



# FY2021 Presentation Material

- Results for FY2021 & Forecast for FY2022 -

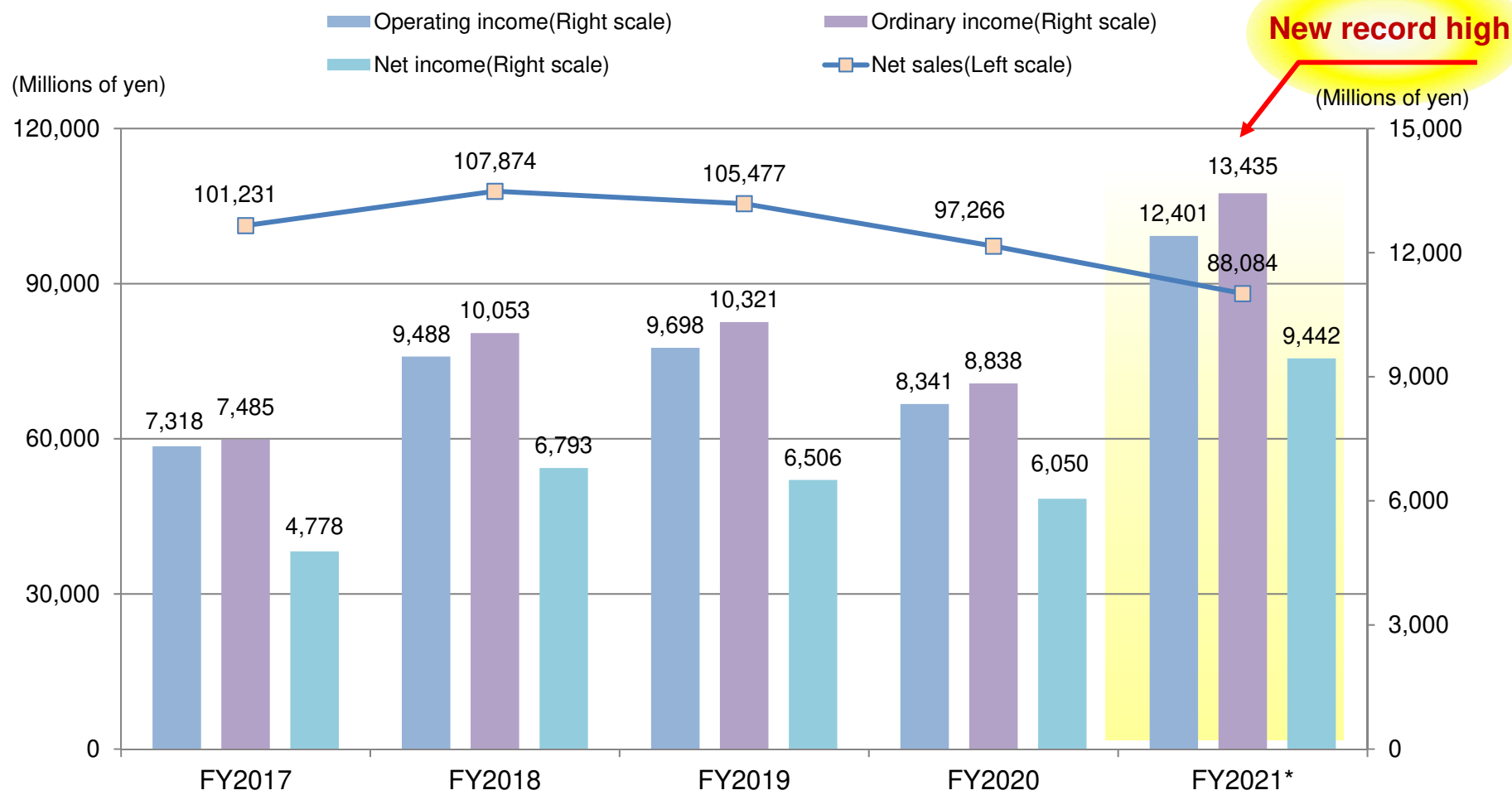
OSAKA SODA CO., LTD.

2 June, 2022

# Results for FY2021

# 5-Year Results

- Excluding the impact of the Accounting Standard for Revenue Recognition adopted from FY2021, in substantive terms net sales increased
- Each profit reached a record high



\* Adopted "Accounting Standard for Revenue Recognition" from FY2021

# Overview of Consolidated Financial Results

- Achieved mid-term management plan performance targets (Net sales ¥80 billion, operating income ¥10 billion, ROE8.5%) one year ahead of schedule, as well as significantly exceeding initial targets

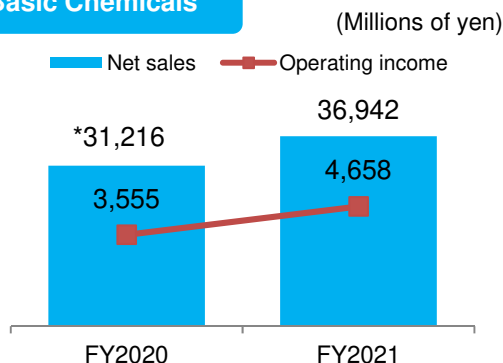
(Millions of yen)	FY2020		FY2021		%Change (YoY)	Change (YoY)	FY2021 Initial target (B)	Achievement rate	Change (A)-(B)
		to sales	(A)	to sales					
Net sales	97,266 *75,679	-	88,084	-	▲9.4% *16.4%	▲9,182 *12,405	75,500	116.7%	12,584
Operating income	8,341	8.6% *11.0%	12,401	14.1%	48.7%	4,060	9,000	137.8%	3,401
Ordinary income	8,838	9.1% *11.7%	13,435	15.3%	52.0%	4,597	9,700	138.5%	3,735
Net income	6,050	6.2% *8.0%	9,442	10.7%	56.1%	3,392	6,800	138.9%	2,642
Earnings per share (yen)	257.37	-	404.73	-	-	-	291.51	-	-
Overseas sales	*26,524	27.3% *35.0%	31,807	36.1%	-	5,283	-	-	-

		FY2020	FY2021
Average exchange rate	Yen / USD	106 Yen	112 Yen
	Yen / Euro	123 Yen	131 Yen
Naphtha price (Yen / KL)		30,750 Yen	55,500 Yen

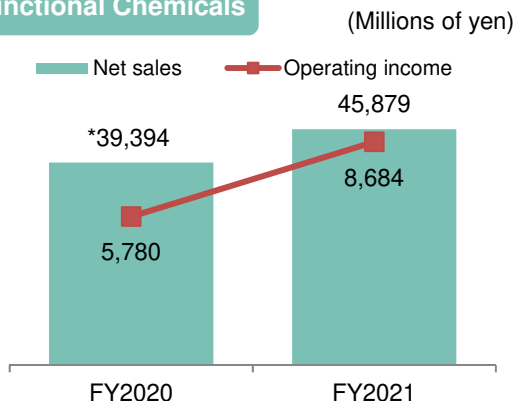
\* FY2020 is calculated by assuming the adoption of the "Accounting Standard for Revenue Recognition"

# FY2021 Results by Segment

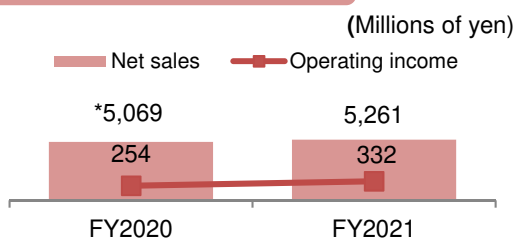
## Basic Chemicals



## Functional Chemicals



## Housing Facilities and Others



\* FY2020 is calculated by assuming the adoption of the "Accounting Standard for Revenue Recognition"

■ Achieved increases in sales and profits in all segments

### ■ Sales and profits increased due to a recovery in declining demand from COVID-19 and an expansion in demand for electronic materials

- Chlor-Alkali  
Demand recovered throughout the year due to declining demand from the economic downturn of the COVID-19
- Epichlorohydrin,(EP)  
Demand for electronic materials remained strong  
Price revisions implemented in response to soaring raw material and fuel prices permeated

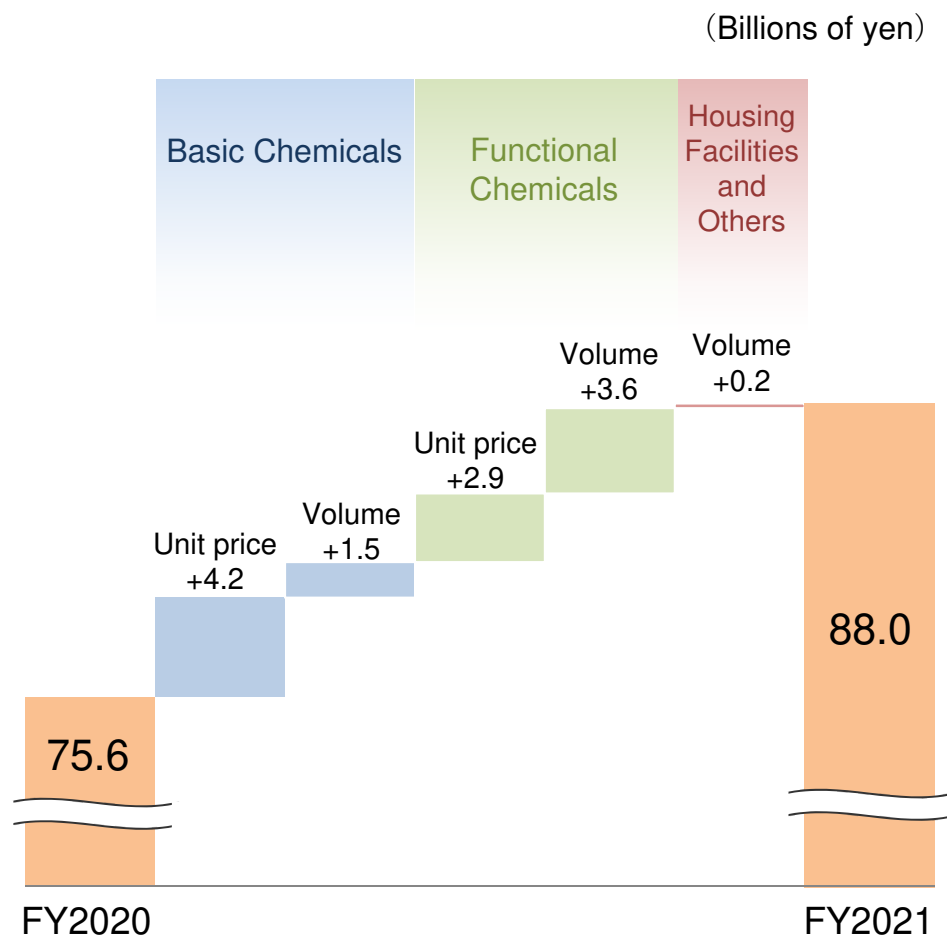
### ■ Sales and profits increased due to a recovery in demand for Synthetic Rubber/Synthetic Resin and an expansion in demand for Allyl Ethers and Healthcare

- Synthetic Rubber  
Epichlorohydrin Rubber : Increased demand for automotive and office automation applications  
Acrylic Rubber : Increased adoption for new applications in Japan and overseas particularly to Asia
- Synthetic Resin  
DAP Resin : Increased demand for electronic material applications in Japan  
Demand recovered for UV ink applications in Europe, the U.S. and Asia
- Allyl Ethers  
Increased as sales for silane coupling agent applications grew in Japan and overseas
- Healthcare  
Chromatography : Increased demand for applications in diabetes drugs in Europe, the U.S. and Asia  
APIs and Intermediates : Increased sales of entrusted drug substances and intermediates (anti-tuberculosis drugs, anti-cancer drugs, bloodstream improvement drugs, etc.)

- Increased as sales of Lifestyle-related products, etc.
- Large-scale plant engineering projects contributed to profit growth

# Variance Analysis (Net sales, YoY)

Net Sales by Segment



Changes by Main Products

(Billions of yen)

Basic Chemicals	+5.7
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Main Products	Change
Epichlorohydrin, (EP)	+4.0
Chlor-Alkali	+1.0
Others	+0.7

Functional Chemicals	+6.5
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Main Products	Change
Synthetic Rubber/Synthetic Resin * 1	+1.7
Allyl Ethers	+1.4
Healthcare * 2	+1.2
Electrode	+0.7
Modifying agent for low fuel consumption tires	+0.4
Others	+1.1

\* 1 Synthetic Rubber/Synthetic Resin : Epichlorohydrin Rubber, DAP Resin, etc.

\* 2 Healthcare: Chromatography (Pharmaceutical Purification Materials), Active Pharmaceutical Ingredients and intermediates, etc.

Housing Facilities and Others	+0.2
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Main Products	Change
Lifestyle-related products etc.	+0.2

# Variance Analysis (Operating income, YoY)

Basic Chemicals :

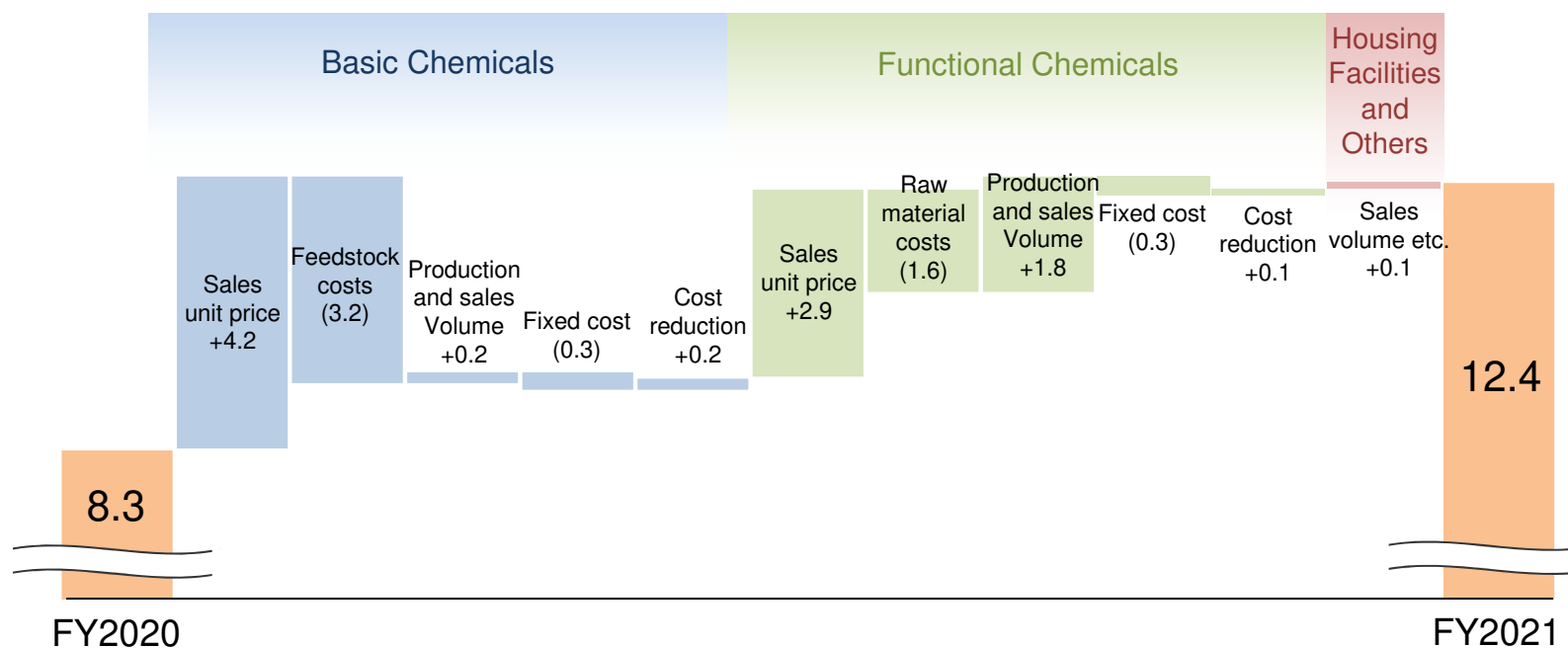
- Avoiding the impact of rising raw material and fuel prices through price conversion
- Cost reductions achieved through improvement of yield of key raw material allyl chloride (AC)

Functional Chemicals :

- Price revisions were implemented mainly for Allyl Ethers to absorb the impact of raw material prices
- Sales of high-value-added products such as Healthcare and Synthetic Rubber/Synthetic Resin contributed to sales volume

Operating income by Segment

(Billions of yen)



# Balance Sheet, Statement of Cash Flows

- ROE rose to 11.7% (record high) due to improved profitability
- Strategic investments in the medium-term management plan "EMPOWER THE NEXT-22" (¥15 billion) are on schedule

(Millions of yen)	FY2019	FY2020	FY2021	Change (YoY)
Total assets	110,851	119,373	129,159	9,786
Net assets	69,121	77,232	83,896	6,664
Shareholder's equity ratio	62.4%	64.7%	64.9%	0.2%
Interest-bearing debt	17,767	15,909	15,905	▲4
Return on Equity (ROE)	9.7%	8.3%	11.7%	3.4%

(Millions of yen)	FY2019	FY2020	FY2021	Change (YoY)
Cash flow from operating activities	10,336	9,347	13,378	4,031
Cash flow from investing activities	▲4,092	▲1,850	▲6,961	▲5,111
Cash flow from financing activities	▲1,677	▲4,464	▲1,646	2,818
Cash and cash equivalents	28,899	31,936	37,016	5,080

# Forecast for FY2022

# Forecast for FY2022

- Higher sales and profits are expected on the assumption of price revisions in response to rising raw material and fuel prices for basic chemicals and the expansion of high-value-added businesses such as functional chemicals and healthcare
- Plan to set new record highs for each profits for the second consecutive year

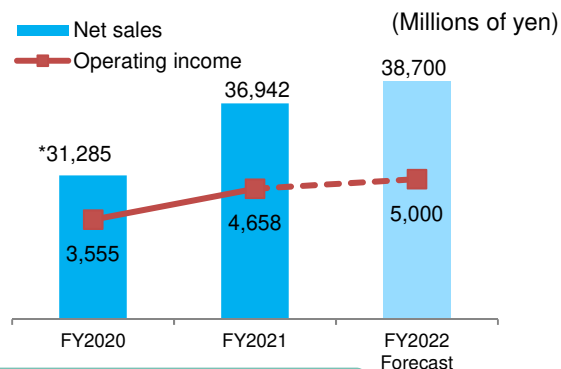
(Millions of yen)	FY2021 Actual		FY2022 Forecast		%Change (YoY)	Change (YoY)
		to sales		to sales		
Net sales	88,084	-	94,000	-	6.7%	5,916
Operating income	12,401	14.1%	13,000	14.5%	4.8%	599
Ordinary income	13,435	15.3%	13,700	14.6%	2.2%	265
Net income	9,442	10.7%	9,500	10.1%	0.6%	58
Earnings per share (yen)	404.73	-	407.16	-	-	-
Overseas sales	36.1%		35.5%			

## [Assumptions] Forecast for FY2022

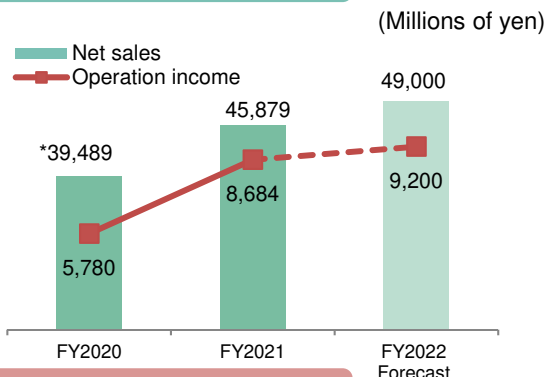
Average exchange rate	Yen / USD	110 Yen
	Yen / Euro	130 Yen
Naphtha price (Yen / KL)		62,000 Yen

# FY2022 Forecast by Segment

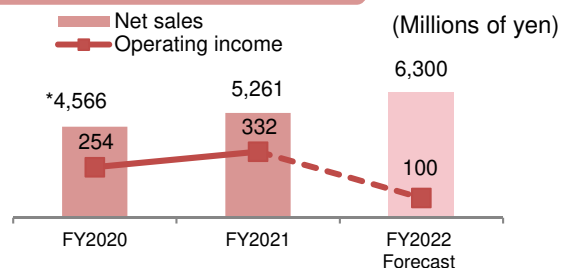
## Basic Chemicals



## Functional Chemicals



## Housing Facilities and Others



\* FY2020 is calculated by assuming the adoption of the "Accounting Standard for Revenue Recognition"

## Action plan for FY2022

### ● Chlor-Alkali

Implementation of price corrections in response to rising raw material and fuel prices  
Improving electrolysis productivity at Kitakyushu Plant  
Strengthen the Caustic Potash Business

### ● Epichlorohydrin,(EP)

Capture domestic demand for electronic materials and Asian markets and strengthen the stable supply system

### ● Production cost reduction

Introduction of high-efficiency electrolyzers at Matsuyama Plant

### ● Synthetic Rubber

Epichlorohydrin Rubber : Expand sales by switching from other types of rubber  
Strengthening the development of new applications

Acrylic Rubber : Expand sales, Promoting the launch of ultra-high heat-resistant grades  
Expand rubber compound business in cooperation with group companies

### ● Synthetic Resin

DAP Resin : Expand sales in Europe, the U.S. and emerging Asian markets

Non-phthalate Allyl Resin : Expand new adoption in food packaging applications in the U.S. and European markets

### ● Allyl Ethers

Capturing the growing demand for functional coatings and electronic materials by leveraging our expanded manufacturing capacity

### ● Healthcare

Chromatography : Expand market share in emerging markets and in the U.S. and Europe

APIs and Intermediates : Strengthen production systems to respond increasing demand  
Acquire a new project in high potency API and intermediates

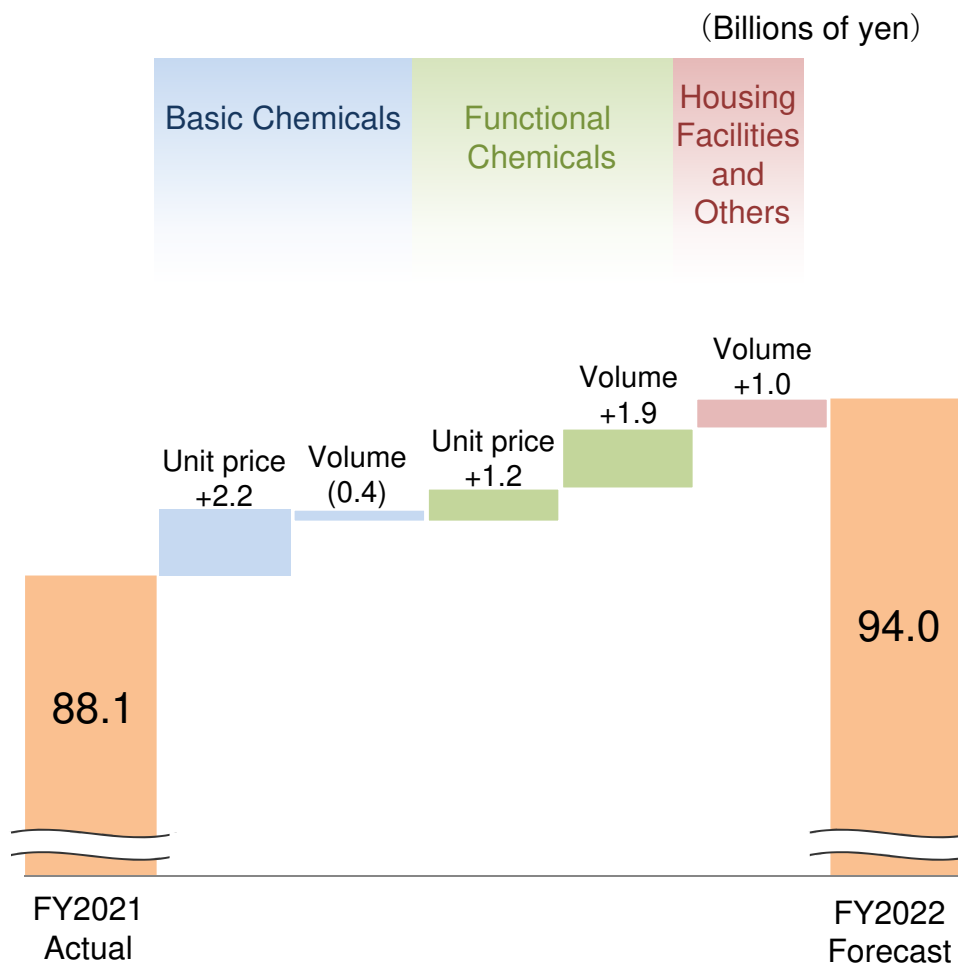
### ● Plant Engineering, Lifestyle-related products, etc.

Strengthen sales of in-house planned products for Lifestyle-related products

Demand for plant engineering is robust, and changes in sales mix are expected

# Variance Analysis (Net sales, forecast)

Net sales by Segment



Changes by Main Product

(Billions of yen)

Basic Chemicals		+1.8
Main Products	Change	
Chlor-Alkali	+3.6	
Epichlorohydrin, (EP)	(1.2)	
Others	(0.6)	

Functional Chemicals		+3.1
Main Products	Change	
Allyl Ethers	+1.2	
Healthcare *1	+0.8	
Synthetic Rubber/Synthetic Resin *2	+0.8	
Electrode	+0.2	
Others	+0.1	

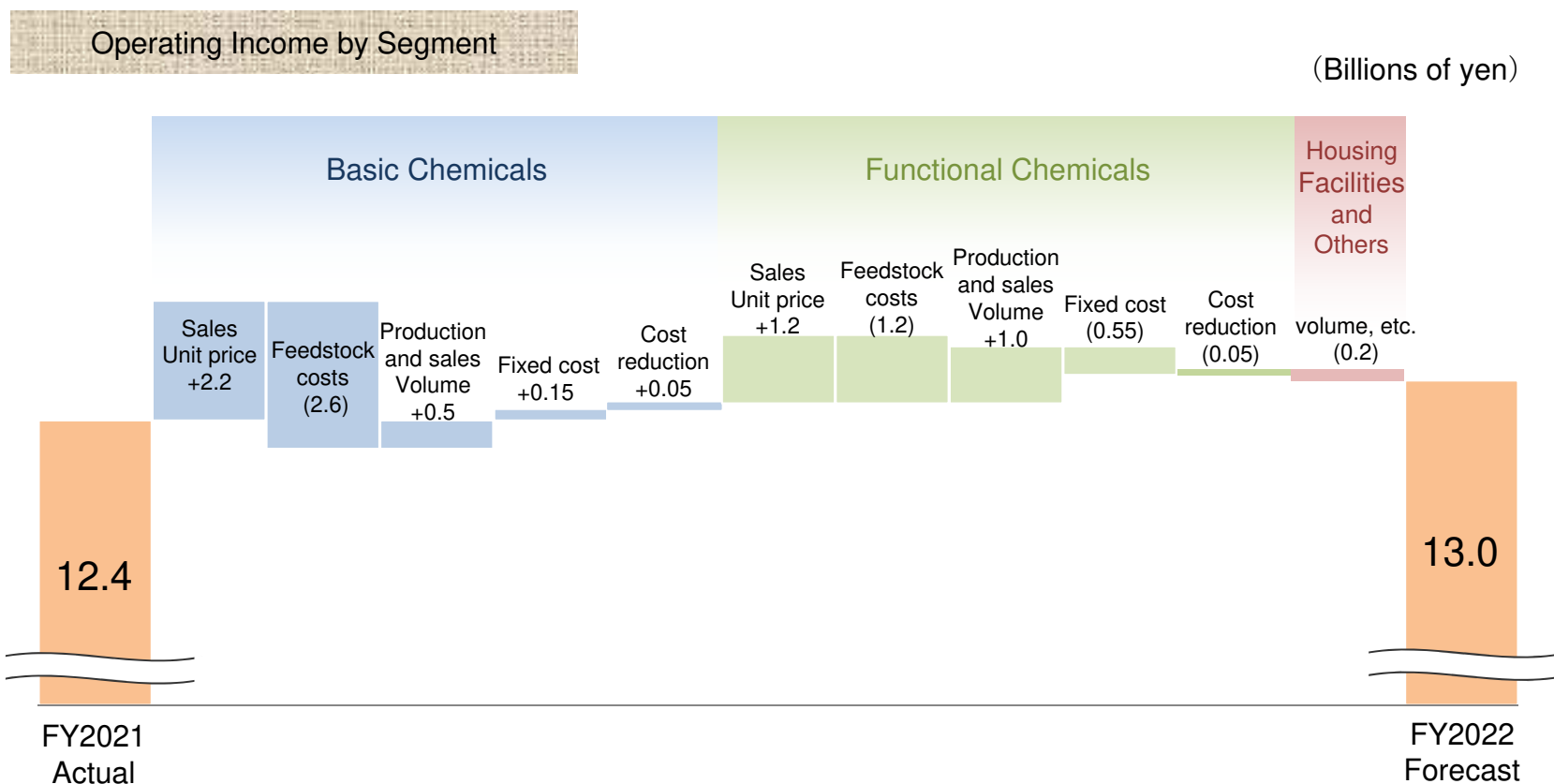
\* 1 Healthcare: Chromatography (Pharmaceutical Purification Materials), Active Pharmaceutical Ingredients and intermediates, etc.

\* 2 Synthetic Rubber/Synthetic Resin : Epichlorohydrin Rubber, DAP Resin, etc.

Housing Facilities and Others		+1.0
Main Products	Change	
Lifestyle-related products etc.	+1.0	

# Variance Analysis (Operating income, forecast)

- Earnings increased in basic chemicals, as higher raw material and fuel prices were offset by a correction in prices, mainly in Chlor-Alkali, and sales volume
- Functional chemicals expected to benefit from expanded sales of Allyl Ethers, which completed expansion in the previous fiscal year, and Healthcare, particularly Pharmaceutical Purification Materials, where strong demand continues

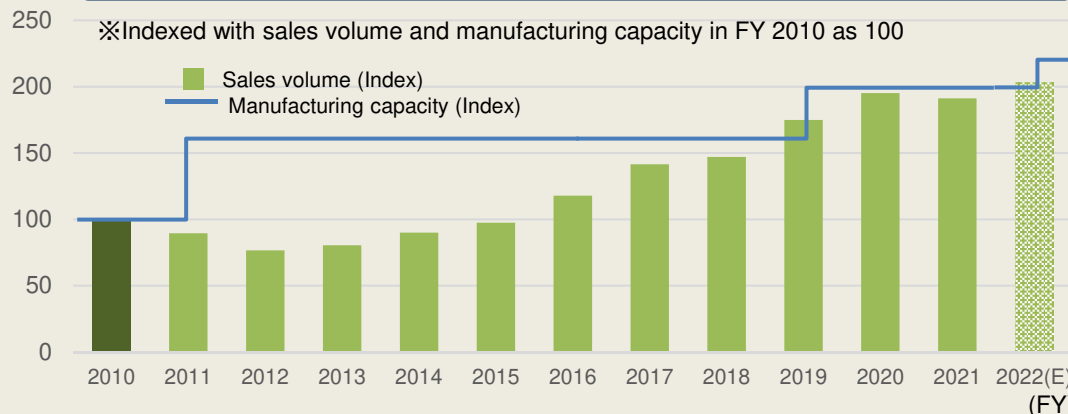


# Allyl Ethers that Continues to Grow Sustainably

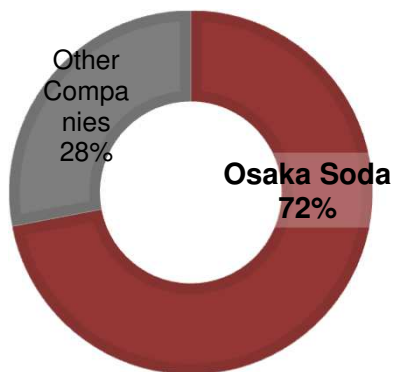
## Overview of Our Businesses Positions

- Retain world-leading production capacity and sales results centered on Allylglycidyl Ethers
- Allylglycidyl Ethers have been developed as raw materials for epoxy-based silane coupling agents for a wide variety of applications
- Maintain and expand global market share by capturing growing demand for functional coatings and electronic materials applications
- Completed manufacturing capacity expansion (approx. 1.2 times) in February 2022

## Trends in Sales Volume and Manufacturing Capacity (Index)

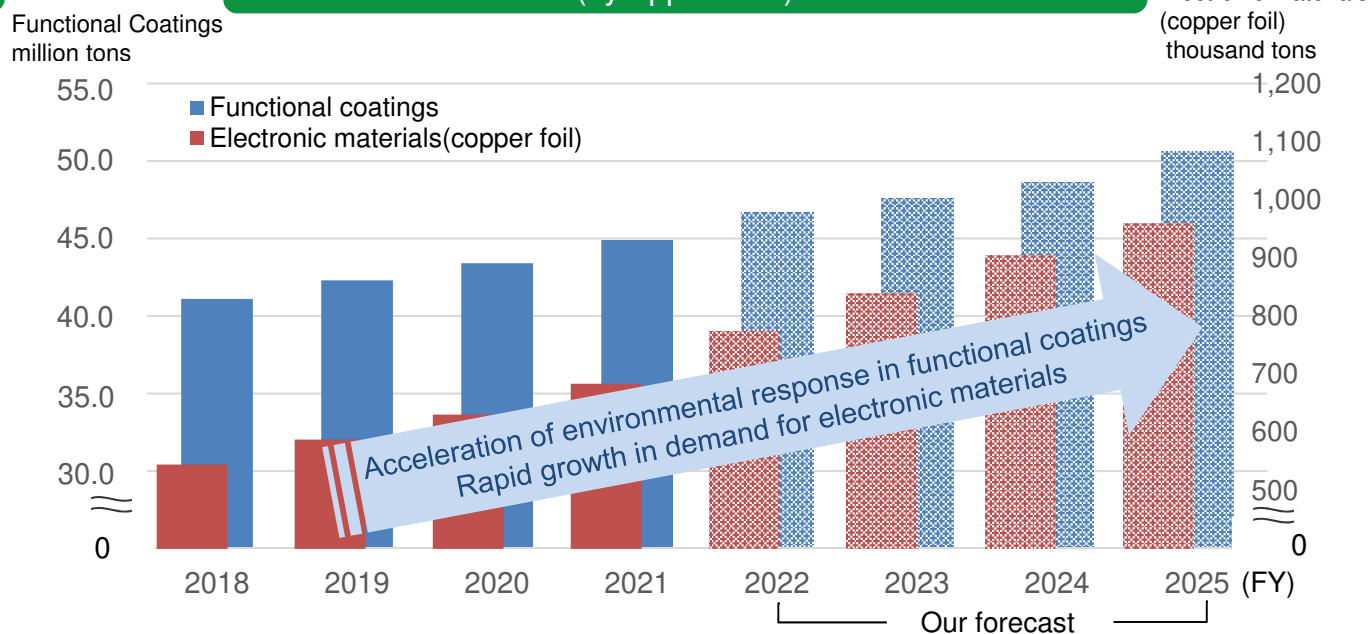


## Global Shares (Allyl Ethers)



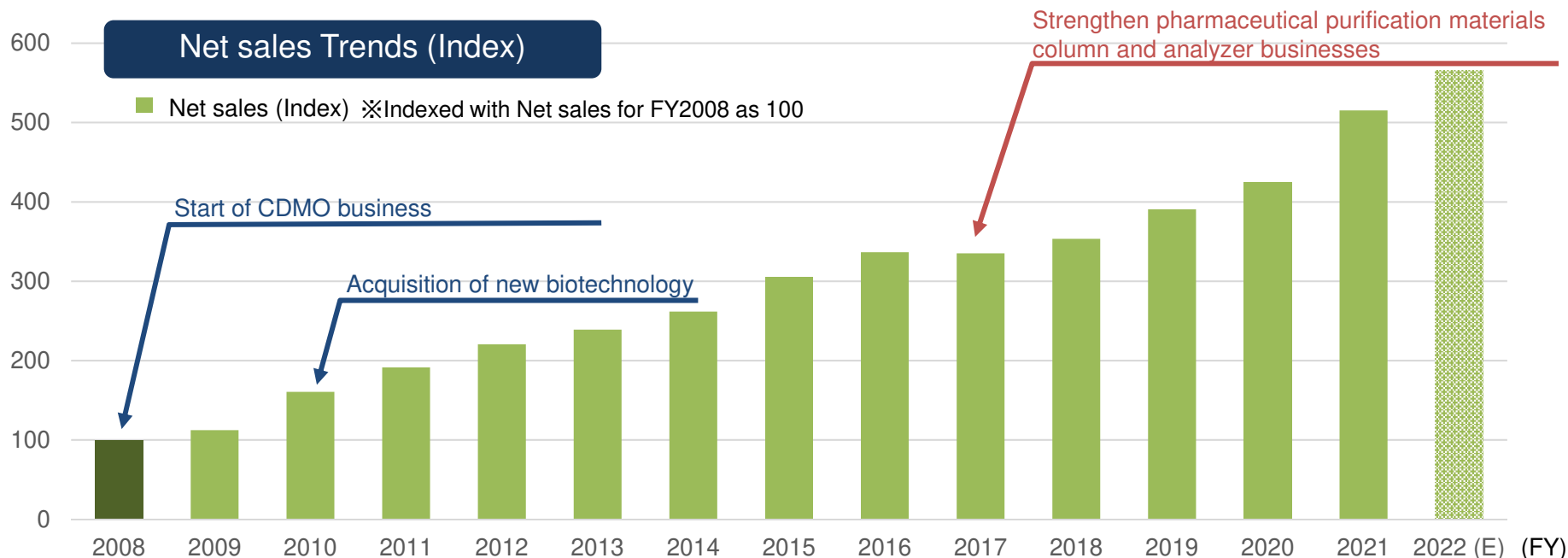
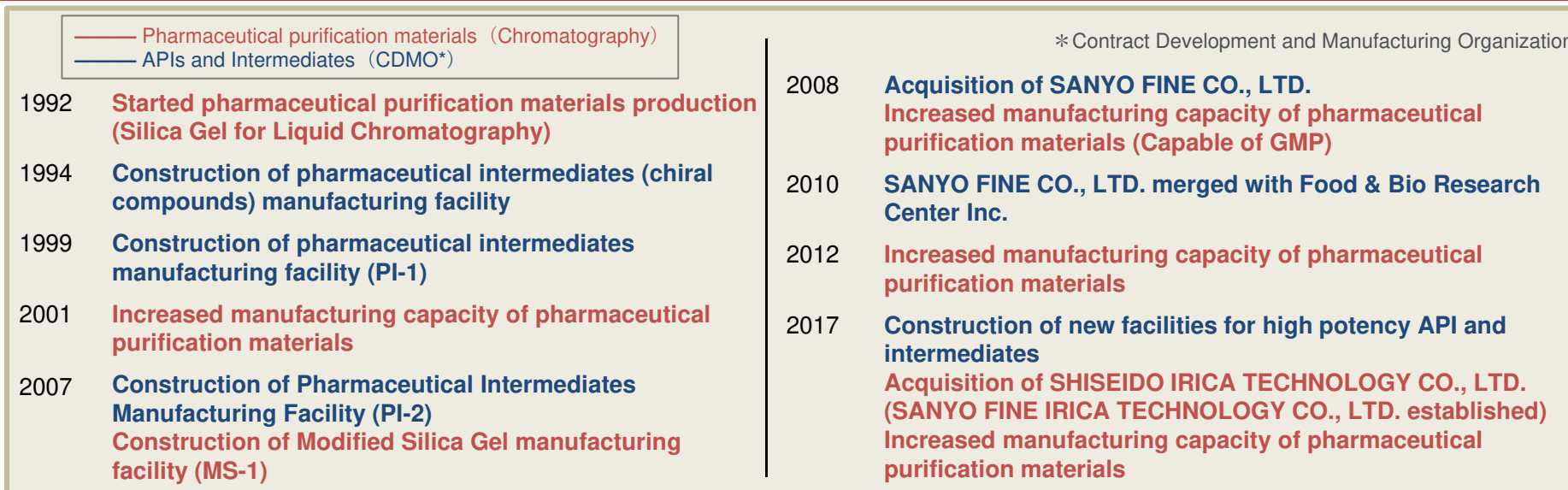
(Our estimates based on FY2021 results)

## Market Growth Forecast for epoxy-based silane coupling agents (by Application)



(Our estimates based on Fuji Chimera Research Institute forecasts)

# History of our Healthcare Business



# Healthcare: Strengthen as core business

\* Contract Development and Manufacturing Organization

## Pharmaceutical purification materials (Chromatography)

World's leading manufacturer of purification materials for small and medium molecule pharmaceuticals, including diabetes drugs



Modified Silica Gel manufacturing facilities (Amagasaki Plant)

Increase manufacturing capacity  
(approx. 1.6 times)

Scheduled to be completed in February 2023

- Respond to growing demand for purification materials for diabetes drugs
- Expand business scale through development of new grades
- Further investments are planned

## APIs and Intermediates (CDMO\*)

Development of CDMO business using original organic synthesis technology and biotechnology



PI-3 completion image (Matsuyama Plant)

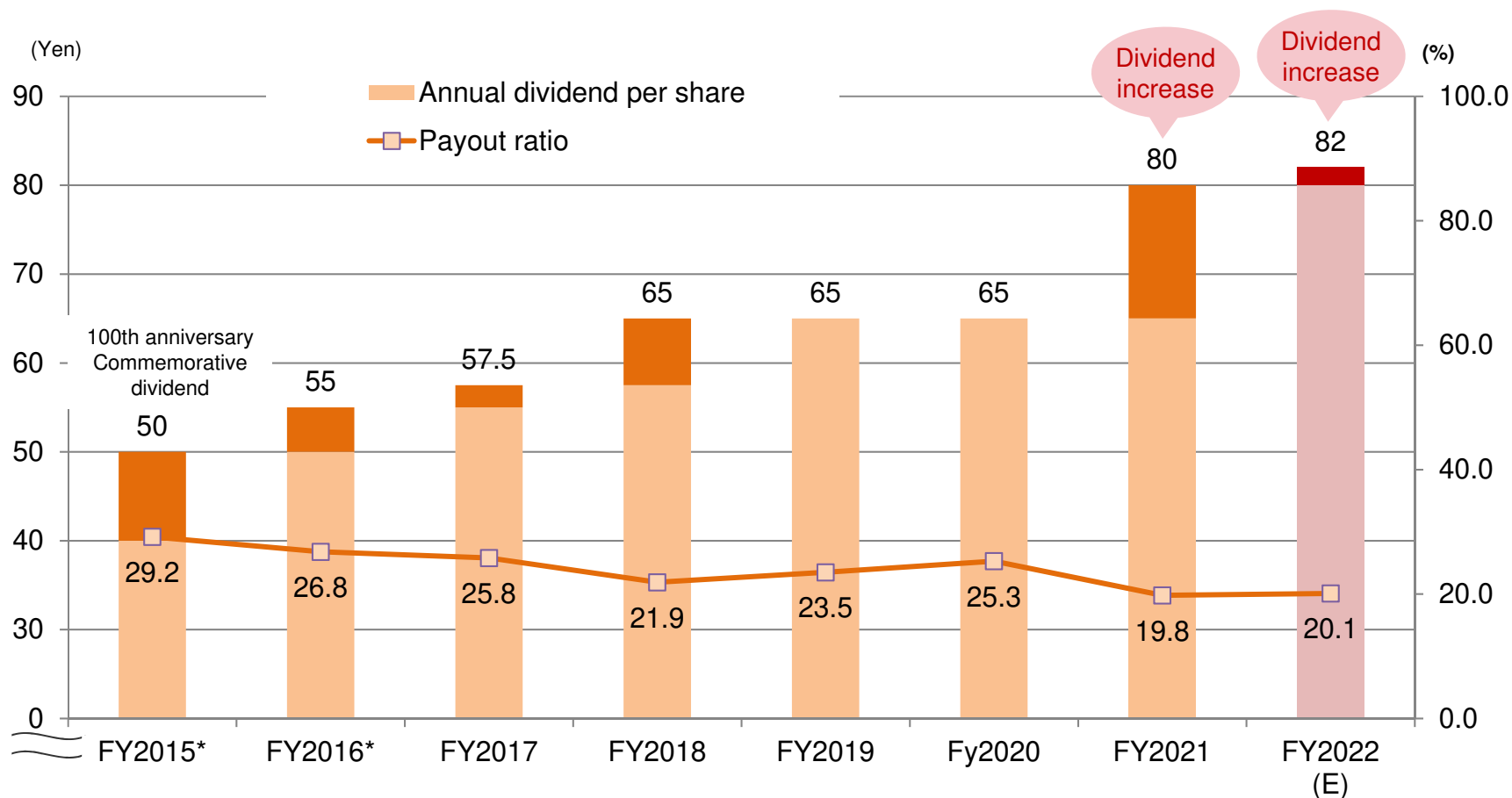
Expand new manufacturing facility (PI-3)  
(approx. 1.5 times)

Scheduled to be completed in March 2023

- Strengthen functions as a CDMO (Enhancement of manufacturing capacity and quality assurance system)
- Strengthen development of new projects on API domain

# Shareholder Returns

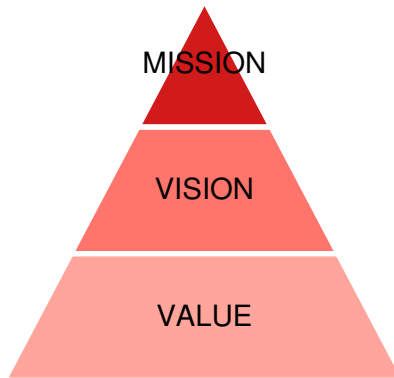
- FY2021 annual dividend of ¥80 per share, taking into the account the continuity of stable dividends and retained earnings for future business development
- Based on our forecast of higher earnings, FY2022 annual dividend of ¥82 per share forecasted



\* Dividends per share before FY2017 are converted to figures after the reverse stock split in October 2017

# Activities to Protect the Global Environment

# Policy for Achieving Sustainability Management



## Basic Policy

Contribution for the realization of a sustainable society and enhancement own corporate value through our business activities.

## Materiality

### Providing social value through business

Social contribution through business activities

Providing new values demanded by society

### Strengthening business base

Continuous improvement of business base

### Human resource development

Creating of a comfortable workplace and personal training

### Improvement of CSR activities

Climate change measures

Occupational safety & health,  
Disaster prevention

Environmental preservation

Chemical & product safety,  
Quality assurance

# To address environmental issues

## Climate change measures

Greenhouse gas emission reduction targets  
**FY2030 : Reduce CO2 emissions by 30%**  
 (compared to FY2013)

### Measures to Achieve

- Install high energy efficiency equipment
- Promote energy conservation activities
- Change to more efficient manufacturing processes
- Promote green energy usage

(ten thousand tons)



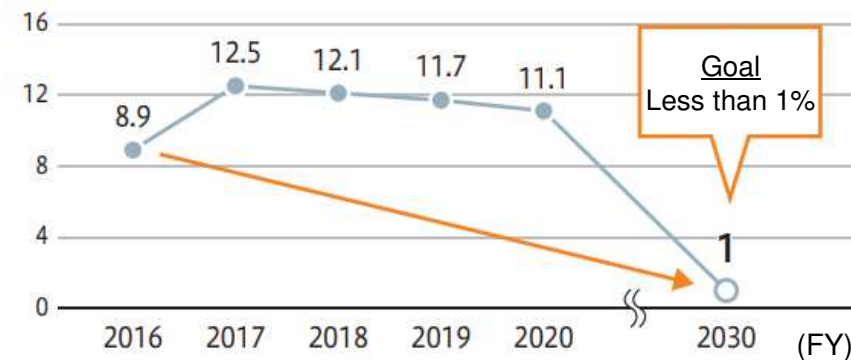
## Environmental preservation

Industrial waste landfill disposal ratio reduction targets  
**FY2030 : Final landfill disposal rate of less than 1%**

### Measures to Achieve

- Increase the recycling rate of soot and dust
- Promote volume reduction and recycling of salt water mads
- Promote internal reuse

(%)



# Development of Environmentally Friendly Materials

Providing new values demanded by society



Environment and energy

## Development of Ultra-high ionic conductive polymers for All-Solid Batteries

Adopted for NEDO Green Innovation Fund Project

Business Overview and Objectives

Next-generation storage battery and motor domain

Develop high-performance storage batteries such as all-solid-state batteries and their materials with the aim of making the "energy density" that affects cruising range, etc. more than twice the current level, etc.

### Overview of Our Development Themes

#### Problems for practical application of All-Solid-State Batteries

Large volume change of the electrode material are caused during charging and discharging  
→Lithium ion migration resistance rises at Boundaries of High-Capacity Active Materials and Solid Electrolytes

#### Our development target

Development of new polymers that can respond to volume changes of next-generation negative electrode materials caused during charging and discharging, and establishment of manufacturing Technology.

#### Schematic diagram of All-Solid Batteries

Foil for negative electrode current collector

Negative electrode layer  
Silicon, lithium metal-based

Solid electrolyte

Positive electrode active material

Foil for Positive electrode current collector

Ultra-high ionic conductive polymers

Develop a new polymer compatible with high ion conductivity while buffering the volume change of the next-generation negative polar



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