

OSAKA SODA CO., LTD.
CONSOLIDATED FINANCIAL RESULTS
For the Fiscal Year Ended March 31, 2021
(Prepared under Japan GAAP, unaudited)

Company name: OSAKA SODA CO.,LTD Stock Exchange Listing: Tokyo
Securities code: 4046 URL: <http://www.osaka-soda.co.jp>
Representative: Kenshi Terada, Representative Director, President and Chief Executive Officer
For inquiry: Yoshihiro Ueda, Director, Lead Executive Officer, General Manager, Administration
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Scheduled date of general shareholders meeting: June 29, 2021
Scheduled date of commencement of dividend payment: June 11, 2021
Scheduled date of filing of securities report: June 30, 2021
Supplementary materials prepared for the financial results: Yes
Annual financial results briefings: Yes

1. Consolidated Financial Results (Amounts are rounded down to the nearest million yen)

(1) Results of Operations

		Year ended			
		March 31, 2021		March 31, 2020	
			Change *		Change *
Net sales	Millions of yen	97,266	(7.8)%	105,477	(2.2)%
Operating income	Millions of yen	8,341	(14.0)%	9,698	2.2%
Ordinary income	Millions of yen	8,838	(14.4)%	10,321	2.7%
Net income attributable to owners of parent	Millions of yen	6,050	(7.0)%	6,506	(4.2)%
Comprehensive income	Millions of yen	10,622	125.3%	4,714	11.1%
Net income per share	Yen	257.37	-	276.14	-
Diluted net income per share	Yen	230.23	-	244.16	-
Return on equity	%	8.3	-	9.7	-
Return on total assets	%	7.7	-	9.2	-
Operating income ratio	%	8.6	-	9.2	-

Notes: Percent changes are year-on-year comparisons

(2) Financial Condition

		As of March 31, 2021	As of March 31, 2020
Total assets	Millions of yen	119,373	110,851
Net assets	Millions of yen	77,232	69,121
Equity *	Millions of yen	77,224	69,121
Equity ratio	%	64.7	62.4
Net assets per share (Yen)	Yen	3,310.56	2,912.98

Note: Equity = "Total net assets" minus "Subscription rights to shares"

(3)Cash Flows

		Year ended	
		March 31, 2021	March 31, 2020
Cash flows from operating activities	Millions of yen	9,347	10,336
Cash flows from investing activities	Millions of yen	(1,850)	(4,092)
Cash flows from financing activities	Millions of yen	(4,464)	(1,677)
Cash and cash equivalents at end of year	Millions of yen	31,936	28,899

2. Dividends

		Year ending March 31, 2022 (Forecast)	Year ended March 31, 2021	Year ended March 31, 2020
End of first quarter	Yen	-	-	
End of second quarter	Yen	32.50	32.50	32.50
End of third quarter	Yen	-	-	
End of fourth quarter	Yen	32.50	32.50	32.50
Full year	Yen	65.00	65.00	65.00
Payment of dividends	Millions of yen	-	1,516	1,542
Dividend payout ratio	%	22.3	25.3	23.5
Ratio of dividend to net assets	%	-	2.1	2.3

Notes:

(1) Dividend forecast has been revised from the forecast most recently announced.

3. Earnings Forecast for the fiscal year ending March 31, 2022

		End of second quarter		Full-year	
			Change*		Change*
Net sales	Millions of yen	37,000	7.8%	75,500	0.3%
Operating income	Millions of yen	4,000	14.4%	9,000	7.9%
Ordinary income	Millions of yen	4,400	19.0%	9,700	9.8%
Net income	Millions of yen	3,200	29.3%	6,800	12.4%
Earnings per share	Yen	137.18	-	291.51	-

Note: The above consolidated financial forecast reflects the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement of No.29) which is adopted from the beginning of the fiscal year ending March 31, 2022. The year-on-year changes are presented assuming the same standard is applied to the fiscal year ended March 31, 2021.

* Notes

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates and restatements of revisions
- 1) Changes in accounting policies due to revisions of accounting standards, etc.: None
 - 2) Changes in accounting policies other than 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of revisions: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of March 31, 2021: 26,731,415 Shares

As of March 31, 2020: 26,731,415 Shares

2) Number of treasury shares at the end of period

As of March 31, 2021: 3,404,604 Shares

As of March 31, 2020: 3,002,772 Shares

3) Average number of shares outstanding in each period

Year ended March 31, 2021: 23,510,263 Shares

Year ended March 31, 2020: 23,563,486 Shares

* Audit procedures

The financial results are not subject to the audit procedures performed by certified public accountants or an audit firm.

* Earnings forecasts and other notes

This material contains forward-looking statements such as earnings forecast about OSAKA SODA CO., LTD. and its group companies ("Osaka Soda Group"). These forward-looking statements are based on the current assumptions and beliefs of Osaka Soda Group in light of the information currently available to it, and contain known and unknown risks, uncertainties and other factors. Osaka Soda Group therefore wishes to caution readers that actual results could be materially different from any future results.

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4. Results of Operations and Financial Condition

(1) Results of Operations

During the fiscal year ended March 31, 2021, Japan's economy has remained in a severe situation due to the restriction on economic activity along with the novel coronavirus (COVID-19) pandemic. Although the pick-up trend has been seen in part along with a resumption of economic activity, downward pressure stemming from the impact of a resurgence of COVID-19 at home and abroad is likely to remain strong for the time being, the economic outlook remains uncertain.

Under the circumstances, the "BRIGHT-2020" medium-term management plan has entered the final year. Based on the three basic policies of "creating new growth engines", "establishing a profitable global business", and "completing business structure reform", Osaka Soda Group has further advanced these measures.

Under the policy of "creating new growth engines, Acrylic Rubber and Non-phthalate Allyl Resin were launched to expand sales. In the pharmaceutical-related business, we worked to expand the field of outsourcing by increasing the number of special reactor units and to promote the development of high pharmacologically active drugs. Both measures expanded. In Silica Gel for Liquid Chromatography, the adoption of Peptide and Nucleic Acid Drugs increased in new grade, the market development steadily progressed. Carbon nanotubes have been adopted in the antistatic sheet used in the inspection process.

Under the policy of "establishing a profitable global business", we worked to expand aggressively the share of global niche top products and the specialty chemical business in North America through the investment in US funds.

Under the policy of "completing business structure reform", we have been working to expand the business in the Kyushu region and strengthen cost competitiveness through rationalization of production due to an agreement on the integration of electrolysis facilities owned by Mitsubishi Chemical Fukuoka Plant with that of Osaka Soda Kokura Plant.

Also, we initiate business reforms in order to review organizational operations, business process, and human resources management and implement the cost down across the entire company.

As a result, net sales were ¥97,266 million, a decrease of 7.8% compared to the same fiscal period of 2019. Operating income was ¥8,341 million, a decrease of 14.0% compared to the same period of fiscal 2019. Ordinary income was ¥8,838 million, a decrease of 14.4% compared to the same period of fiscal 2019. Net income attributable to owners of the parent was ¥6,050 million, a decrease of 7.0% compared to the same period of fiscal 2019.

Basic Chemical Products

In *Chlor-Alkali*, net sales declined for the full year, though demand for semiconductors and electronic materials began to recover from a decline caused by the spread of COVID-19 infection in the second half of the fiscal year.

In *Epichlorohydrin*, net sales declined for the full year, though demand for electronic materials recovered significantly in Japan and overseas in the second half of the fiscal year.

As a result, net sales were ¥42,416 million, a decrease of 1.2% compared to the same period of fiscal 2019.

Functional Chemical Products

In *Synthetic Rubber related business*, *Epichlorohydrin Rubber* was affected by a severe decline in automobile production across the world, however, *Acrylic Rubber* was adopted mainly in China and other Asian countries. In *Diallyl Phthalate Resin*, net sales decreased due to a decline in demand for commercial printing inks, particularly in Japan, the United States, and Europe.

In *Allyl Ethers*, net sales increased in the second half of the fiscal year due to sharp recovery in demand of silane coupling products for semiconductor in China and the United States.

In *Silica Gel for Liquid Chromatography*, net sales increased due to expansion of demand for diabetes treatment drugs in Europe, the United States, and India.

In *Active Pharmaceutical Ingredients (API) and their Intermediates*, sales of intermediates for anti-tuberculosis drugs, anti-ulcer drugs and insomnia treatment drugs.

As a result, net sales were ¥40,744 million, a decrease of 2.1% compared to the same period of fiscal 2019.

Housing Facilities and Others

Housing Facilities and Others were ¥14,106 million, a decrease of 9.4% compared to the same period of fiscal 2019 due to a decline in sales of life-related products and construction materials.

(2) Financial Condition

Assets

Current assets were ¥73,876 million, an increase of 5.7% since March 31, 2020. The increase was due primarily to an increase of ¥2,336 million in *cash and deposits*, an increase of 1,013 in *notes and accounts receivable-trade* respectively.

Noncurrent assets were ¥45,496 million, an increase of 11.0% since March 31, 2020. The increase was due primarily to an increase of ¥6,162 million in *investment securities*, a decrease of ¥1,316 million in *property, plant and equipment*.

As a result, **Total assets** were ¥119,373 million, an increase of 7.7% since March 31, 2020.

Liabilities

Current liabilities were ¥26,818 million, a decrease of 0.6% since March 31, 2020. The decrease was due primarily to an increase of ¥213 million in *income taxes payable*.

Noncurrent liabilities were ¥15,322 million, an increase of 1.7% since March 31, 2020. The decrease was due primarily to an increase of ¥2,027 million in *deferred tax liabilities*, a decrease of ¥1,263 in *bonds with subscription rights to shares* and a decrease of ¥560 million in *provision for directors' retirement benefits* respectively.

As a result, **Total liabilities** were ¥42,141 million, an increase of 1.0% since March 31, 2020.

Net assets

Net assets were ¥77,232 million, an increase of 11.7% since March 31, 2020.

(3) Cash flow

Cash and cash equivalents at the end of fiscal year were ¥31,936 million, an increase of ¥3,036 million compared to the previous fiscal period.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥9,347 million, due primarily to ¥8,680 million in *income before income taxes*, ¥3,894 million in *depreciation*, and ¥2,360 million in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥1,850 million, due primarily to cash outflows of ¥1,772 million in *purchase of property, plant, and equipment*.

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥4,464 million, due primarily to cash outflows of ¥1,533 million in *dividends paid* by parent company, cash outflows of ¥1,263 million in redemption of bonds with subscription rights to shares, cash outflows of ¥1,002 million in purchase of treasury shares, and cash outflows of ¥595 million in repayment of short-term loans payables.

(4) Outlook

The economic outlook for the future is expected to pick up thanks to the vaccination effect and the economic

measures taken by each country, however, it is expected that the severe situation will continue due to concerns over the impact of the resurgence of COVID-19 infection on economic activities.

Under the situation, Osaka Soda Group has formulated the Seventh Medium-Term Business Plan (Fiscal 2021 -2022) “EMPOWER THE NEXT-22” based on the assumption that the impact of COVID-19 infection will continue for the time being.

Building a foundation for business resilience

We will invest in renewal and reduce costs to improve production efficiency in our soda electrolysis and AC/EP businesses since our founding, thereby strengthening our business foundation to generate stable earnings.

And we will develop acrylic rubber, non-phthalate allylic resins, compounds and pharmaceutical refining materials as our core businesses, and expand and strengthen our functional chemicals, mainly synthetic rubber and synthetic resins, as well as health care, mainly pharmaceutical bulk and intermediates, and pharmaceutical refining materials, as highly profitable businesses.

Promotion of market-in-type development

The business divisions will take the lead in accurately grasping customer needs, planning new products together with the R&D division, and quickly launching them. In the field of environment and energy, we will promote the development of materials that contribute to higher lithium-ion battery capacity, longer life, and improved safety. In the field of mobility, we will focus on developing new materials that support the electrification and automation of automobiles. In the field of information and communications, we will continue to develop materials that contribute to the development of next-generation 5G and 6G communications technologies. In the field of health and healthcare, we will strengthen our biopharmaceutical manufacturing and purification technologies in response to the changing modality of pharmaceuticals.

Efforts to achieve the SDGs

In addition to contributing to the development of existing products, we will reflect the SDGs in our development policies for new products and contribute to the realization of a sustainable global environment through our overall corporate activities.

Reforming corporate culture and organizational culture

Under the new mission and vision, we reform our business system and personnel system. And we work to raise our organizational strength and human resources capabilities with the aim of creating a highly productive corporate culture through business reform activities that span all levels of the organization.

The earnings forecast for fiscal 2022 will be ¥75,500 million in net sales, ¥9,000 million in operating income, ¥9,700 million in ordinary income, and ¥6,800 million in net income attributable to owners of parent. The consolidated financial forecast reflects the application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement of No.29) which is adopted from the beginning of the fiscal year ending March 31, 2022.

5. Accounting Standards

Osaka Soda Group prepares the consolidated financial statements in accordance with Japanese generally accepted accounting principles, taking into accounts the comparability between periods and companies. In adopting International Financial Reporting Standards, Osaka Soda Group intends to take appropriate measures, examining internal and external situation.

6. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	March 31, 2020	March 31, 2021
Assets		
Current assets		
Cash and deposits	15,099	17,436
Notes and accounts receivable-trade	25,641	26,655
Electronically recorded monetary claims	3,096	3,456
Short term investment securities	14,299	14,499
Merchandise and finished goods	6,901	6,581
Work in process	1,368	1,661
Raw materials and supplies	2,268	2,219
Other current assets	1,296	1,435
Less: Allowance for doubtful accounts	(100)	(69)
Total current assets	69,871	73,876
Noncurrent assets		
Buildings and structures	17,097	17,401
Accumulated depreciation	(10,364)	(10,904)
Buildings and structures - Net	6,732	6,496
Machinery, equipment, and vehicles	60,448	61,838
Accumulated depreciation	(50,338)	(52,918)
Machinery, equipment, and vehicles - Net	10,110	8,920
Land	2,305	2,305
Lease assets-PPE	1,026	1,026
Accumulated depreciation	(221)	(284)
Lease assets, net-PPE	805	741
Construction in progress	1,454	1,707
Other	4,051	4,119
Accumulated depreciation	(3,605)	(3,753)
Other - Net	445	366
Total property, plant and equipment	21,853	20,536
Intangible assets		
Goodwill	681	498
Software	231	184
Other	115	99
Total intangible assets	1,027	782
Investments and other assets		
Investment securities	16,803	22,965
Long-term loans receivable	29	24
Deferred tax assets	368	325
Other, net	903	869
Less: Allowance for doubtful accounts	(6)	(6)
Total investment and other assets	18,099	24,178

Total noncurrent assets	40,980	45,496
Total assets	110,851	119,373

CONSOLIDATED BALANCE SHEETS (Continued)

(Millions of yen)

	March 31, 2020	March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable- trade	13,159	13,046
Short term loans payable	7,767	7,172
Income taxes payable	1,278	1,492
Provision for bonuses	911	884
Other current liabilities	3,543	4,223
Total current liabilities	26,660	26,818
Noncurrent liabilities		
Bonds with subscription rights to shares	10,000	8,737
Deferred tax liabilities	436	2,463
Provision for directors retirement benefits	281	-
Net defined benefit liability	3,265	2,705
Other noncurrent liabilities	1,085	1,415
Total noncurrent liabilities	15,069	15,322
Total liabilities	41,730	42,141
Net assets		
Shareholders' equity		
Capital stock	15,870	15,870
Capital surplus	14,387	14,388
Retained earnings	41,870	46,387
Treasury stock	(6,682)	(7,669)
Total shareholders' equity	65,446	68,977
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,177	8,292
Deferred gains or losses on hedges	8	48
Foreign currency translation adjustments	7	(13)
Re-measurements of defined benefit plans	(518)	(80)
Total accumulated other comprehensive income	3,674	8,247
Non-controlling interests	-	7
Total net assets	69,121	77,232
Total net assets and liabilities	110,851	119,373

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Year Ended	
	March 31, 2020	March 31, 2021
Net sales	105,477	97,266
Cost of sales	82,941	76,282
Gross profit	22,536	20,984
Selling, general, and administrative expenses	12,837	12,643
Operating income	9,698	8,341
<i>Non-operating income</i>		
Interest income	9	16
Dividend income	437	457
Share of profit of entities accounted for using equity method	33	-
Foreign exchange gains	-	93
Other	341	143
Total non-operating income	821	711
<i>Non-operating expenses</i>		
Interest expenses	94	89
Share of loss of entities accounted for using equity method	-	97
Foreign exchange losses	75	-
Other	28	28
Total non-operating expenses	198	214
Ordinary income	10,321	8,838
<i>Extraordinary income</i>		
Gain on sales of noncurrent assets	0	0
Gain on sales of investment securities	178	-
Total extraordinary income	179	0
<i>Extraordinary loss</i>		
Loss on retirement of noncurrent assets	298	158
Loss on valuation of investment securities	503	-
Loss on valuation of shares of subsidiaries and associates	243	-
Other	3	-
Total extraordinary loss	1,049	158
Income before income taxes	9,450	8,680
Income taxes - current	2,741	2,585
Income taxes - deferred	202	44
Total income taxes	2,944	2,630
Net income	6,506	6,050
Profit attributable to non-controlling interests		(0)
Net income attributable to owners of parents	6,506	6,050

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of yen)

	Year ended	
	March 31, 2020	March 31, 2021
Net income	6,506	6,050
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,603)	4,113
Deferred gains or losses on hedges	6	40
Foreign currency translation adjustments	(4)	(22)
Re-measurements of defined benefit plans	(190)	437
Re-measurements of defined benefit plans	(0)	2
Total other comprehensive income	(1,792)	4,472
Comprehensive income	4,714	10,622
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	4,714	10,623
Comprehensive income attributable to non-controlling interests	-	(0)

STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

	March 31, 2020	March 31, 2021
Shareholder's Equity		
Capital Stock		
Balance at beginning of current period	15,150	15,870
Changes during the fiscal year		
Issuance of new shares	720	-
Total changes of items during the period	720	-
Balance at end of current period	15,870	15,870
Capital Surplus		
Balance at beginning of current period	13,667	14,387
Changes during the fiscal year		
Issuance of new shares	720	-
Disposal of treasury shares	-	1
Total changes of items during the period	720	1
Balance at end of current period	14,387	14,388
Retained earnings		
Balance at beginning of current period	36,942	41,870
Changes during the fiscal year		
Dividends from surplus	(1,579)	(1,533)
Net income attributable to shareholders of the parent	6,506	6,050
Total changes of items during the period	4,927	4,517
Balance at end of current period	41,870	46,387
Treasury Stock		
Balance at beginning of current period	(6,679)	(6,682)
Changes during the fiscal year		
Purchase of treasury shares	(3)	(1,000)
Disposal of treasury shares	-	13
Total changes of items during the period	(3)	(987)
Balance at end of current period	(6,682)	(7,669)
Total shareholders' equity		
Balance at beginning of current period	59,080	65,446
Changes during the fiscal year		
Issuance of new shares	1,441	-
Dividends from surplus	(1,579)	(1,533)
Net income attributable to shareholders of the parent	6,506	6,050
Purchase of treasury shares	(3)	(1,000)
Disposal of treasury shares	-	14
Total changes of items during the period	6,365	3,531
Balance at end of current period	65,446	68,977

STATEMENTS OF CHANGES IN NET ASSETS *(Continued)*

(Millions of yen)

	March 31, 2020	March 31, 2021
Accumulated other comprehensive income		
<i>Valuation difference on available-for-sale securities</i>		
Balance at beginning of current period	5,781	4,177
Net changes of items other than shareholders' equity	(1,603)	(4,114)
Total changes of items during the period	<u>(1,603)</u>	<u>(4,114)</u>
Balance at end of current period	<u>4,177</u>	<u>8,292</u>
<i>Deferred gains or losses on hedges</i>		
Balance at beginning of current period	1	8
Net changes of items other than shareholders' equity	6	40
Total changes of items during the period	<u>6</u>	<u>40</u>
Balance at end of current period	<u>8</u>	<u>48</u>
<i>Foreign currency translation adjustment</i>		
Balance at beginning of current period	11	7
Net changes of items other than shareholders' equity	(4)	(20)
Total changes of items during the period	<u>(4)</u>	<u>(20)</u>
Balance at end of current period	<u>7</u>	<u>(13)</u>
<i>Re-measurements of defined benefit plans</i>		
Balance at beginning of current period	(327)	(518)
Net changes of items other than shareholders' equity	(190)	437
Total changes of items during the period	<u>(190)</u>	<u>437</u>
Balance at end of current period	<u>(518)</u>	<u>(80)</u>
<i>Total accumulated other comprehensive income</i>		
Balance at beginning of current period	5,467	3,674
Net changes of items other than shareholders' equity	(1,792)	4,572
Total changes of items during the period	<u>(1,792)</u>	<u>4,572</u>
Balance at end of current period	<u>3,674</u>	<u>8,247</u>
<i>Non-controlling interests</i>		
Net changes of items other than shareholder's equity	-	7
Total changes of items during the period	<u>-</u>	<u>7</u>
Balance at end of current period	<u>-</u>	<u>7</u>
Total net assets		
Balance at beginning of current period	64,548	69,121
Issuance of new shares	1,441	-
Dividends from surplus	(1,579)	(1,533)
Net income attributable to shareholders of the parent	6,506	6,050
Purchase of treasury shares	(3)	(1,000)
Disposal of treasury shares	-	14
Net changes of items other than shareholders' equity	(1,792)	4,580
Total changes of items during the period	<u>4,573</u>	<u>8,111</u>
Balance at end of current period	<u>69,121</u>	<u>77,232</u>

STATEMENTS OF CASH FLOWS

(Millions of yen)

	March 31, 2020	March 31, 2021
Cash flows from operating activities		
Income before Income Taxes	9,450	8,680
Depreciation	3,626	3,894
Amortization of goodwill	182	182
Increase (decrease) in allowance for doubtful accounts	(39)	(31)
Increase (decrease) in provision for bonuses	22	(27)
Increase (decrease) in net defined benefit liability	256	(560)
Increase (decrease) in provision for directors' retirement benefits	(369)	(281)
Interest and dividend income	(446)	(474)
Interest expenses	94	89
Foreign exchange losses (gains)	37	(15)
Loss on retirement of non-current assets	298	158
Loss (gain) on sales of non-current assets	2	(0)
Subsidy income	(144)	-
Loss (gain) on sales of short-term and long-term investment securities	(178)	-
Loss on valuation of shares of subsidiaries and associates	243	-
Decrease (increase) in trade receivables	4,027	(1,374)
Decrease (increase) in inventories	(13)	71
Increase (decrease) in trade payables	(2,423)	(114)
Increase (decrease) in accrued consumption taxes	(342)	(65)
Loss (gain) on valuation of short-term and long-term investment securities	503	-
Share of loss (profit) of entities accounted for using equity method	(33)	97
Other, net	(909)	1,082
Sub total	13,847	11,312
Interest and dividend income received	458	484
Interest expenses paid	(100)	(89)
Income taxes paid	(3,868)	(2,360)
Net cash provided by operating activities	10,336	9,347

STATEMENTS OF CASH FLOWS *(Continued)*

(Millions of yen)

	<u>March 31, 2020</u>	<u>March 31, 2021</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,474)	(1,772)
Proceeds from sales of property, plant and equipment	17	0
Purchase of intangible assets	(33)	(58)
Purchase of investment securities	(500)	-
Proceeds from redemption of securities	-	500
Purchase of investment securities	(320)	(516)
Proceeds from sales of investment securities	301	177
Subsidies received	144	-
Other, net	(226)	(181)
Net cash used in investing activities	<u>(4,092)</u>	<u>(1,850)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	(595)
Redemption of bonds with subscription rights to shares	(23)	(1,263)
Purchase of treasury shares	(3)	(1,002)
Dividends paid	(1,579)	(1,533)
Other, net	(71)	(69)
Net cash provided by financing activities	<u>(1,677)</u>	<u>(4,464)</u>
Effect of exchange rate change on cash and cash equivalents	(43)	4
Net increase (decrease) in cash and cash equivalents	<u>4,523</u>	<u>3,036</u>
Cash and cash equivalents at beginning of period	<u>24,376</u>	<u>28,899</u>
Cash and cash equivalents at end of period	<u>28,899</u>	<u>31,936</u>

7. Notes to the Consolidated Financial Statements

(1) Notes regarding the going concern assumption: None

(2) Segment information

Year ended March 31, 2020

(Millions of yen)

	Basic Chemical Products	Functional Chemical Products	Housing Facilities and Others	Total	Adjustments*1	Consolidated operating income *2
Net sales						
External sales	48,263	41,639	15,574	105,477	—	105,477
Intersegment sales or reclassifications	21	96	716	835	(835)	—
Total	48,285	41,735	16 ,291	106,312	(835)	105,477
Segment income	4,854	5,537	475	10,867	(1,168)	9,698
Segment assets	37,737	35,119	5,479	78,336	32,514	110,851
Other items						
Depreciation	2,025	1,196	58	3,279	347	3,626
Amortization of goodwill	4	56	-	61	121	182
Investment to entities accounted for using equity method	-	1,011	-	1,011	-	1,011
Increase of current and noncurrent assets	1,599	2,000	106	3,706	134	3,840

Notes:

- (1) Adjustments of segment income of ¥(1,168) million are corporate expenses not allocated to reportable segments. Corporate expenses are mainly expenses not attributable to a reporting segment and related to fundamental research and development as well as administrative departments.
- (2) Adjustments of segment assets of ¥32,514 million are corporate assets of ¥32,641 million, which are not allocated to reportable segments. Corporate assets are mainly a parent company asset, those are surplus operating funds (cash and short term securities), long term investment capital (investment securities, etc.), and related to administrative, research and development departments.
- (3) Adjustments of Increase of current and noncurrent assets of ¥134 million are for administrative department and research and development department investment.
- (4) Segment income is adjusted to operating income of consolidated statement of income.

Year ended March 31, 2021

(Millions of yen)

	Basic Chemical Products	Functional Chemical Products	Housing Facilities and Others	Total	Adjustments *1	Consolidated operating income *2
Net sales						
External sales	42,416	40,744	14,106	97,266	—	97,266
Intersegment sales or reclassifications	28	153	654	836	(836)	—
Total	42,445	40,897	14,760	98,103	(836)	97,266
Segment income	3,555	5,780	254	9,590	(1,249)	8,341
Segment assets	39,739	34,498	6,955	84,193	35,180	119,373
Other items						
Depreciation	2,266	1,199	65	3,531	363	3,894
Amortization of goodwill	4	56	-	61	121	182
Investment to entities accounted for using equity method	-	1,118	-	1,118	-	1,118
Increase of current and noncurrent assets	1,504	526	95	2,126	261	2,388

Notes:

- (1) Adjustments of segment income of ¥(1,249) million are corporate expenses not allocated to reportable segments. Corporate expenses are mainly expenses not attributable to a reporting segment and related to fundamental research and development as well as administrative departments.
- (2) Adjustments of segment assets of ¥35,180 million are corporate assets of ¥35,283 million, which are not allocated to reportable segments. Corporate assets are mainly a parent company asset, those are surplus operating funds (cash and short term securities), long term investment capital (investment securities, etc.), and related to administrative, research and development departments.
- (3) Adjustments of Increase of current and noncurrent assets of ¥261 million are for administrative department and research and development department investment.
- (4) Segment income is adjusted to operating income of consolidated statement of income.

(3) Per share information

		March 31, 2020	March 31, 2021
Net assets per share	Yen	2,912.98	3,310.56
Earnings per share	Yen	276.14	257.37
Diluted earnings per share	Yen	244.16	230.23

Notes: The calculation of earnings per share and diluted earnings per share are as shown below.

		March 31, 2020	March 31, 2021
Earnings per share			
Net income	Millions of yen	6,506	6,050
Amount not attributable to owners of common stock	Millions of yen	—	—
Net income related to owner of common stock	Millions of yen	6,506	6,050
Weighted average number of common stock	Thousands of shares	22,563	23,510
Diluted earnings per share			
Adjustment to net income	Millions of yen	—	—
Increase of common stock	Thousands of shares	3,086	2,771
(Bonds with subscription rights to shares)	Thousands of shares	(3,086)	(2,771)
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect		—	—

(4) Notes regarding subsequent events: Not applicable