



FY2023 Presentation Material

- Results for FY2023 & Forecast for FY2024 -

May 30, 2024

OSAKA SODA CO., LTD.

Introduction: Progress Report

- Responding to the malfunctions in AC production facilities, promote recovery plans and measures to eliminate production problems.

Situation to Date

	Status of AC production facilities
2023 April 4	Main equipment of Allyl Chloride (AC) manufacturing facility at Mizushima plant was suspended due to malfunctions
May 8	Resume production of some products
June 13	Partial repairs to improve manufacturing capacity to approx. 70%
July 27	Recurrence of malfunctions in main AC production equipment
August 11	Resume production of some products
November 21	Restored of manufacturing capacity to approx. 70% and stable operation continues
2024 End of June	Restoration work of AC production facilities

Progress in strengthening facility management

- Include measures to strengthen facility management in the medium-term management plan “Shape the Future - 2025”
- Selection of the most important equipment that has a significant impact on production, and expansion of spare equipment and parts
- Projects are under way to review the maintenance and investment plans up to FY2025
- Reviewed the proper operating ranges of the equipment where the malfunctions occurred
- Started double-track of AC production facilities, installation of spare equipment, and facility modifications

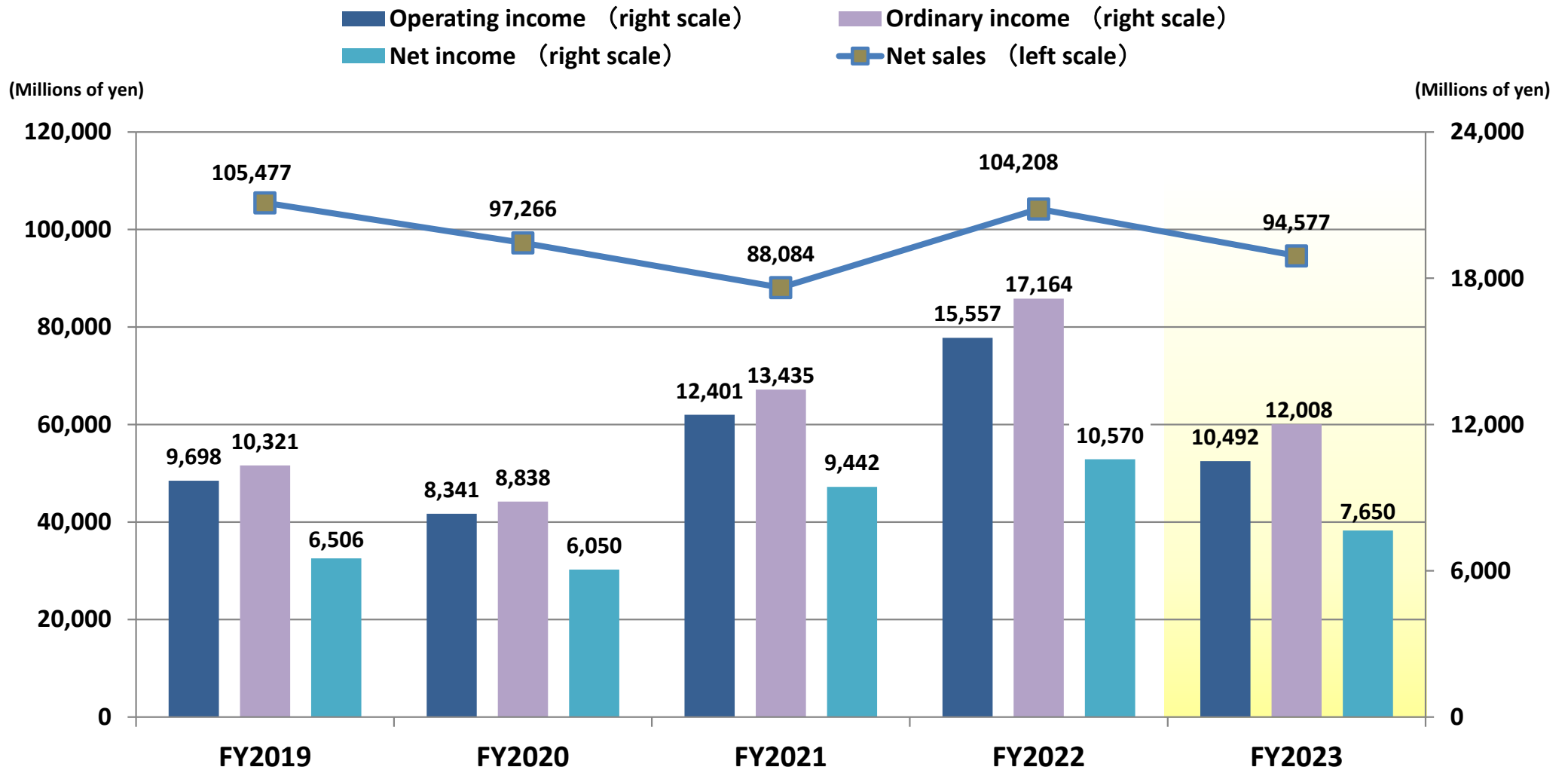
We apologize for any inconvenience and concern this may cause and will continue to work toward a full recovery as soon as possible.



Results for FY2023

Earnings Trends (FY2019 to FY2023)

■ Lower sales and profits due to the impact of malfunctions in AC production facilities and sluggish demand in Japan and overseas throughout the period.



* The accounting standard for revenue recognition has been applied since FY2021

Overview of Consolidated Financial Results

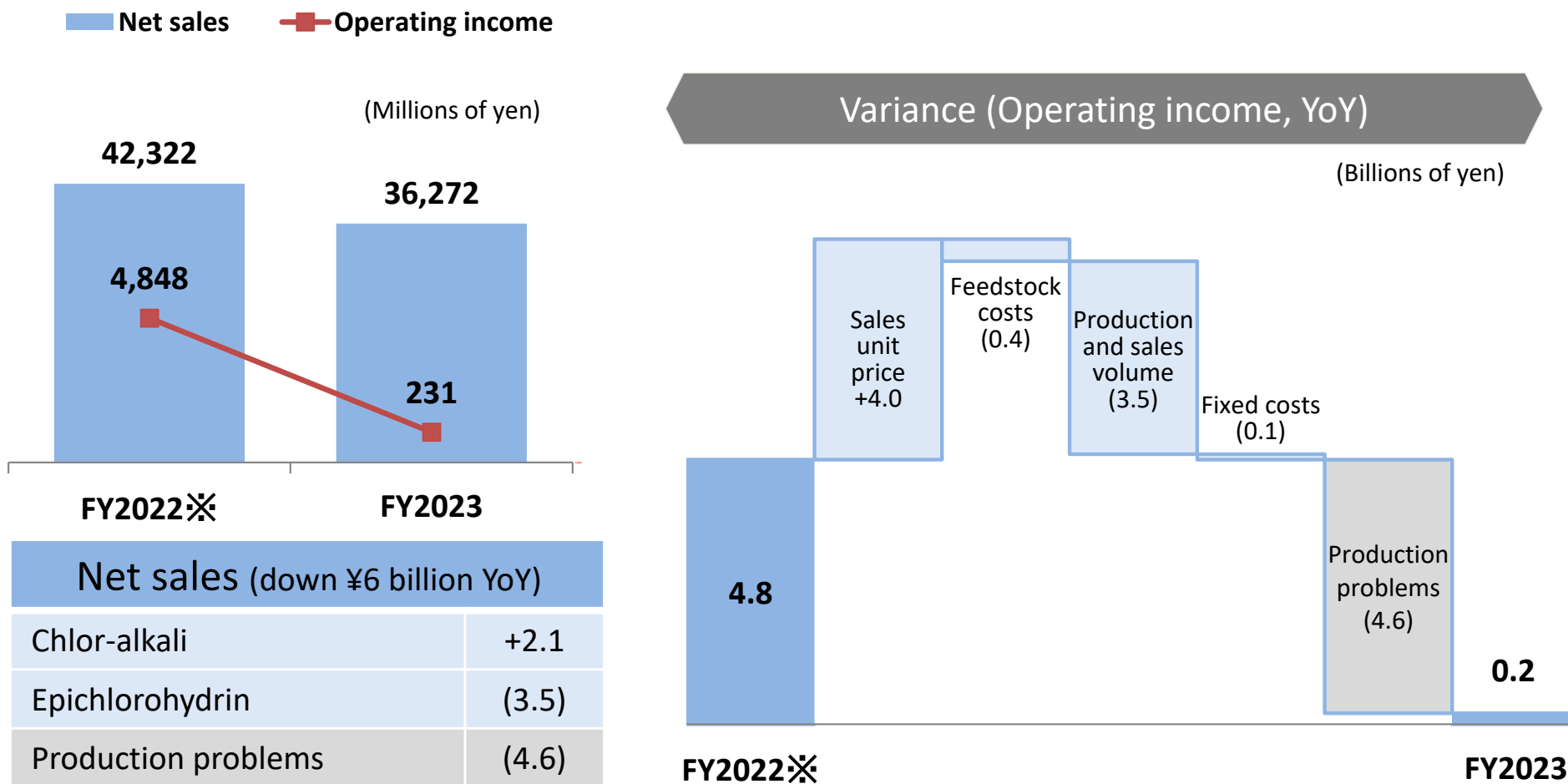
- The impact of production problems was ¥5.2 billion in net sales and ¥5.1 billion in operating income.
- Operating income exceeded ¥10 billion for the third consecutive fiscal year, building a stable earnings base.

(Millions of yen)	FY2022		FY2023		Change (YoY)	%Change (YoY)	Initial forecast (B)	Achievement rate	Change (A)-(B)
		to sales	(A)	to sales					
Net sales	104,208	-	94,557	-	(9,651)	(9.3%)	105,000	90.1%	(10,443)
Operating income	15,557	14.9%	10,492	11.1%	(5,065)	(32.6%)	10,000	104.9%	492
Ordinary income	17,164	16.5%	12,008	12.7%	(5,156)	(30.0%)	11,100	108.2%	908
Net income	10,570	10.1%	7,650	8.1%	(2,920)	(27.6%)	7,500	102.0%	150
Earning per share	¥428.43	-	¥300.84	-	-	-	-	-	-
Overseas sales	39,675	38.1%	32,327	34.2%	(7,348)	(18.5%)	-	-	-

Assumptions		FY2022	FY2023
Average exchange rate	Yen / USD	134 Yen	143 Yen
	Yen / Euro	140 Yen	155 Yen
Naphtha price (Yen / KL)		75,500 Yen	69,000 Yen

Segment (Basic Chemicals)

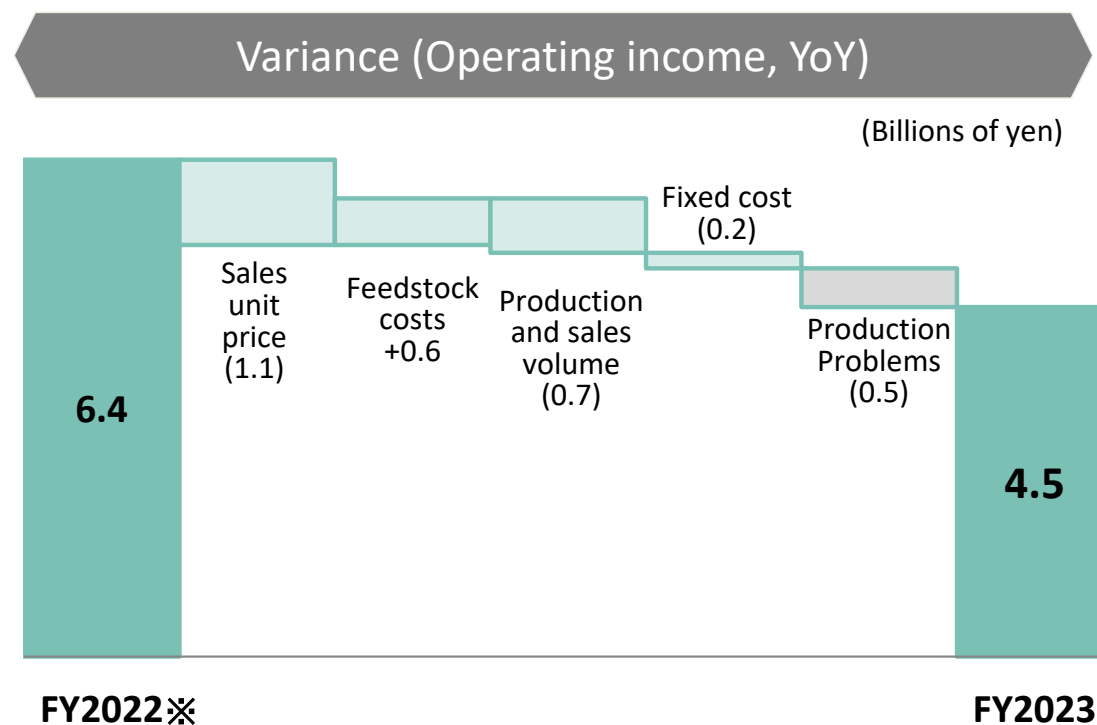
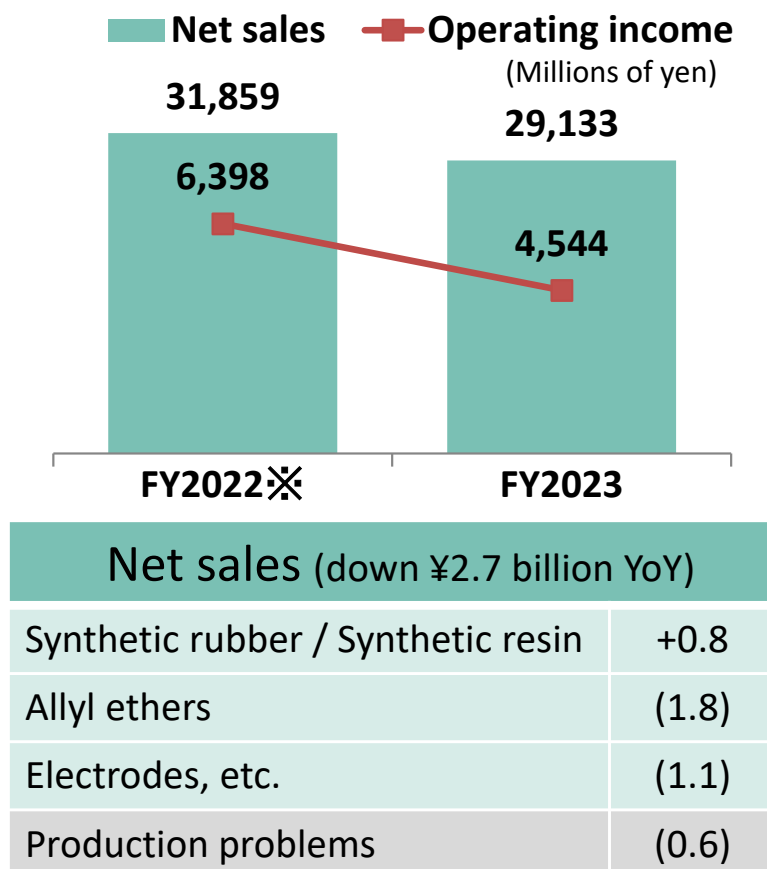
- **Chlor-alkali** : Price revisions due to higher fuel and raw material prices contributed.
- **Epichlorohydrin** : Decreased volume due to the shipping adjustments caused by production problems and the sluggish demand for epoxy resins.



*Figures by segment for FY2022 are approximate figures reclassified into new segment

Segment (Functional Chemicals)

- **Synthetic rubber:** Demand increased with the recovery of automotive production. In acrylic rubber, new adoptions are progressing in Japan and overseas, and growth is centered on Asia.
- **Synthetic resin:** Demand in Japan, Europe, and the U.S. was sluggish, but demand in China was strong.
- **Allyl ethers:** Affected by shipping adjustments caused by production problem, decline in demand for silane coupling agent in the U.S., Europe, and China, and softening market conditions.



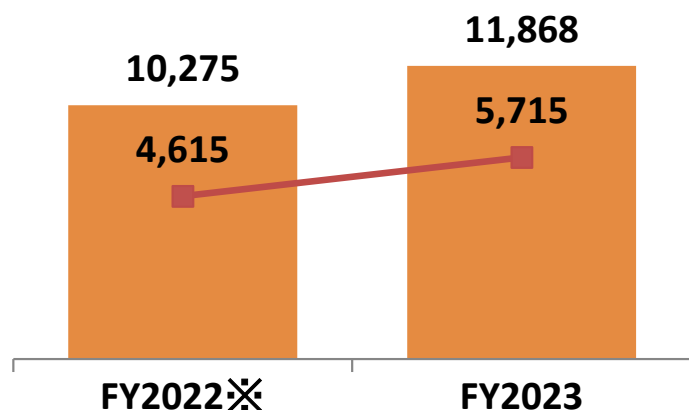
※Figures by segment for FY2022 are approximate figures reclassified into new segment

Segment (Healthcare)

- **Chromatography:** Demand is expanded for diabetes medications applications in Europe, the U.S., and Asian markets.
- **Facility expansion of silica gel:** Steady progress as planned. (Matsuyama plant: Completion scheduled for September 2024, Amagasaki plant: Completion scheduled for 2026)
- **APIs and their intermediates:** Expanded sales of nucleic acid drug substances, osteoporosis drug substances, and anti-cancer drug intermediates by utilizing new large-scale facility at Matsuyama plant.

Net sales Operating income

(Millions of yen)



Net sales (up ¥1.6 billion YoY)

Chromatography* +1.1

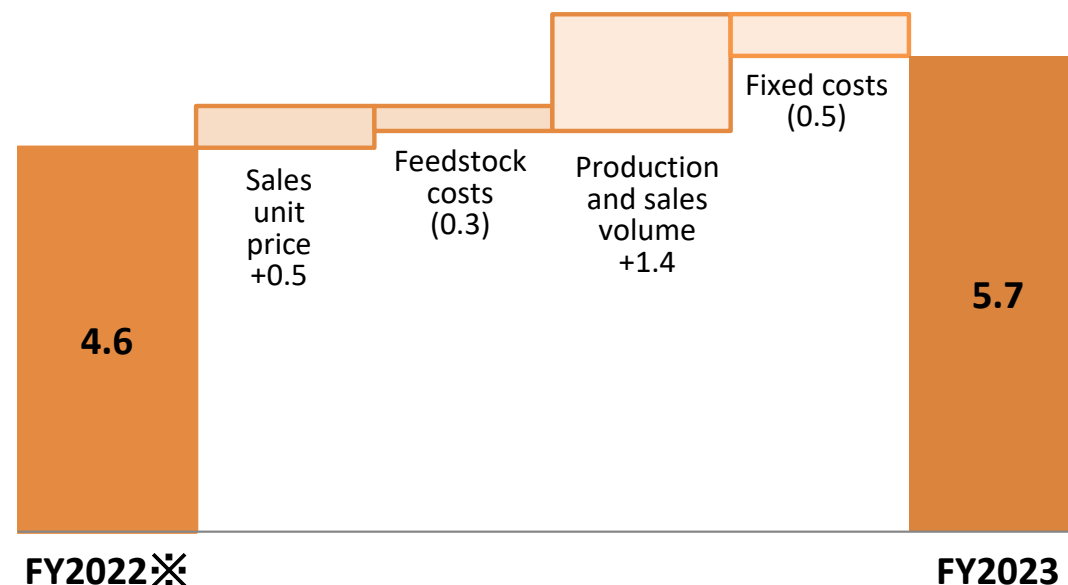
APIs and their Intermediates +0.5

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

※Figures by segment for FY2022 are approximate figures reclassified into new segment

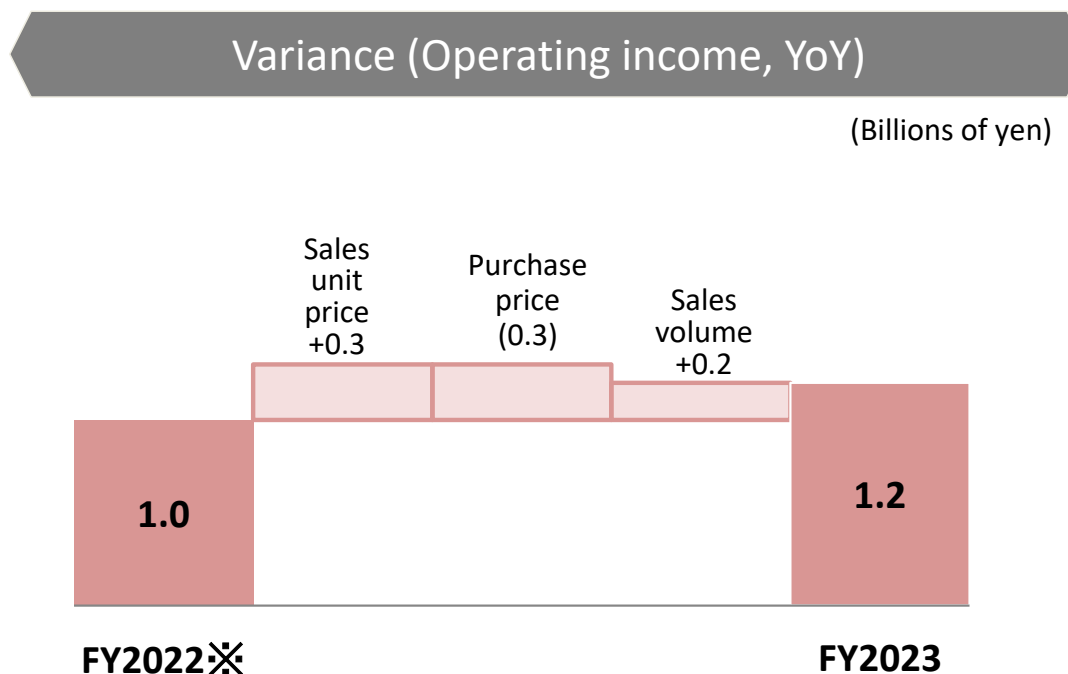
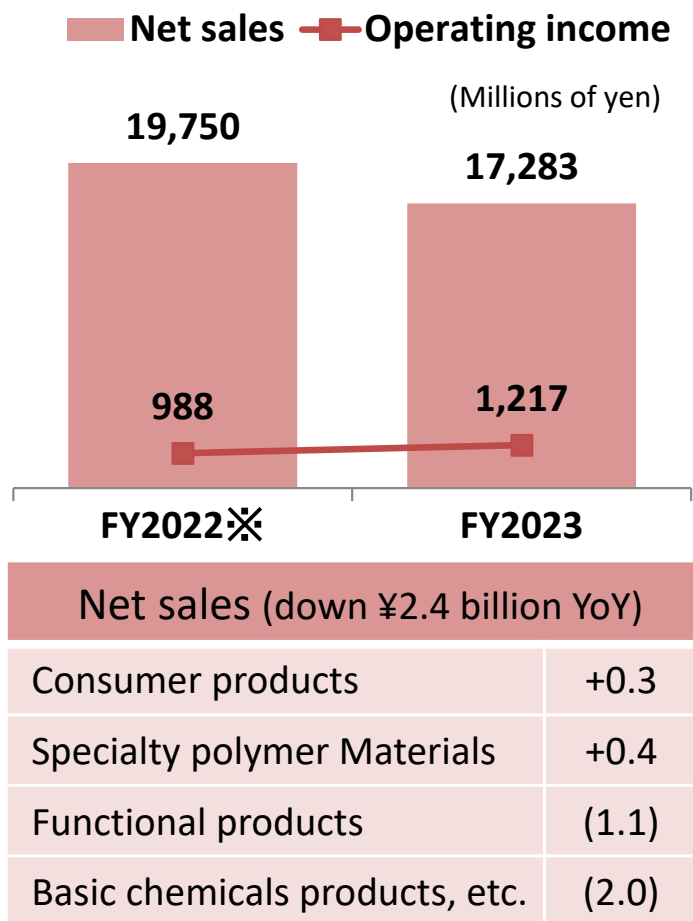
Variance (Operating income, YoY)

(Billions of yen)



Segment (Trading and Others)

- **Consumer products:** Continued strong sales of consumer products from the previous fiscal year.
- **Specialty polymers materials:** Sales of coating are solid.
- **Functional products:** Sales of electronic materials and automotive products were sluggish, mainly in glass fibers.



※Figures by segment for FY2022 are approximate figures reclassified into new segment

Balance Sheet, Statement of Cash Flows

- Maintain a high level of equity ratio in the 70% range.
- Maintain a strong financial position that allows for investments in capacity expansion and in maintenance and production efficiency, including enhanced facility management.

(Millions of yen)	FY2021	FY2022	FY2023	Change from FY2022
Total assets	129,159	138,029	150,541	12,512
Net assets	83,896	99,543	109,765	10,222
Shareholder's equity ratio	64.9%	72.1%	72.9%	0.8%
Interest-bearing debt	15,905	7,664	7,630	(34)

(Millions of yen)	FY2021	FY2022	FY2023	Change from FY2022
Cash flows from operating activities	13,378	9,354	8,597	(757)
Cash flow from investing activities	(6,961)	(5,380)	(4,263)	1,117
Cash flow from financing activities	(1,646)	(4,596)	(3,199)	1,397
Cash and cash equivalents	37,016	36,843	38,432	1,589



Forecast for FY2024

Progress of the Medium-Term Plan (Topics)

- **Basic chemicals:** Focuses on strengthening facility management to ensure stable operation and efficient production.
- **Functional chemicals:** Cultivation of markets for global niche-top products, development of new applications
- **Healthcare:** Increase production capacity in preparation for future strong demand, start to develop new business

Basic Chemicals

- Strengthen facility management (expansion of spare parts, etc.)
- Promoted equipment renewal plans to improve processes and production efficiency
- Focus on optimizing production through balance management at 4 electrolysis plants
- Review of supply chain including improvement of logistics efficiency
- Captured the demand of new chlorides

Functional Chemicals

- Developed new applications for synthetic rubber and strengthen the technical support system
- Expanded market share by launch of new acrylic rubber grades
- Captured the demand of food packages painting for the U.S. and Europe through non-phthalate allyl resin
- Consideration the timing of the expansion of allyl ethers

Healthcare

- Promoted expansion plan of silica gel
- Cooperation with Mitsubishi Chemical Corporation to develop and sell polymer gels, promoted sales activities such as sample work
- Started production and sales of new columns (size exclusion, high alkali resistance)
- Consideration of plans for next expansion of APIs and their intermediates (including review of the timing of implementation of high-potency pharmaceutical facilities)
- Started joint development with start-up company to enter the biopharmaceutical business

Progress of the Medium-Term Plan (Topics)

- **R&D:** Aiming to accelerate development and build a development system to continuously launch new products.
- **Sustainability management:** Working to enhance the disclosure, including each policies and environmental data.
- **Investment:** Implemented strategic investments centered on healthcare, and maintenance and production efficiency investments to strengthen facility management.

R&D

- Battery research building completed, accelerating development of ultra-high ionic conductive polymers for all-solid batteries
- Silver nanoparticles enter commercialization stage
- Launch of silica gel (size-exclusion/high alkali-resistance)
- *Fructobacillus fructosus* OS-1010, started sales as functional food ingredients

Sustainability management

- Publication of human rights policy
- Publication of purchasing and procurement policy
- Expanded the scope of calculation of GHG emissions
- Started efforts to improve employee engagement
- Publication of integrated report “OSAKA SODA REPORT”

Investment

- Partial revision of investment timing due to changes in market conditions and demand trends
- Plan to expansion of silica gel and core systems in FY2024

	FY2023	FY2024	Total
Strategic investment	¥3.8 billion	¥5 billion	¥8.8 billion
Investment for maintenance and production efficiency	¥3.4 billion	¥1 billion	¥4.4 billion
Total	¥7.2 billion	¥6 billion	¥13.2 billion

Forecast for FY2024

- Plans to achieve record-high operating income and net income for the current fiscal year.
- Concerns the risk that a downturn of economies amidst by global monetary tightening and geopolitical risks.
- Expects earnings to recover by normalizing production from the end of June and gradually improving the business environment.

(Millions of yen)	FY2023		FY2024 Forecast		Change (YoY)	
		To sales (%)		To sales (%)	Amount	Percentage (%)
Net sales	94,557	-	103,000	-	8,443	108.9
Operating income	10,492	11.1	16,000	15.5	5,508	152.5
Ordinary income	12,008	12.7	16,800	16.3	4,792	139.9
Net income	7,650	8.1	11,500	11.2	3,850	150.3
Earning per share	300.84 yen	-	452.21 yen	-	-	-
Overseas sales	32,327	34.2	40,700	39.5	8,373	5.1

Assumptions		FY2023	FY2024
Average exchange rate	Yen / USD	143 Yen	135 Yen
	Yen / Euro	155 Yen	150 Yen
Naphtha price (Yen / KL)		69,000 Yen	62,000 Yen

FY2024 Forecast by Segment

- **Basic chemicals:** Demand remained severe throughout the period, although production will normalize from 2Q.
- **Functional chemicals :** Expect a sustained recovery in the automotive industry and gradual recovery in demand for electronic materials.
- **Healthcare :** Continue to perform strongly from the previous period due to increase demand.

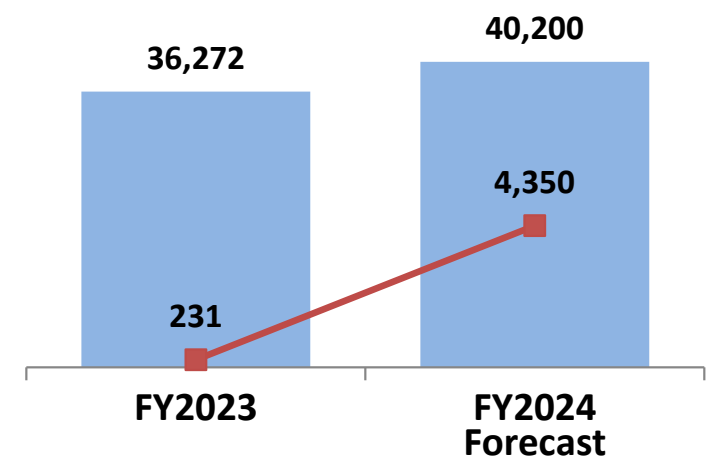
		FY2023			FY2024 Forecast			Change (YoY)		
		1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
		(Millions of yen)								
Net sales	Basic Chemicals	18,266	18,006	36,272	19,340	20,860	40,200	1,074	2,854	3,928
	Functional Chemicals	13,477	15,656	29,133	15,250	17,000	32,250	1,773	1,344	3,117
	Healthcare	5,372	6,496	11,868	6,350	6,800	13,150	978	304	1,282
	Trading and Others	9,507	7,776	17,283	9,060	8,340	17,400	(447)	564	117
	Total	46,622	47,934	94,557	50,000	53,000	103,000	3,378	5,066	8,443
Operating income	Basic Chemicals	59	172	231	1,750	2,600	4,350	1,691	2,428	4,119
	Functional Chemicals	2,107	2,437	4,544	2,550	3,050	5,600	443	613	1,056
	Healthcare	2,661	3,054	5,715	2,900	3,300	6,200	239	246	485
	Trading and Others	698	519	1,217	586	634	1,220	(112)	115	3
	Company-wide, eliminations	(609)	(606)	(1,215)	(686)	(684)	(1,370)	(77)	(78)	(155)
	Total	4,917	5,575	10,492	7,100	8,900	16,000	2,183	3,325	5,508

Segment (Basic Chemicals)

- **Basic chemicals** : Production returned to normal after AC production facilities malfunction was resolved.
- **Chlor-alkali** : Sales policy that responds to fluctuations in fuel and raw materials prices, efficient operation of electrolysis.
- **Epichlorohydrin** : Profitability improve due to the mitigation of production problems, incorporate the impact of sluggish overseas market conditions.

■ Net sales ■ Operating income

(Millions of yen)

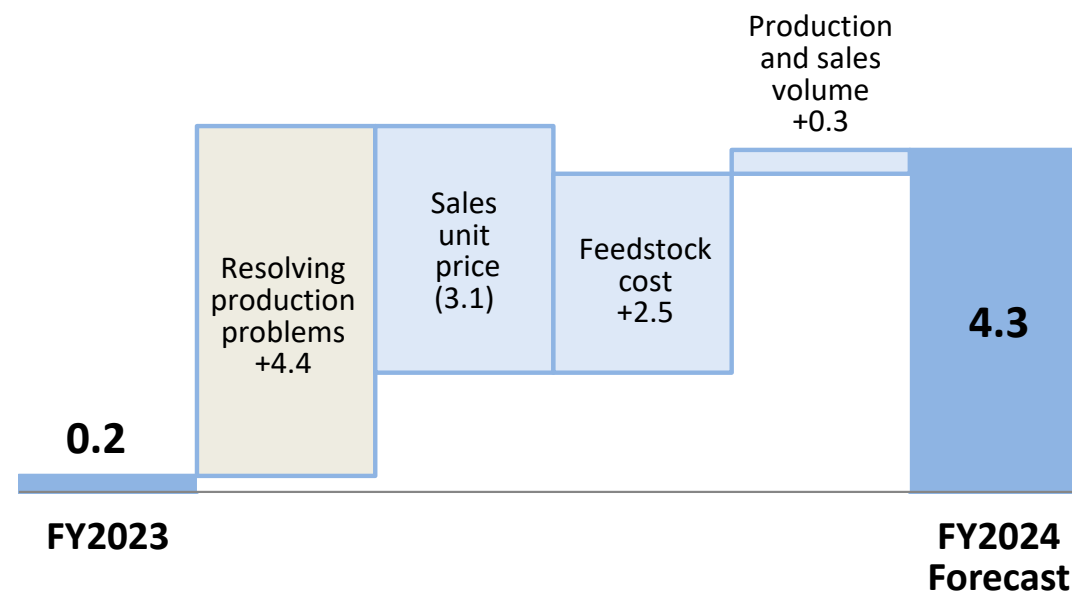


Net sales (up ¥3.9 billion YoY)

Chlor-alkali	+0
Epichlorohydrin	(0.7)
Resolving production problems	+4.6

Variance (Operating income, YoY)

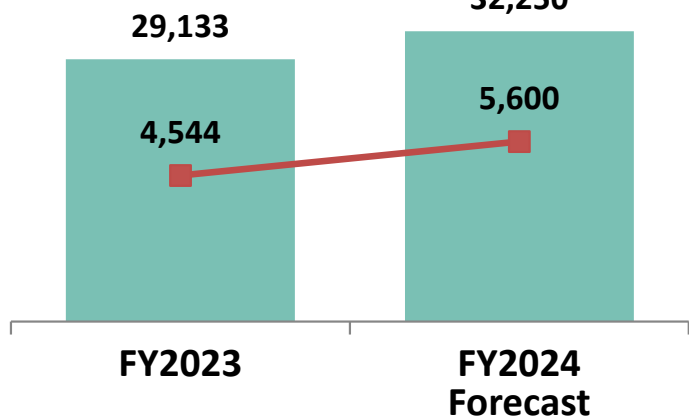
(Billions of yen)



Segment (Functional Chemicals)

- **Synthetic rubber** : Expected to continue to recover in automotive manufacturing volume. Capture demand for alternative materials in epichlorohydrin rubber. Incorporate new adoptions in Japan and overseas in acrylic rubber.
- **Synthetic resin** : Expand market share for UV offset ink, mainly in China
- **Allyl ethers** : Assuming a gradual recovery in demand for silane coupling agents, mainly for electronic materials

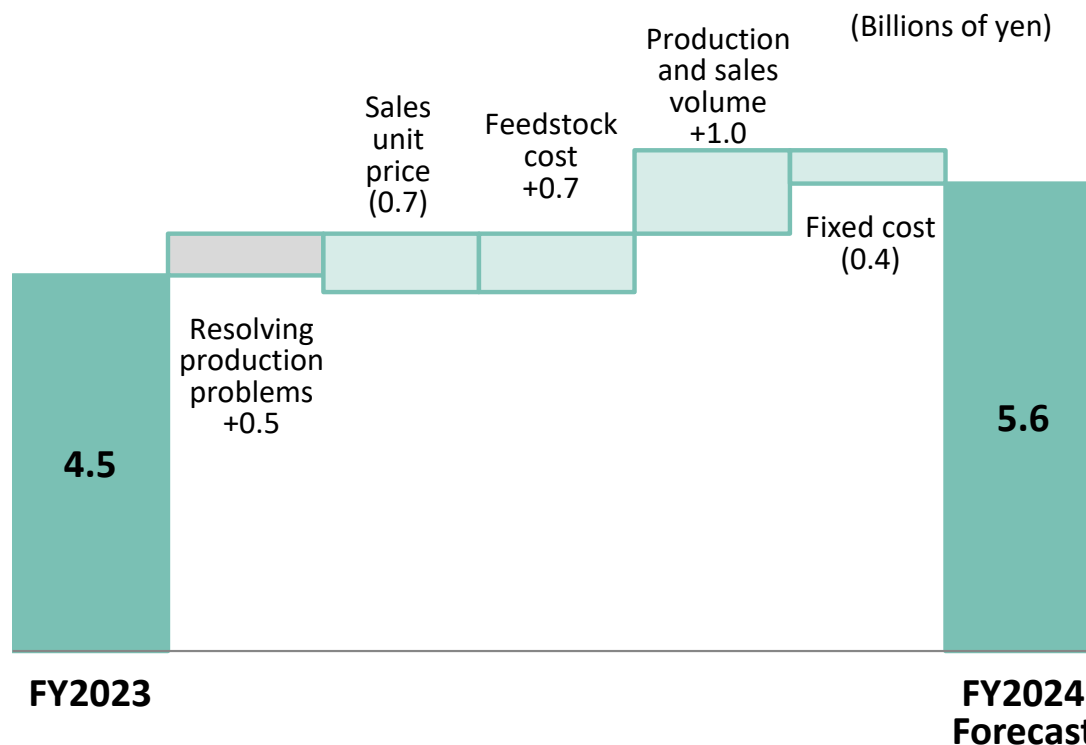
■ Net sales ■ Operating income
(Millions of yen)



Net sales (up ¥3.1 billion YoY)

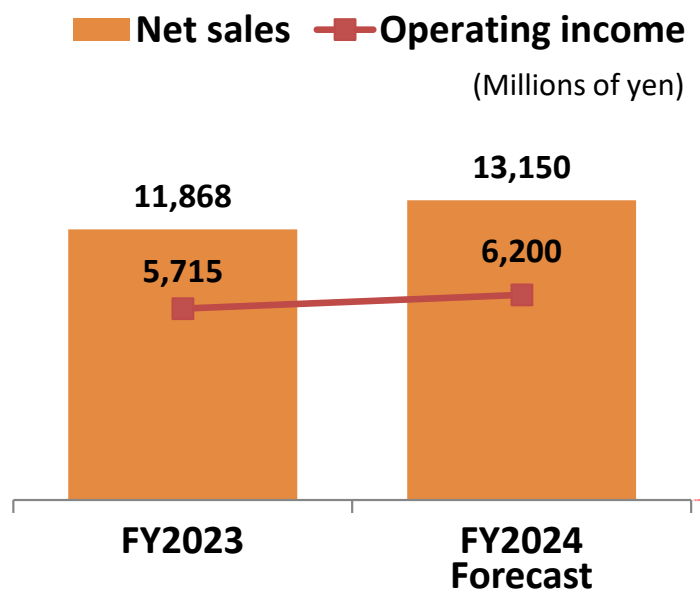
Synthetic rubber/Synthetic resin	+0.9
Allyl ethers	+0.6
Electrodes, etc.	+1.0
Resolving production problems	+0.6

Variance (Operating income, YoY)



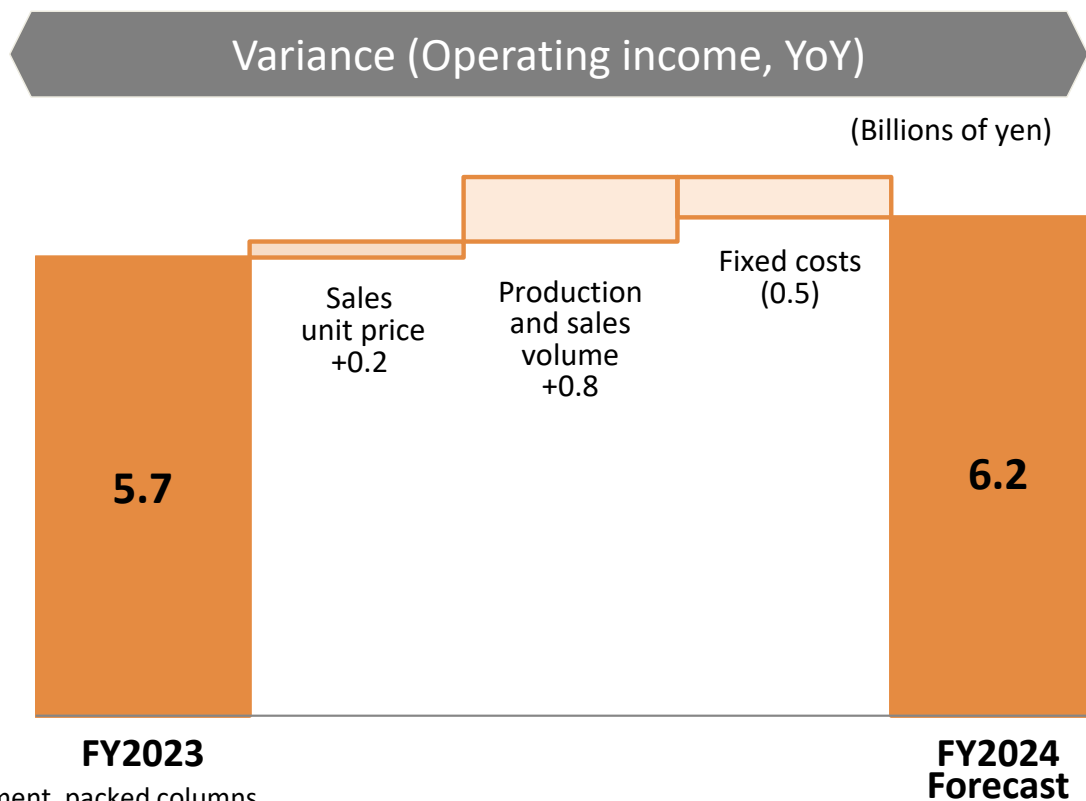
Segment (Healthcare)

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



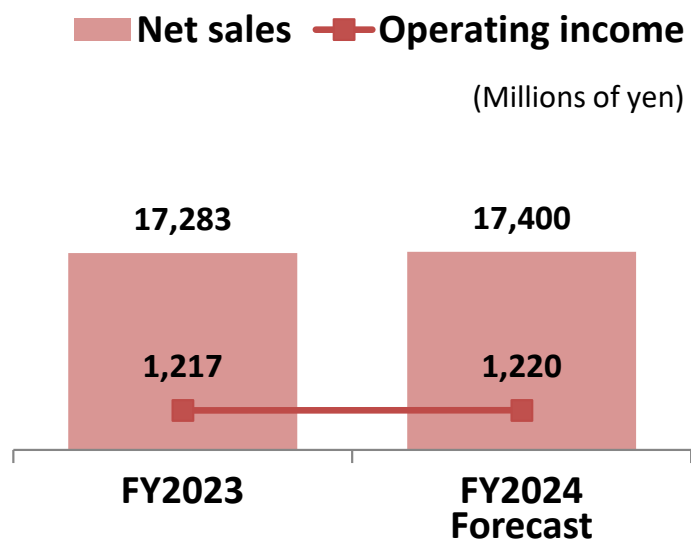
Net sales (up ¥1.2 billion YoY)	
Chromatography*	+1.1
APIs and their Intermediates	+0.1

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

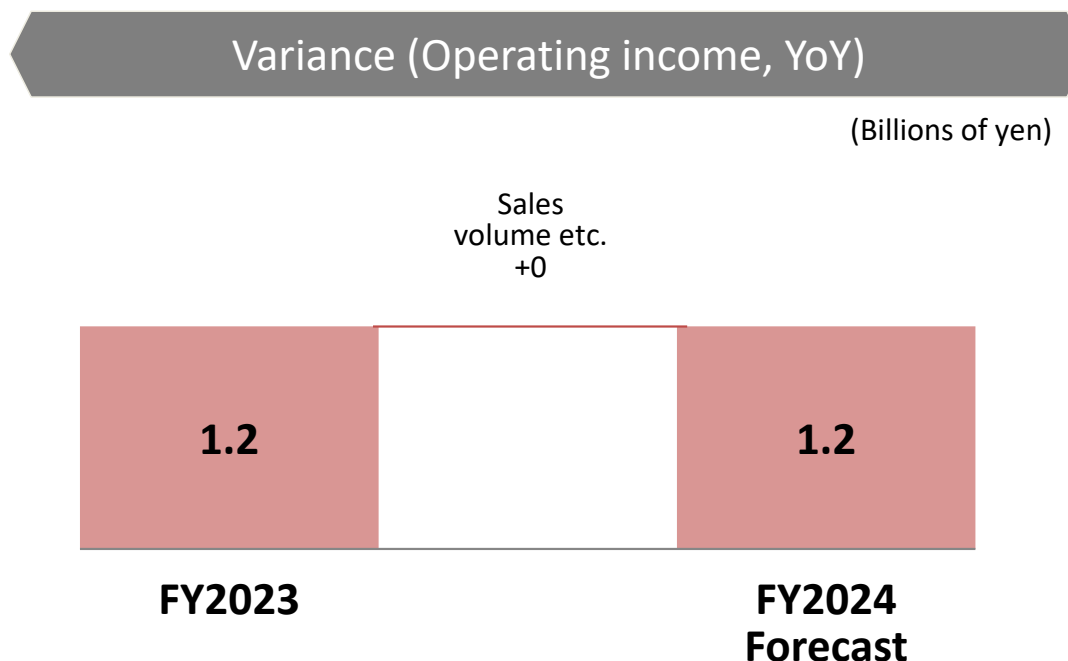


Segment (Trading and Others)

- **Functional Products:** Expect recovery in demand for glass fiber and other products, especially in the automotive industry.
- **Basic Chemical Products:** Promote sales policies that take profitability into consideration. Assuming a severe demand environment.

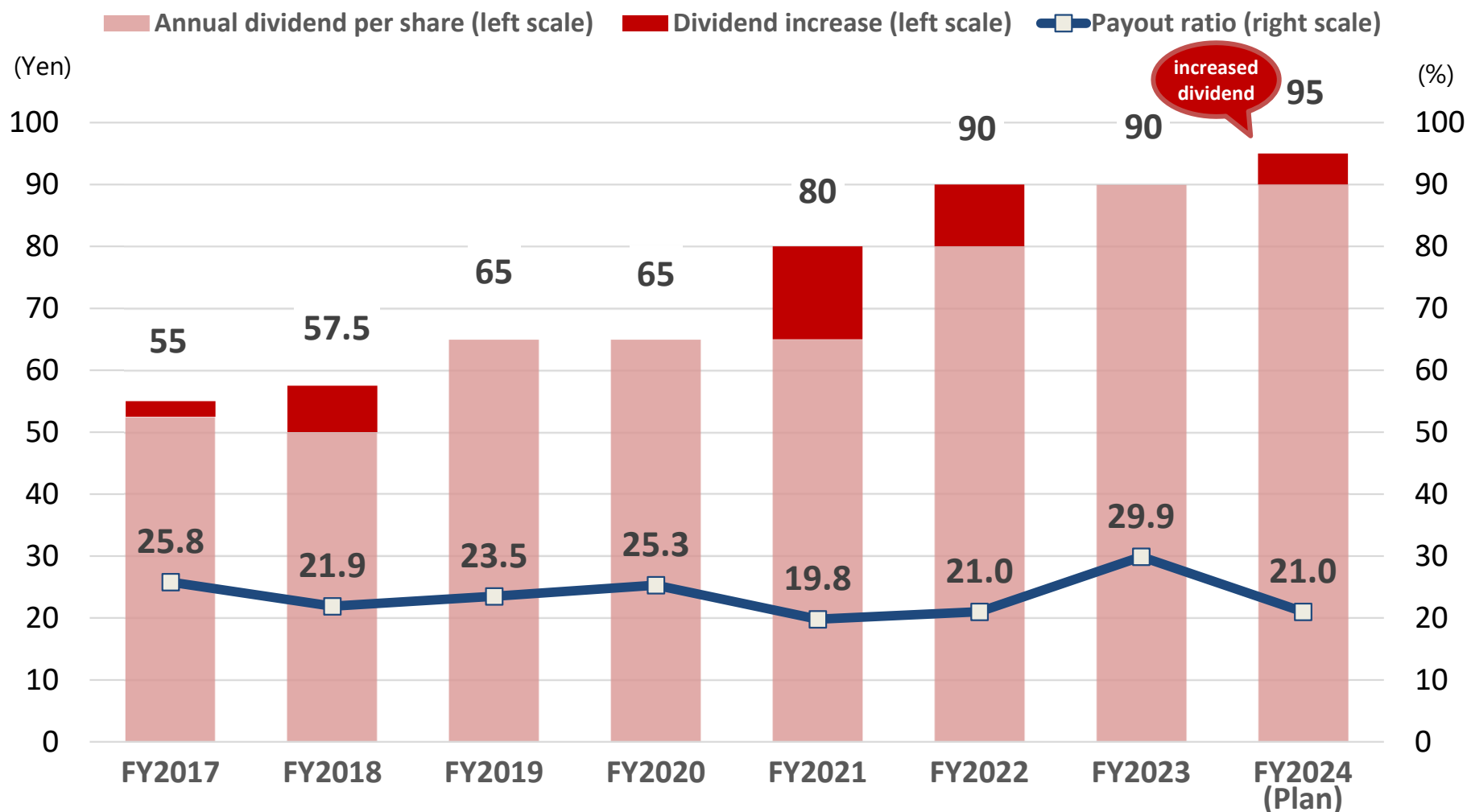


Net sales (up ¥0.1 billion YoY)	
Functional products	+0.3
Basic chemical products, etc.	(0.2)



Shareholder Returns

- In FY2023: Continue an annual dividend at ¥90 which was increased in FY2022, and implemented share buyback(¥0.8 billion)
- In FY2024: Plans to an annual dividend of ¥95 (up ¥5 y-o-y).
- During the new medium-term management plan (2023-2024), we aim to a total shareholder return ratio of 40%





OSAKA SODA



Silica Gel Demand Background and Expansion Plans

Background of Demand for Silica Gel

- Our silica gel is suited to purification process for small-and medium-molecule pharmaceuticals.
- Rapidly expanding demand for purification applications for for diabetes and obesity medications.
- Under the current medium-term management plan (FY 2023-25), we will expand facilities to prepare for further demand growth in the future.
- Addressing global de facto standards by strengthening global operations and product branding.

Business Environment in the Medium-Term Management Plan (FY 2023-25)

Pharmaceutical purification materials



- Diabetes medications (including GLP-1 receptor agonists) grows at an annual rate of 10%
- Obesity medications continue to high growth potential, market entry by biosimilars is forecasted
- Growth of purification materials market for medium-molecular drugs



Scheduled completion drawing of new silica gel manufacturing facility (Matsuyama plant)

Construction of new manufacturing facility
Matsuyama plant
 Approx. ¥3 billion investment
 Completed by September 2024
 Commercial production is scheduled from 2026
 Production capacity: 1.5 times*



Silica gel manufacturing facility (Amagasaki plant)

Construction and expansion of manufacturing facility
Amagasaki plant
 Approx. ¥3 billion investment
 Completed by 2026
 Commercial production is scheduled from FY2026
 Production capacity: Twice *

*Ratio of current manufacturing capacity

Silica Gel Expansion Plans and Demand Trends

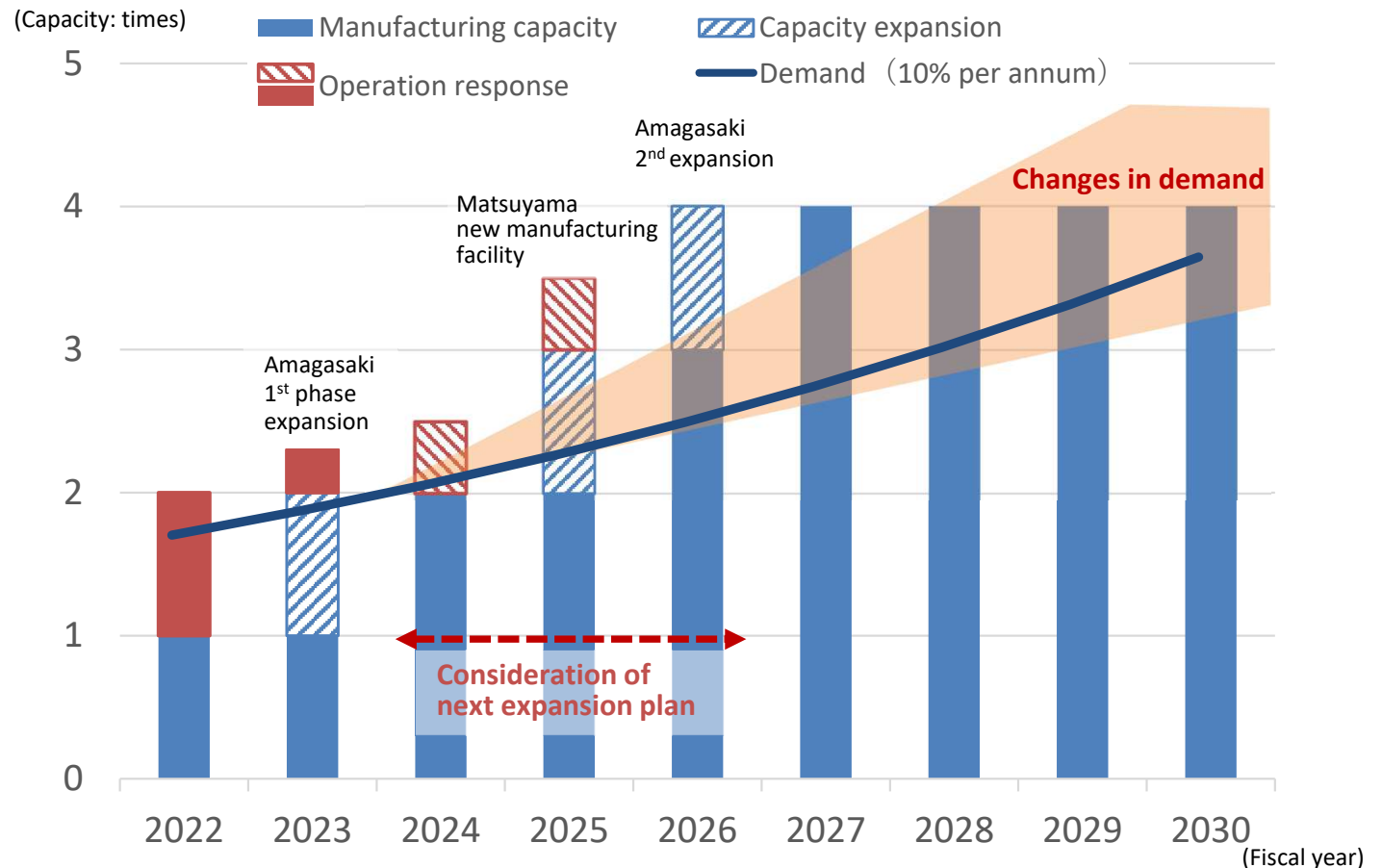
- In FY2026, Started commercial production at new manufacturing facilities in Matsuyama and Amagasaki. Manufacturing capacity to double the current capacity.
- Until FY2026, Respond to market expansion with production increases, such as extended operation hours, etc.
- We are gathering highly accurate information on future demand trends, which will be incorporate in our expansion plans.


Changes in demand

- Accelerating market expansion of obesity medications
- Chronic shortages of diabetes treatments
- Acceleration of biosimilar market entry



Demand forecast is under review





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