	164,736
Accumulated other comprehensive income		
Evaluation difference on available-for-sale securities	21,702	21,147
Foreign exchange adjustment amount	345	607
Accumulated adjustment for retirement benefits	1,450	1,384
Total of other accumulated comprehensive income	23,498	23,139
Non-controlling shareholder stake	2,430	2,443
Total net assets	196,775	190,320
Total liabilities and net assets	356,283	358,326

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income

Semi-annual Consolidated Statement of Income

	(Unit: Millions of yen)	
	First-half of previous fiscal year (From April 1, 2023 to September 30, 2023)	First half of current fiscal year (From April 1, 2024 to September 30, 2024)
Net sales	109,786	108,613
Cost of sales	88,816	86,034
Gross income	20,969	22,579
Selling costs / general and administrative expenses	19,130	20,299
Operating income	1,838	2,280
Non-operating income		
Interest income	58	77
Dividend income	788	733
Exchange gain	323	-
Investment gain on equity method	28	-
Rent received	62	95
Others	517	279
Total non-operating income	1,778	1,186
Non-operating expenses		
Interest expense	445	471
Foreign exchange loss	-	285
Investment loss on equity method	-	216
Others	495	368
Total non-operating expenses	941	1,342
Ordinary income	2,676	2,124
Extraordinary income		
Gain on sales of non-current assets	6	43
Gain on sales of investment securities	4,241	0
Total extraordinary income	4,247	43
Extraordinary loss		
Loss on removal of non-current assets	287	244
Loss on sales of fixed assets	-	1
Impairment loss	-	14
Total extraordinary losses	287	260
Net income before income taxes	6,636	1,907
Corporate tax, resident tax and business tax	1,390	1,088
Corporate tax adjustment	(723)	(205)
Total corporate taxes	666	882
Net income	5,969	1,024
Net income attributable to non-controlling shareholders	91	81
Net income attributable to owners of parent	5,878	943

Semi-annual Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	First-half of previous fiscal year (From April 1, 2023 to September 30, 2023)	First half of current fiscal year (From April 1, 2024 to September 30, 2024)
Net income	5,969	1,024
Other comprehensive income		
Evaluation difference on available-for-sale securities	(295)	(555)
Foreign exchange adjustment amount	46	169
Adjustment amount for retirement benefits	19	(65)
Amount equivalent to equity in equity-method affiliates	59	92
Total other comprehensive income	(170)	(358)
Comprehensive income	5,799	665
(Breakdown)		
Comprehensive income for parent company shareholders	5,707	584
Comprehensive income for non-controlling shareholders	91	80

(3) Semi-annual Consolidated Statement of Cash Flow

(Unit: Millions of yen)

	First-half of previous fiscal year (From April 1, 2023 to September 30, 2023)	First half of current fiscal year (From April 1, 2024 to September 30, 2024)
Cash flow from operating activities		
Net income before income taxes	6,636	1,907
Depreciation	10,098	10,639
Impairment loss	-	14
Amortization of goodwill	15	15
Increase/ (decrease) in allowance for doubtful accounts	(3)	(29)
Interest and dividend income	(846)	(811)
Interest expense	445	471
Foreign exchange (gain)/loss	(264)	164
Equity in losses(earnings) of affiliates	(28)	216
(Gain)/loss on sales of fixed assets	(6)	(41)
(Gain)/loss on sales of investment securities	(4,241)	(0)
(Increase)/decrease in trade receivables	(3,084)	370
(Increase)/decrease in inventories	9,444	(637)
Increase/(decrease) in accounts payable	924	4,560
Others	1,065	(4,260)
Subtotal	20,155	12,581
Amount of interest and dividends received	846	810
Amount of interest paid	(416)	(466)
Amount of corporate tax, etc. paid	(1,101)	(2,734)
Cash flow from operating activities	19,484	10,190
Cash flow from investing activities		
Expenditure for acquisition of fixed assets	(14,907)	(13,071)
Proceeds from sales of fixed assets	31	66
Payments for acquisition of investment securities	(3)	(3)
Proceeds from sales of investment securities	5,764	0
Expenditure on loans	(421)	(110)
Income from loan collection	132	252
Others	(31)	(23)
Cash flow from investing activities	(9,435)	(12,889)
Cash flow from financing activities		
Net increase/(decrease) in short-term borrowings	(130)	(490)
Income from long-term borrowings	7,700	1,500
Expenditure for repayment of long-term borrowings	(3,777)	(4,222)
Proceeds from issuance of corporate bonds	-	5,000
Expenditure for redemption of bonds	(5,000)	-
Income from issuing commercial paper	17,000	22,000
Expenditure for redemption of commercial paper	(22,000)	(17,000)
Proceeds from sale of treasury stock	53	13
Payment for acquisition of treasury stock	(61)	(5,009)
Dividend payment amount	(2,056)	(2,057)
Amount of dividends paid to non-controlling shareholders	(44)	(67)
Others	22	(42)
Cash flow from financing activities	(8,294)	(376)
Exchange differences on cash and cash equivalents	164	147
Increase/(decrease) in cash and cash equivalents	1,918	(2,927)
Beginning balance of cash and cash equivalents	14,500	18,662
Balance of cash and cash equivalents at end of first half	16,418	15,734

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

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

Treasury stock increased by 4,995 million yen (decrease in shareholders' equity) during the first half 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 5,307 million yen at the end of the first half 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 half 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 semi-annual consolidated financial statements for the first half of the current fiscal year.

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 half of the current fiscal year. The change in accounting policy has been applied retrospectively, and the semi-annual consolidated financial statements and consolidated financial statements for the previous first half and the previous fiscal year, respectively, have been prepared on a retrospective basis. This change has no impact on the semi-annual consolidated financial statements of the previous first half or the consolidated financial statements of the previous fiscal year.

(Segment Information, etc.)

I First Half of Previous Fiscal Year (April 1, 2023 to September 30, 2023)

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 semi-annual consolidated statement of income
Net sales									
(1) Net sales to external customers	78,290	7,268	10,533	1,151	10,645	1,897	109,786	-	109,786
(2) Intersegment net sales and transfer	1,746	2,226	1,129	-	-	3,346	8,449	(8,449)	-
Total	80,037	9,494	11,662	1,151	10,645	5,244	118,235	(8,449)	109,786
Segment income /loss	(3,039)	1,629	588	(167)	1,869	841	1,720	117	1,838

(Note) 1. Segment income/loss adjustment of 117 million yen is intersegment transaction elimination.

2. Segment income/loss is under adjustment with operating income of the semi-annual consolidated statement of income.

II First Half of Current Fiscal Year (April 1, 2024 to September 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 semi-annual consolidated statement of income
Net sales									
(1) Net sales to external customers	77,597	8,793	11,855	1,149	7,328	1,888	108,613	-	108,613
(2) Intersegment net sales and transfer	1,915	1,383	1,318	3	-	2,550	7,171	(7,171)	-
Total	79,513	10,176	13,173	1,153	7,328	4,438	115,784	(7,171)	108,613
Segment income /loss	(1,665)	1,623	783	(250)	981	749	2,221	59	2,280

(Note) 1. Segment income/loss adjustment of 59 million yen is intersegment transaction elimination.

2. Segment income/loss is under adjustment with operating income of the semi-annual consolidated statement of income.

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

Effective from the beginning of the first half 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 half of the previous fiscal year is presented based on the classification after the change.

3. Supplementary Information

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

(Unit: million yen)

	First-half of previous fiscal year	First half 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	78,290	77,597	(692)	(0.9)
Mineral Resources business	7,268	8,793	1,525	21.0
Cement-Related Products business	10,533	11,855	1,322	12.6
Optoelectronics business	1,151	1,149	(1)	(0.1)
Advanced Materials business	10,645	7,328	(3,316)	(31.2)
Other businesses	1,897	1,888	(9)	(0.5)
Net sales for external customers	109,786	108,613	(1,172)	(1.1)
Cement business	(3,039)	(1,665)	1,373	-
Mineral Resources business	1,629	1,623	(5)	(0.4)
Cement-Related Products business	588	783	194	33.1
Optoelectronics business	(167)	(250)	(83)	-
Advanced Materials business	1,869	981	(887)	(47.5)
Other businesses	841	749	(91)	(10.9)
Adjustment amount	117	59	(58)	(49.8)
Operating income	1,838	2,280	441	24.0
Non-operating income	1,778	1,186	(592)	(33.3)
Non-operating expenses	941	1,342	401	42.6
Non-operating income/loss	837	(155)	(993)	-
Ordinary income	2,676	2,124	(551)	(20.6)
Extraordinary income	4,247	43	(4,204)	(99.0)
Extraordinary loss	287	260	(27)	(9.4)
Extraordinary income/loss	3,960	(217)	(4,177)	-
Net income attributable to owners of parent	5,878	943	(4,935)	(84.0)