



1H FY2024 Presentation Material

- Results for 1H FY2024 & Full-Year Forecast -

December 4, 2024

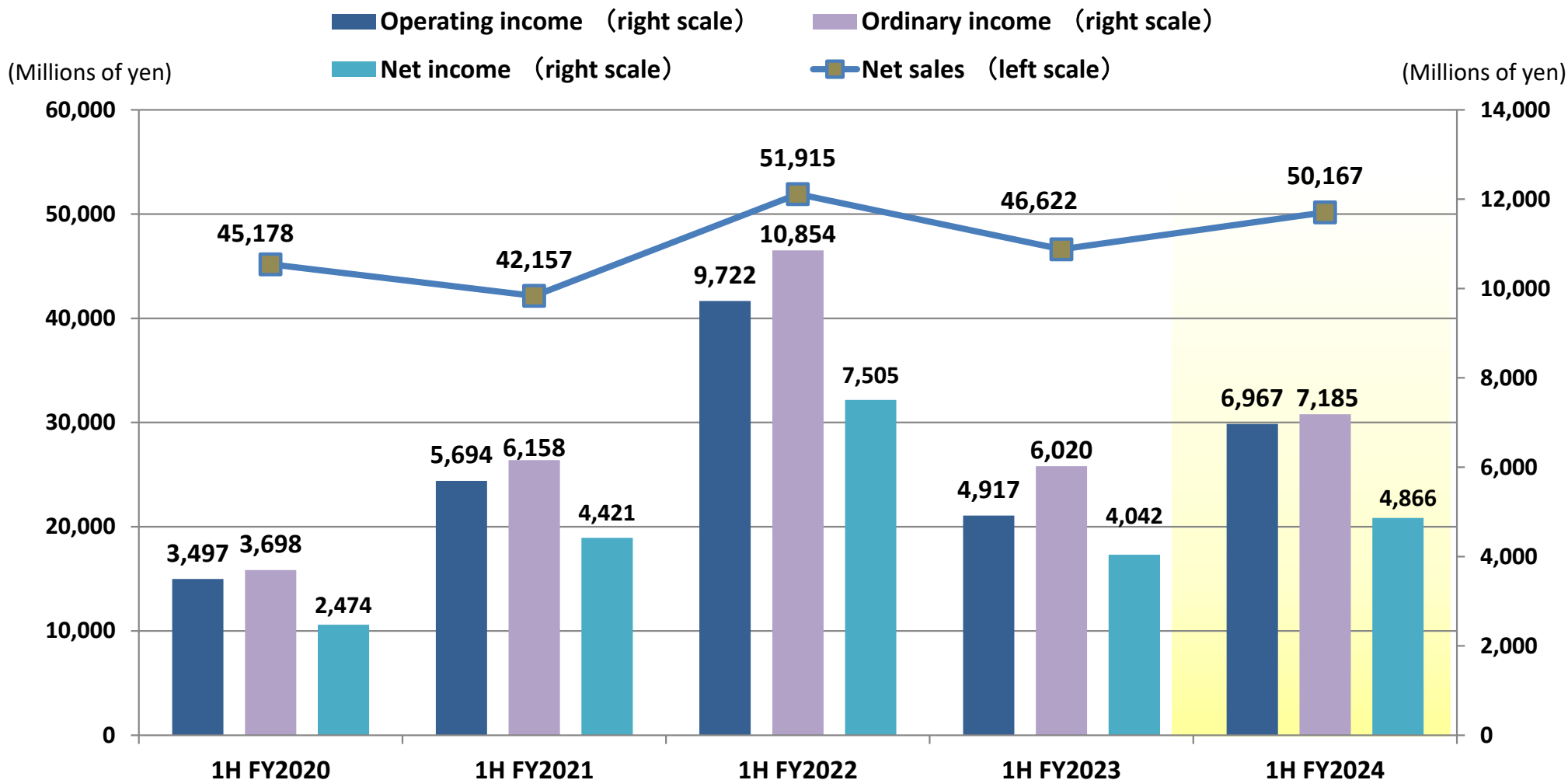
OSAKA SODA CO., LTD.



Results for 1H FY2024

Earnings Trends

- Sales and profits increased YoY due to drastic reduction in the impact of production problems and steady growth in healthcare.
- Second-highest profit ever achieved amid softening market conditions for basic chemicals.



*The Accounting Standard for Revenue Recognition has been applied since FY2021)

Overview of Consolidated Financial Results

- Sales and profits Increased due to elimination of the impact of production problem at the end of June 2024.
- Operating income was generally in line with the initial forecast, with a significant increase YoY.

(Million of yen)	1H FY2023		1H FY2024		Change (YoY)	%Change (YoY)	Initial forecast (B)	Achievement rate	Change (A)-(B)
		to sales	(A)	to sales					
Net sales	46,622	—	50,167	—	3,545	7.6	50,000	100.3	167
Operating income	4,917	10.5	6,967	13.9	2,050	41.7	7,100	98.1	(133)
Ordinary income	6,020	12.9	7,185	14.3	1,165	19.4	7,600	94.5	(415)
Net income	4,042	8.7	4,866	9.7	824	20.4	5,200	93.6	(334)
Earning per share	¥ 31.78	—	¥ 38.36	—	—	—	—	—	—
Overseas sales	14,542	31.2	19,512	38.9	4,970	7.7	—	—	—

Assumptions	1H FY2023	1H FY2024
Average exchange rate	139 Yen	154 Yen
Naphtha price (Yen / KL)	64,500 Yen	79,000 Yen

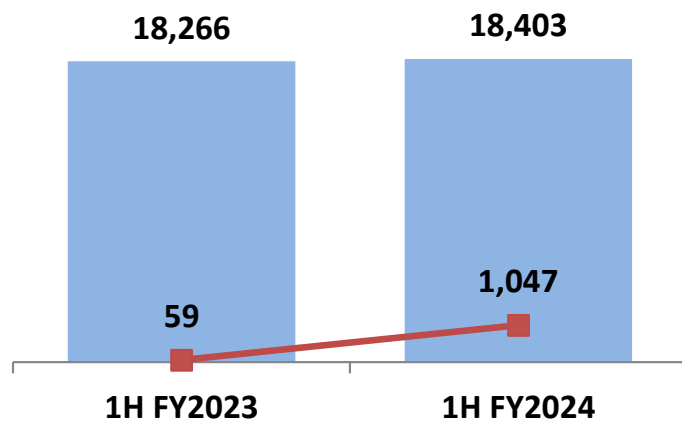
(*) 5-for-1 stock split of common stock, effective October 1, 2024.

Earning per share is calculated on the assuming that the stock split was implemented at the beginning of the previous fiscal year.

Segment (Basic Chemicals)

- **Basic chemicals** : Supply issues due to production problem were resolved at the end of June.
- **Chlor-Alkali and Epichlorohydrin** : Affected by softening market conditions and sluggish demand.

Net sales Operating income
(Millions of yen)

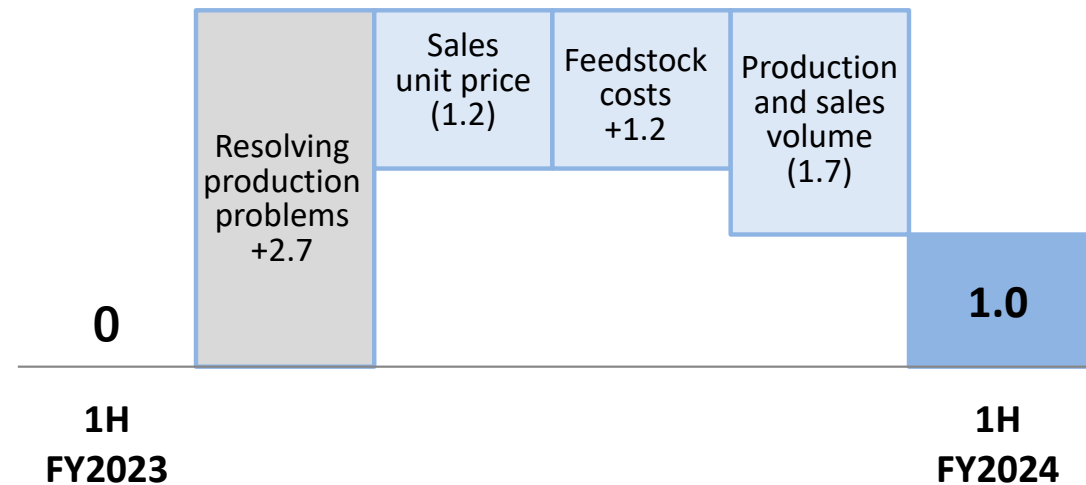


Net sales (up ¥0.1 billion YoY)

Chlor-Alkali	(1.6)
Epichlorohydrin	(1.3)
Resolving production problems	+3.0

Variance (Operating income, YoY)

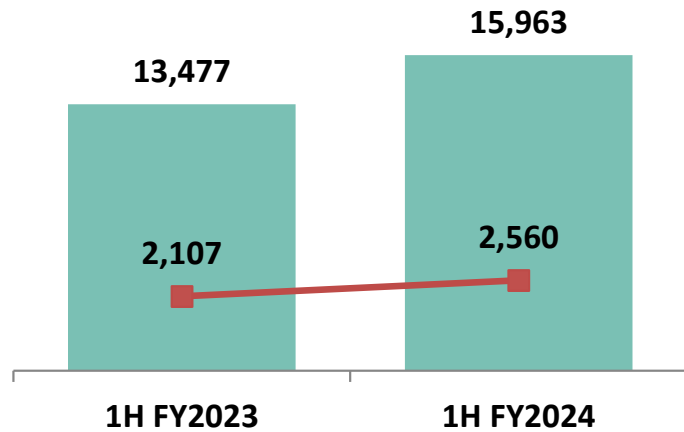
(Billions of yen)



Segment (Functional Chemicals)

- **Synthetic rubber** : Demand for epichlorohydrin rubber increased as an alternative material due to stricter environmental regulations for automotive applications.
- **Synthetic resin** : New adoption of UV inks increased mainly in China.
- **Allyl ethers** : Production problems resolved, demand for silane coupling agents for functional paints remained steady in China.

Net sales (Millions of yen) Operating income (Millions of yen)

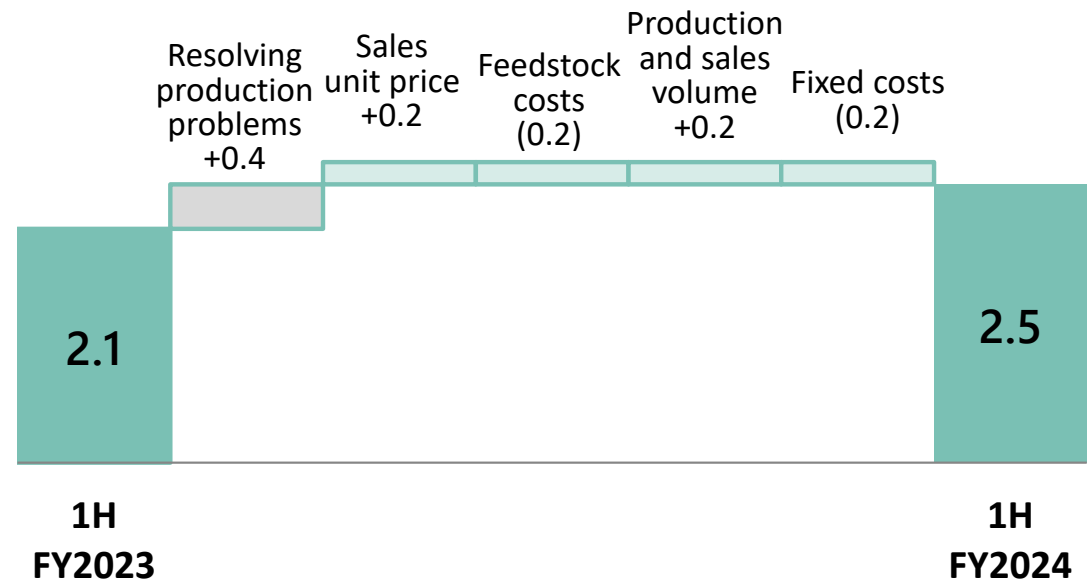


Net sales (up ¥2.5 billion YoY)

Synthetic Rubber / Synthetic Resin	+0.9
Allyl Ethers	+0.8
etc.	+0.3
Resolving production problems	+0.5

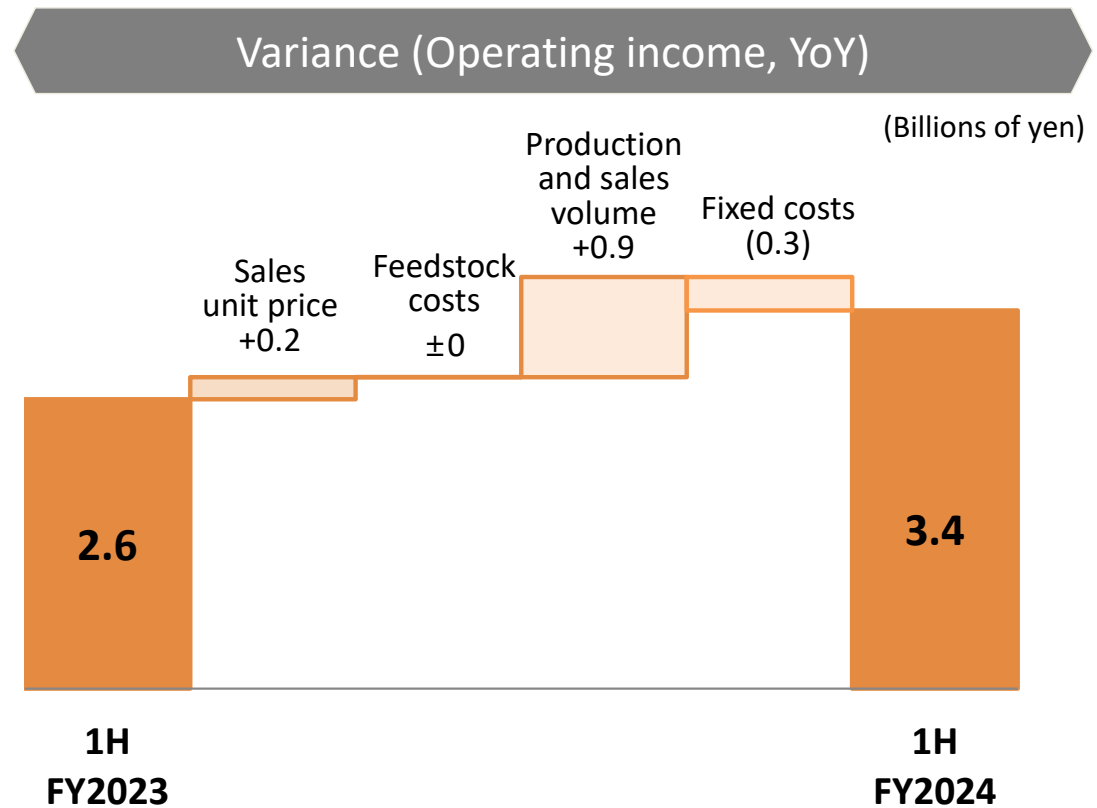
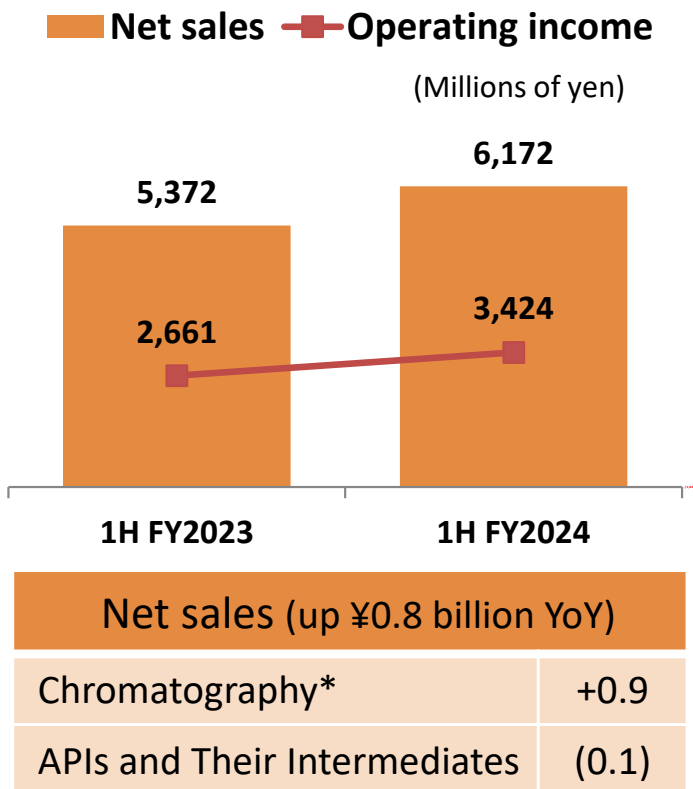
Variance (Operating income, YoY)

(Billions of yen)



Segment (Healthcare)

- **Chromatography** : Demand is expanded for diabetes and obesity medications applications in Europe, the U.S., and Asian markets.
- **APIs and their Intermediates** : Sales of intermediates for the treatment of diabetes complications, muscle disease drug substances expanded, sales of bulk nucleic acid drugs and intermediates for anti-ulcer drugs declined.
- **New silica gel manufacturing facility** : Completed as planned in September 2024.(Matsuyama)



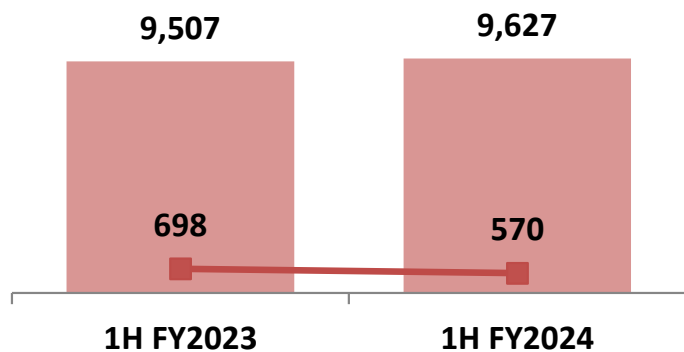
* Pharmaceutical purification materials(Silica gel), analytical equipment, packed columns

Segment (Trading and Others)

- **Functional Products** : Demand recovered mainly for electronic materials and automotive products.
- **Consumer Products** : Sales of building materials increased.
- Affected by the withdrawal of the plant engineering business at FY2022.

■ Net sales ■ Operating income

(Millions of yen)

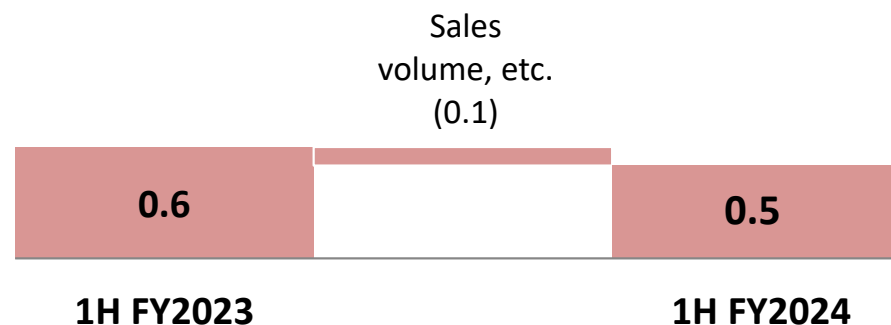


Net sales (up ¥0.1 billion YoY)

Functional Products	+0.3
Building Materials	+0.1
Plant Engineering, etc.	(0.3)

Variance (Operating income, YoY)

(Billions of yen)



Balance Sheet, Statement of Cash Flows

- Maintain a high level of equity ratio in the 70% range.
- Strategic investments such as capacity expansion based on a stable financial position.
- Cash flow from investing activities significantly exceeded YoY levels due to large investments in silica gel manufacturing facilities and core systems.

(Million of yen)	1H FY2023	FY2023	1H FY2024	Change from 1H FY2023
Total assets	146,439	150,541	153,061	2,520
Net assets	105,928	109,765	112,739	2,974
Shareholder's equity ratio	72.3%	72.9%	73.7%	0.8%
Interest-bearing debt	7,673	7,630	7,656	26

(Million of yen)	1H FY2023	FY2023	1H FY2024	Change from 1H FY2023
Cash flows from operating activities	5,149	8,597	10,117	4,968
Cash flow from investing activities	(815)	(4,263)	(4,483)	(3,668)
Cash flow from financing activities	(1,167)	(3,199)	(1,226)	(59)
Cash and cash equivalents	40,450	38,432	42,963	2,513



Forecast for FY2024

Forecast for FY2024

- Plans to achieve record-high operating income and net income for the current fiscal year.
- Concerned about downside risks such as slow economic recovery in China, we have already resolved production problems and plan to continue expanding healthcare business.
- Initial forecast unchanged, factoring in recovery in demand for basic chemicals.

	FY2023		FY2024 Forecast		Change (YoY)	
	(Million of yen)	To sales (%)		To sales (%)	Amount	Percentage (%)
Net sales	94,557	—	103,000	—	8,443	8.9
Operating income	10,492	11.1	16,000	15.5	5,508	52.5
Ordinary income	12,008	12.7	16,800	16.3	4,792	39.9
Net income	7,650	8.1	11,500	11.2	3,850	50.3
Earning per share	60.17 yen	—	90.65 yen	—	—	—
Overseas sales	32,327	34.2	39,200	38.0	6,873	3.9

Assumptions		FY2023	FY2024 Forecast
Average exchange rate	Yen / USD	143 Yen	144 Yen
	Yen / Euro	155 Yen	158 Yen
Naphtha price	(Yen / KL)	69,000 Yen	73,000 Yen

(*) 5-for-1 stock split of common stock, effective October 1, 2024. Earning per share is calculated on the assuming that the stock split was implemented at the beginning of the previous fiscal year.

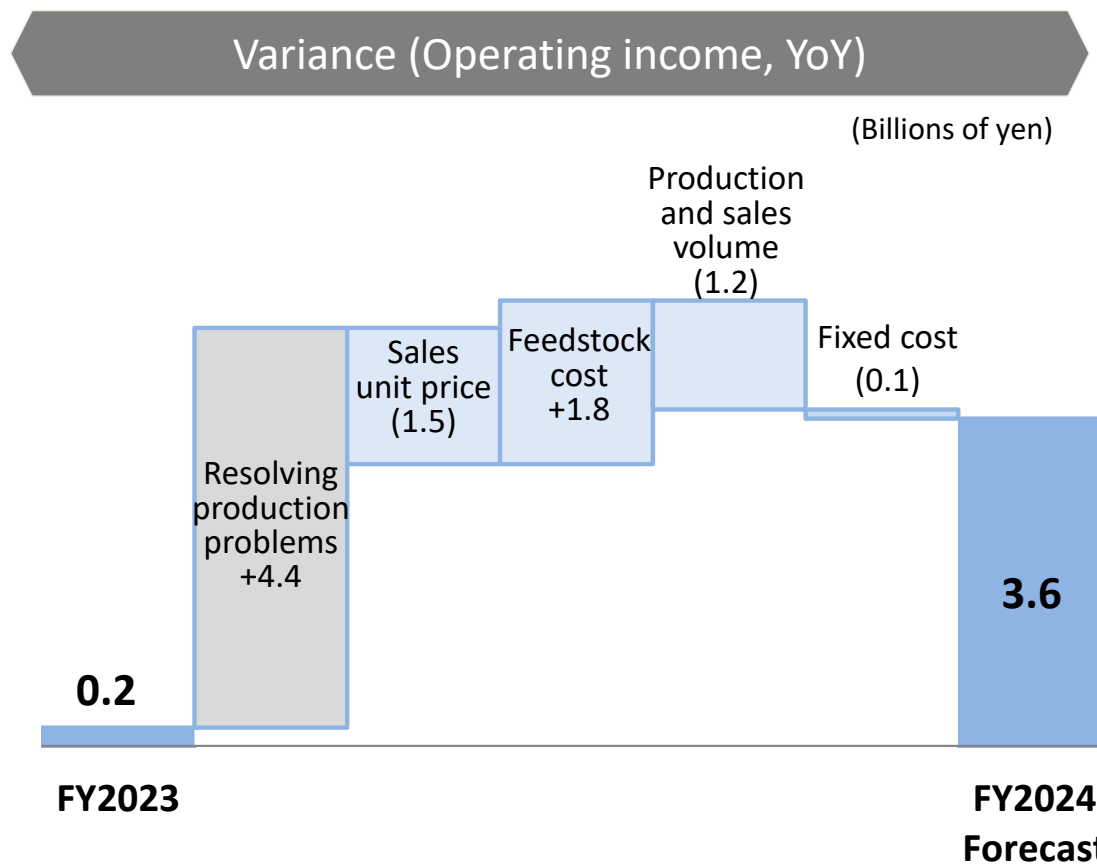
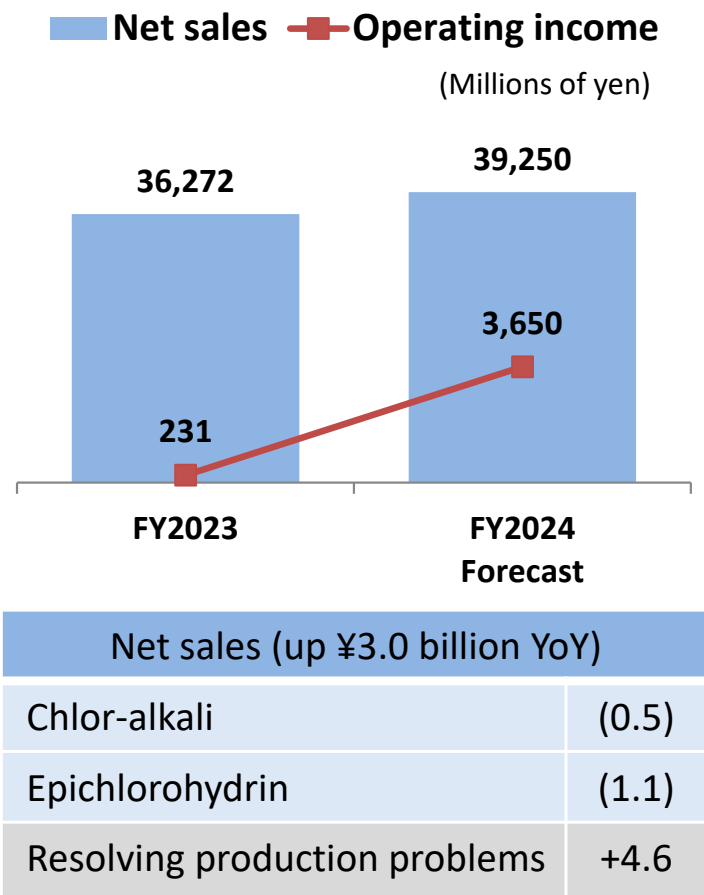
FY2024 Forecast by Segment

- **Basic chemicals** : Recovery of business performance due to resolution of production problems, demand recovery is expected.
- **Functional chemicals** : Strong sales of synthetic rubber and synthetic resins are expected.
- **Healthcare** : Continue to perform strongly from the previous period due to increase demand.

		FY2023			FY2024 Forecast			Change (YoY)		
(Million of yen)		1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Net sales	Basic Chemicals	18,266	18,006	36,272	18,403	20,847	39,250	137	2,841	2,978
	Functional Chemicals	13,477	15,656	29,133	15,963	16,037	32,000	2,486	381	2,867
	Healthcare	5,372	6,496	11,868	6,172	7,128	13,300	800	632	1,432
	Trading and Others	9,507	7,776	17,283	9,627	8,823	18,450	120	1,047	1,167
	Total	46,622	47,935	94,557	50,167	52,833	103,000	3,545	4,898	8,443
Operating income	Basic Chemicals	59	172	231	1,047	2,603	3,650	988	2,431	3,419
	Functional Chemicals	2,107	2,437	4,544	2,560	3,040	5,600	453	603	1,056
	Healthcare	2,661	3,054	5,715	3,424	3,326	6,750	763	272	1,035
	Trading and Others	698	519	1,217	570	680	1,250	(128)	161	33
	Company-wide, eliminations	(609)	(607)	(1,216)	(635)	(615)	(1,250)	(26)	(8)	(34)
	Total	4,917	5,575	10,492	6,967	9,033	16,000	2,050	3,458	5,508

Segment (Basic Chemicals)

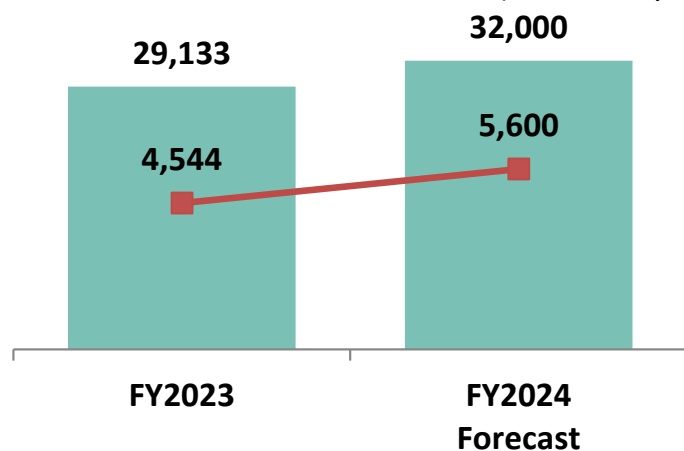
- **Basic chemicals** : Production activities and have normalized, recovery of demand expected.
- **Chlor-alkali** : Strengthen local sales to maintain market share in the recovering domestic demand.
- **Epichlorohydrin** : Focus on improving sales and profitability in response to overseas recovery in demand and market conditions.



Segment (Functional Chemicals)

- **Synthetic rubber:** Epichlorohydrin rubber focuses on capturing demand for alternative materials due to stricter environmental regulations in emerging countries. Acrylic rubber accelerates the acquisition of new adoptions by utilizing production capacity that has been de-bottlenecking in the 1H of the year.
- **Synthetic resin :** Expand market share for UV offset ink, mainly in China
- **Allyl ethers :** Expect demand to recover for silane coupling agents for electronic materials.

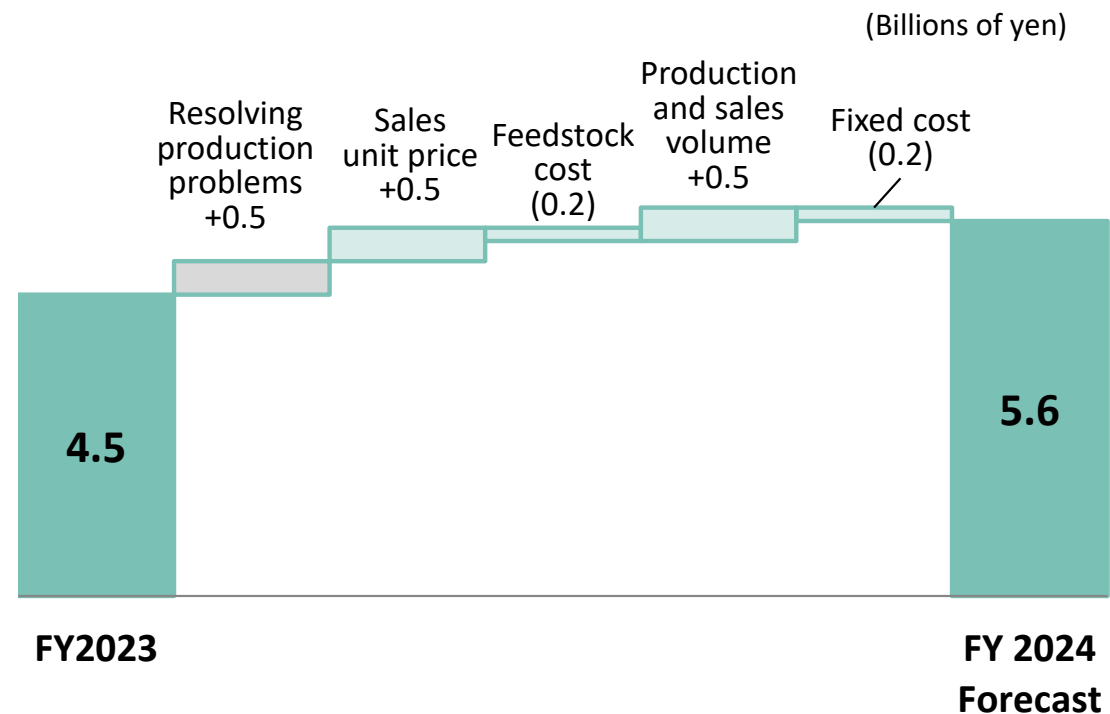
Net sales Operating income
(Millions of yen)



Net sales (up ¥2.9 billion YoY)

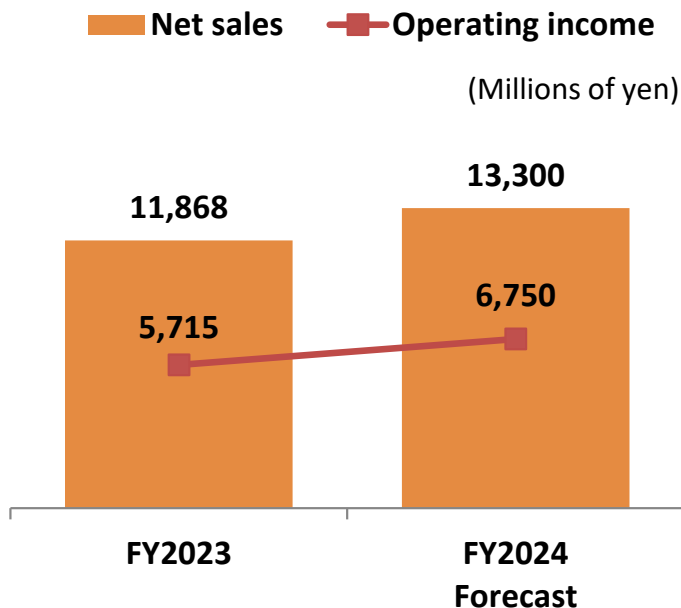
Synthetic rubber/Synthetic resin	+1.4
Allyl ethers	+1.0
Electrodes, etc.	(0.1)
Resolving production problems	+0.6

Variance (Operating income, YoY)



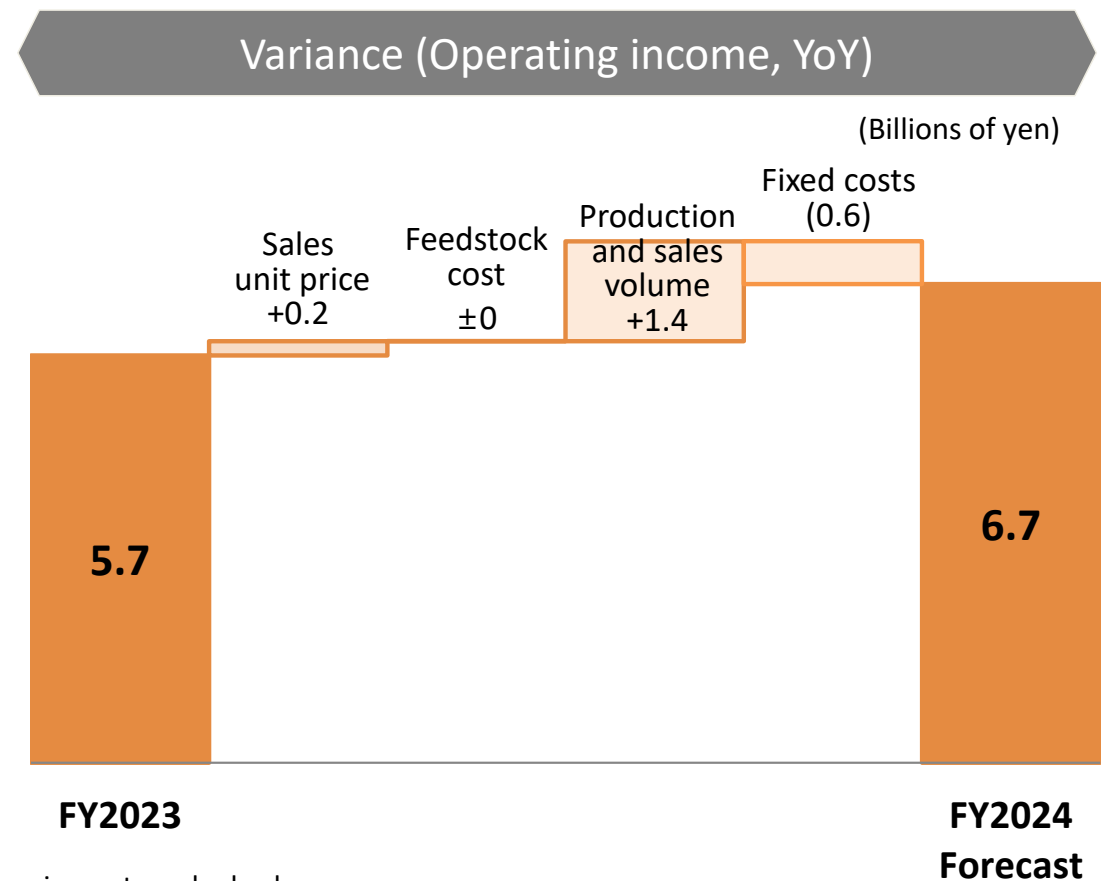
Segment (Healthcare)

- **Chromatography** : Expand sales for diabetes and the rapidly expanding obesity medications. Aim to gain further market share by acquiring new customers, especially in Asia.
- **APIs and their Intermediates** : Capture new demand as active pharmaceutical procurement returns to the domestic market.



Net sales (up ¥1.5 billion YoY)	
Chromatography*	+1.4
APIs and their Intermediates	+0.1

* Pharmaceutical purification materials (silica gel), analytical equipment, packed columns



Segment (Healthcare) Topics

- New silica gel manufacturing facility completed in Matsuyama in September 2024.
- Energy used for manufacturing is carbon neutrality.
- Latest equipment and process automation improved production efficiency.
- Started manufacturing validation samples, aiming for full-scale commercial production in 2026.



Location	77 Kitayoshida-machi, Matsuyama, Ehime
Total floor area	2,400 m ² , 4 floors
Invested capital	Approx. 3 billion yen

Background of the construction

Addressing the rapidly growing demand for diabetes and obesity medications



In response to acceleration of development for obesity medications by pharmaceutical manufacturers, including in emerging markets, we are re-examining medium- to long-term demand.

In addition...

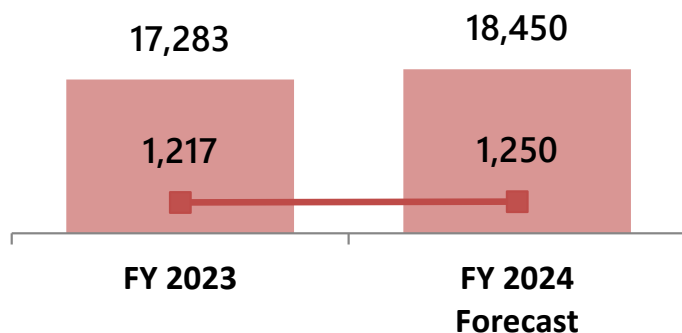
- ✓ **Shortening construction period for Amagasaki 2nd phase expansion**
- ✓ **Starting consideration for next expansion plan**

Segment (Trading and Others)

- **Functional Products** : Expect recovery in demand for glass fiber and other products, especially in the automotive industry.
- **Specialty Polymer Materials**: Expect demand to recover mainly in the automotive and construction applications.
- **Building Materials**: Expect demand to be strong.

Net sales Operating income

(Millions of yen)



Net sales (up ¥1.2 billion YoY)

Functional products	+0.3
Specialty Polymer Materials	+0.2
Building Materials	+0.1
etc.	+0.6

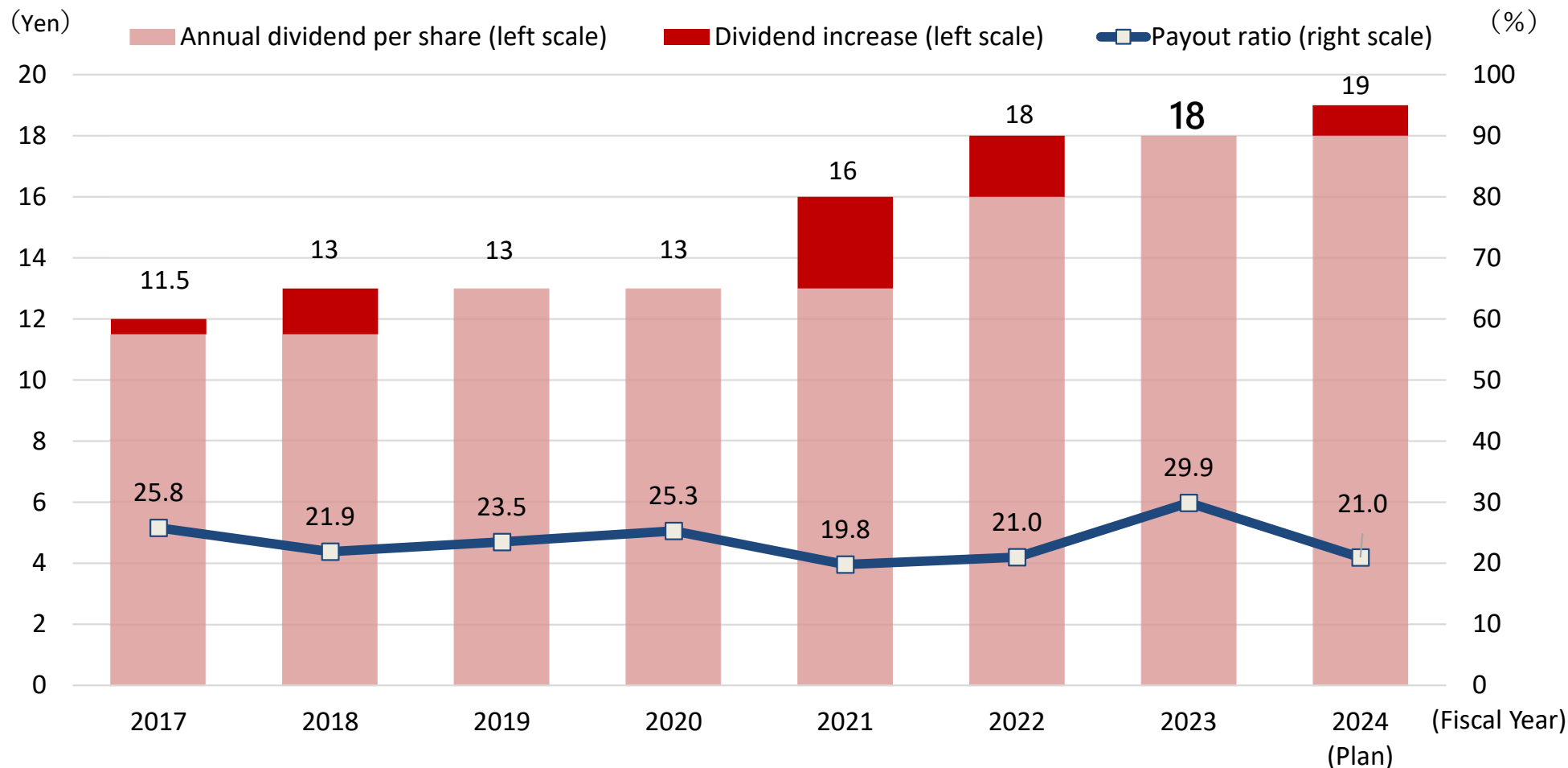
Variance (Operating income, YoY)

(Billions of yen)



Shareholder Returns

- In FY2024, an annual dividend of ¥19* is planned, which is increased from FY2023.
- During the medium-term management plan (2023-2025), we aim to a total shareholder return ratio of 40%.



* Figures for dividend per share is converted after the stock split.(effective October 1, 2024)



Expansion of chromatography business

Chromatography : Development and deployment

- Expansion of portfolio in response to changes in pharmaceutical modality.
- Strengthen product lineup by developing new modified silica gel.
- We will launch of the polymer gel developed through a business alliance with Mitsubishi Chemical Corporation in the current fiscal year.
- Focusing on supercritical fluid chromatography (SFC), which is being established as a new separation method, development is underway.

	Small Molecule	Medium Molecule	Large Molecule
Molecular weight	1,000 or less	Around 1,000 to 10,000	Tens of thousands to hundreds of thousands
Major types of drugs	Infectious diseases Psychiatric and neurological Blood and circulatory system Digestive Hyperlipidemia treatments Respiratory, etc.	[Peptide pharmaceuticals] Antidiabetic Antiobesity Hyperthyroid Osteoporosis Acute heart failure, etc. [Nucleic acid pharmaceuticals] Spinal muscular atrophy Muscular dystrophy, etc.	[Antibody pharmaceuticals] Cancer Lymphoma Hemophilia Asthma Rheumatoid arthritis, etc. [mRNA]
Purification method (Scope)	Distillation, crystallization		
	Liquid chromatography (Separation and purification using silica gel)		
	Liquid chromatography (Chromatographic separation and purification using polymer gel)		
	Supercritical fluid chromatography (SFC)		

Ultra-high Surface Area Silica Gel

- Developed the Silica Gel with the highest specific surface area (approx. 600+ m² per gram)
- Improved the purification efficiency of compounds with small molecule, including hyperlipidemia treatments (EPA) by approx. 30% compared to conventional products.
- Surface modification technology under development for application for SFC.

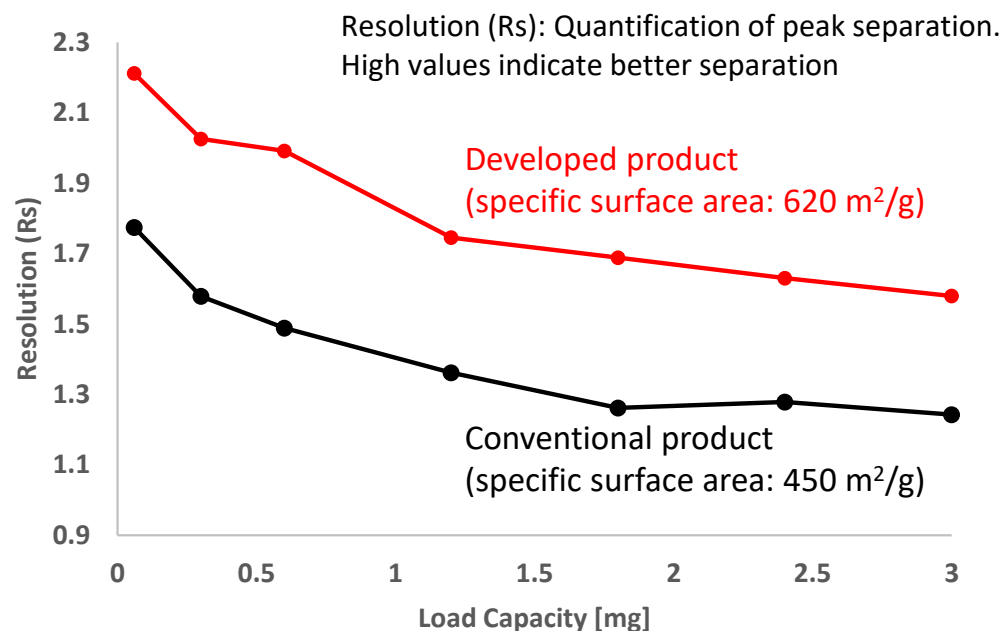
Features of Developed Product

- ✓ The larger the specific surface area, the greater the load capacity for the sample to be separated, improving throughput in the purification process.
- ✓ Pore size of at least 45Å, allowing compounds with small molecule access to the inside, and a specific surface area of at least 600 m²/g

Supercritical Fluid Chromatography (SFC)

- Uses supercritical fluid (such as CO₂) as the mobile phase
- Low viscosity and high diffusivity result in low back pressure, allowing for high-speed separation while maintaining separation performance
- The mobile phase does not use a large amount of solvent, so there is almost no need to remove the solvent after purification

- Maintains high resolution even with increased load capacity
- Contributes to improved productivity in purification of compounds with small molecule



Silica Gel Expansion Plans and Demand Trends

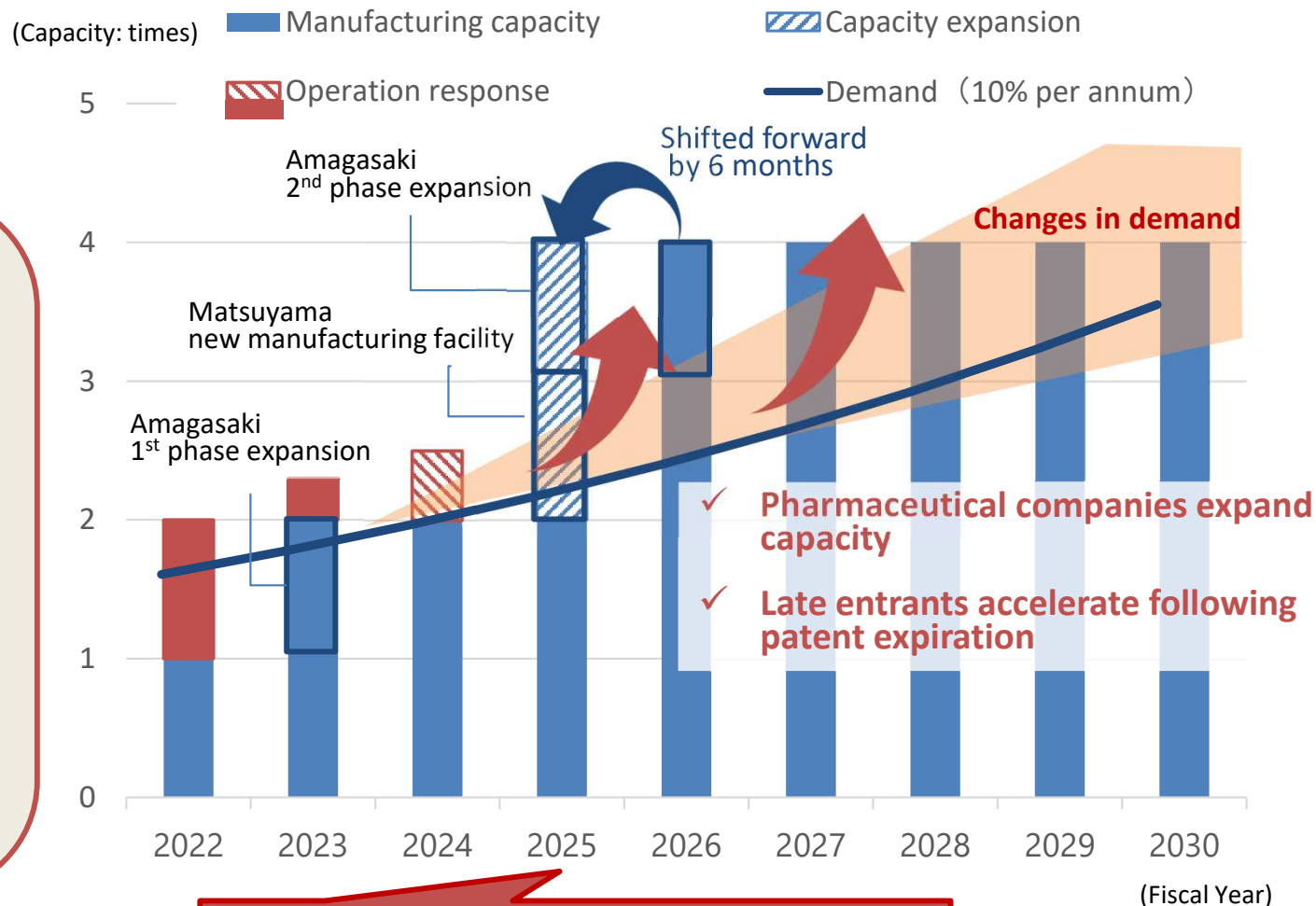
- New silica gel manufacturing facility in Matsuyama aims to speed up validation.
- Amagasaki 2nd phase expansion under consideration to shorten construction period by 6 months.
- We plan to make a decision on the next expansion plan within FY2025.

Demand Environment


- Major expansion of obesity medications is underway at leading pharmaceutical companies in Europe, the U.S. and developing countries.
- Biosimilar development competition intensifies in China and India.



Consider advancing the next expansion plan



Decision planned for the next expansion plan



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