

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 5, 2022

## Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: OSAKA SODA Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4046  
 URL: <http://www.osaka-soda.co.jp>  
 Representative: Kenshi Terada, Representative Director, President and Chief Executive Officer  
 Inquiries: Toru Imamura, General Manager, Administration Division  
 Telephone: +81-6-6110-1560  
 Scheduled date to file quarterly securities report: August 8, 2022  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2022	25,738	20.1	5,149	68.4	5,921	70.9	4,149	57.5
June 30, 2021	21,435	—	3,057	57.0	3,465	60.0	2,634	79.2

Note: Comprehensive income For the three months ended June 30, 2022: ¥4,535 million [177.7%]  
 For the three months ended June 30, 2021: ¥1,633 million [(36.6)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2022	178.14	159.87
June 30, 2021	112.93	101.49

Notes: The Company has applied ASBJ Statement No. 29 “Accounting Standard for Revenue Recognition”, etc. from the beginning of the previous fiscal year. Therefore the figures for the three months ended June 30, 2021 represent amounts after the application of the said accounting standard, etc. and year over year increases/decreases (%) are not provided.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2022	132,536	87,152	65.7
March 31, 2022	129,159	83,896	64.9

Reference: Equity  
 As of June 30, 2022: ¥87,127 million  
 As of March 31, 2022: ¥83,872 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	35.00	—	45.00	80.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		45.00	—	45.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

## 3. Consolidated financial results forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings Per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half year (cumulative)	51,000	21.0	9,200	61.6	10,100	64.0	7,000	58.3	300.39
Full year	98,000	11.3	15,700	26.6	16,900	25.8	11,700	23.9	501.97

Note: Revisions to the forecast of consolidated financial results most recently announced: Yes

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	26,732,017 shares
As of March 31, 2022	26,732,017 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2022	3,476,343 shares
As of March 31, 2022	3,399,626 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	23,293,934 shares
Three months ended June 30, 2021	23,326,851 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

In this document, statements other than historical facts are forward looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements. Please refer to "1. Qualitative Information Concerning Results for the First Quarter (3) Analysis of Forward-looking Statement, Including Consolidated financial results Forecasts" on page 3 of the attached documents.

(Attached Documents)

## INDEX

1. Qualitative Information Concerning Results for the First Quarter	2
(1) Analysis of Operating Results	2
(2) Analysis of Financial Position	3
(3) Analysis of Forward-looking Statement, Including Consolidated financial results Forecasts	3
2. Quarterly Consolidated Financial Statements and Notes to Quarterly Consolidated Financial Statements	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
(Notes on Premise of Going Concern)	8
(Notes on Major Changes in Shareholders' Equity)	8
(Segment Information and Other Items)	8

## 1. Qualitative Information Concerning Results for the First Quarter

### (1) Analysis of Operating Results

During the three months ended June 30, 2022, although the Japanese economy continued to show signs of recovery toward normalization from the impact of COVID-19, the emergence of new highly transmissible variants meant that the situation remained difficult with no outlook for the recession of the pandemic. Although it is expected that the economy will continue to recover going forward, the outlook is extremely uncertain owing to the impact of factors such as supply constraints, rising raw material and fuel prices, the prolonging of the situation in Ukraine, and rapid fluctuations in foreign exchange rates.

Under these circumstances, the Osaka Soda Group entered the final fiscal year of its seventh medium-term management plan, "EMPOWER THE NEXT-22," and worked together as a company to implement specific measures based on the four basic policies of "building a resilient business foundation," "promotion of market-in-type development," "efforts to achieve the SDGs," and "reforming corporate culture and organizational culture."

In "building a resilient business foundation," we have positioned the Basic chemicals business, Functional chemicals business, and Healthcare business as our three core businesses and are pursuing strategies to make these businesses more resilient. During the three months ended June 30, 2022, in the Basic chemicals business, we focused on implementing more price revisions in response to rising raw material and fuel prices, while also engaging in replacement investment aimed at enhancing production efficiency, and cost reductions. In the Functional chemicals business, we were able to respond to growing global demand, partly thanks to the fact that we strengthened production systems for Allyl Ethers in the previous fiscal year. In the Healthcare business, we are making capital investments in facilities related to active pharmaceutical ingredients (APIs) and their intermediates, as well as pharmaceutical purification materials, in order to increase production capacity and meet strong demand.

In relation to the "promotion of market-in-type development," the development of ultra-high ionic conductive polymers for all-solid batteries was selected as a Green Innovation Fund Project by NEDO and a decision was made concerning the granting of funds.

As a result of the above, net sales for the three months ended June 30, 2022, increased 20.1% year on year to ¥25,738 million. In terms of income, operating income increased 68.4% year-on-year to ¥5,149 million, ordinary income increased 70.9% to ¥5,921 million, and net income attributable to owners of the parent increased 57.5% to ¥4,149 million, meaning that the Company recorded its highest ever results at each level of profit for the first three months of the consolidated fiscal year, significantly exceeding the previous records.

An overview of conditions in each segment is as follows.

#### < Basic chemicals >

In Chlor-Alkali, net sales increased thanks to robust demand, particularly in relation to Caustic Soda, as well as progress on price revisions related to rising raw material and fuel prices. In Epichlorohydrin, net sales increased thanks to strong demand in Japan and overseas, particularly in relation to electronic materials, as well as progress on price revisions related to rising raw material and fuel prices.

As a result of the above, net sales in the Basic chemicals business increased 27.3% year on year to ¥10,637 million.

#### < Functional chemicals >

In the synthetic rubber business, net sales of Epichlorohydrin Rubber increased as the Company expanded its share of the OA applications market, despite the impact on automotive applications of a decline in the number of automobiles produced. Net sales of Acrylic Rubber increased thanks to its adoption for new applications in Japan and elsewhere in Asia.

Net sales of DAP resin increased in line with an increase in sales in the United States and East Asia, particularly for UV ink applications.

Net sales of Allyl Ethers increased thanks to growth in demand for Silane coupling agents, particularly for paints and electronic materials.

Net sales of pharmaceutical purification materials increased as demand increased for applications in diabetes treatments in Europe, the Americas, and Asia, etc. Net sales of APIs and their intermediates increased in line with greater sales of intermediates for treatments for diabetes complications, as well as APIs and intermediates for anti-tuberculosis drugs and dementia treatments.

As a result of the above, net sales in the Functional chemicals business increased 14.7% year on year to ¥12,930 million.

< Housing facilities and others >

Net sales in the Housing facilities and others business increased 20.2% year on year to ¥2,171 million as a result of robust sales of Housing Facilities.

(2) Analysis of Financial Position

(Assets)

Current assets were ¥84,753 million, an increase of 3.2% since March 31, 2022. The increase was due primarily to increases of ¥3,803 million in notes and accounts receivable-trade, and contract assets, and ¥2,489 million in electronically recorded monetary claims, while short term investment securities decreased ¥2,999 million.

Noncurrent assets were ¥47,783 million, an increase of 1.6% since March 31, 2022. The increase was due primarily to increases of ¥342 million in construction in progress, ¥322 million in investment securities, and ¥213 million in machinery, equipment, and vehicles.

As a result, total assets as of June 30, 2022, were ¥132,536 million, an increase of 2.6% since March 31, 2022.

(Liabilities)

Current liabilities were ¥39,859 million, an increase of 0.0% since March 31, 2022. The increase was due primarily to an increase of ¥1,735 million in notes and accounts payable-trade, while income taxes payable decreased ¥1,484 million and provision for bonuses decreased ¥510 million.

Noncurrent liabilities were ¥5,524 million, an increase of 2.1% since March 31, 2022. The increase was due primarily to an increase of ¥230 million yen in deferred tax liabilities.

As a result, liabilities as of June 30, 2022, were ¥45,384 million, an increase of 0.3% since March 31, 2022.

(Net assets)

Net assets as of June 30, 2022, were ¥87,152 million, an increase of 3.9% since March 31, 2022.

(3) Analysis of Forward-looking Statement, Including Consolidated financial results Forecasts

Based on recent trends in business performance and other factors, the consolidated earnings forecasts and dividend forecast announced on May 12, 2022, have been revised.

For details, please refer to " Notice Concerning Revisions to Financial Results Forecasts and Dividend Forecasts for the Fiscal Year Ending March 31, 2023," announced today (August 5, 2022).

2. Quarterly Consolidated Financial Statements and Notes to Quarterly Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2022	June 30, 2022
<b>Assets</b>		
<i>Current assets</i>		
Cash and deposits	16,517	15,537
Notes and accounts receivable-trade, and contract assets	26,920	30,723
Electronically recorded monetary claims	3,434	5,924
Short term investment securities	20,499	17,499
Merchandise and finished goods	7,703	8,808
Work in process	2,191	2,097
Raw materials and supplies	2,628	2,827
Other current assets	2,326	1,337
Less: Allowance for doubtful accounts	(79)	(3)
Total current assets	<u>82,142</u>	<u>84,753</u>
<i>Noncurrent assets</i>		
Property, plant and equipment		
Buildings and structures – Net	6,669	6,727
Machinery, equipment, and vehicles – Net	11,605	11,819
Land	2,305	2,305
Lease assets, net-PPE	674	657
Construction in progress	1,861	2,203
Other – Net	478	478
Total property, plant and equipment	<u>23,594</u>	<u>24,190</u>
Intangible assets		
Goodwill	315	276
Software	155	133
Other	79	74
Total intangible assets	<u>550</u>	<u>484</u>
Investments and other assets		
Investment securities	21,677	22,000
Long-term loans receivable	18	17
Deferred tax assets	450	390
Other, net	732	805
Less: Allowance for doubtful accounts	(7)	(105)
Total investment and other assets	<u>22,871</u>	<u>23,107</u>
Total noncurrent assets	<u>47,016</u>	<u>47,783</u>
<b>Total assets</b>	<u>129,159</u>	<u>132,536</u>

(Millions of yen)

	March 31, 2022	June 30, 2022
<b>Liabilities</b>		
<b><i>Current liabilities</i></b>		
Notes and accounts payable- trade	14,229	15,964
Short term loans payable	7,172	7,172
Income taxes payable	2,990	1,506
Provision for bonuses	968	457
Current portion of bonds with subscription rights to shares	8,733	8,731
Other current liabilities	5,756	6,027
<b>Total current liabilities</b>	<b>39,850</b>	<b>39,859</b>
<b><i>Noncurrent liabilities</i></b>		
Lease liabilities	908	888
Deferred tax liabilities	1,349	1,580
Net defined benefit liability	2,733	2,672
Asset retirement obligations	166	166
Other noncurrent liabilities	254	217
<b>Total noncurrent liabilities</b>	<b>5,412</b>	<b>5,524</b>
<b>Total liabilities</b>	<b>45,263</b>	<b>45,384</b>
<b>Net assets</b>		
<b><i>Shareholders' equity</i></b>		
Capital stock	15,871	15,871
Capital surplus	14,391	14,391
Retained earnings	54,255	57,354
Treasury stock	(7,658)	(7,888)
<b>Total shareholders' equity</b>	<b>76,859</b>	<b>79,730</b>
<b><i>Accumulated other comprehensive income</i></b>		
Valuation difference on available-for-sale securities	6,833	6,865
Deferred gains or losses on hedges	64	149
Foreign currency translation adjustments	212	471
Re-measurements of defined benefit plans	(97)	(89)
<b>Total accumulated other comprehensive income</b>	<b>7,012</b>	<b>7,397</b>
<b><i>Non-controlling interests</i></b>	<b>23</b>	<b>25</b>
<b>Total net assets</b>	<b>83,896</b>	<b>87,152</b>
<b>Total net assets and liabilities</b>	<b>129,159</b>	<b>132,536</b>

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## Consolidated Statements of Income

(Millions of yen)

	Three Months ended	
	June 30, 2021	June 30, 2022
<b>Net sales</b>	21,435	25,738
<b>Cost of sales</b>	15,168	17,142
<b>Gross profit</b>	6,266	8,596
<b>Selling, general, and administrative expenses</b>	3,208	3,446
<b>Operating income</b>	3,057	5,149
<b><i>Non-operating income</i></b>		
Interest income	2	2
Dividend income	251	308
Share of profit of entities accounted for using equity method	18	1
Foreign exchange gains	14	492
Insurance claim income	135	2
Other	18	64
Total non-operating income	441	871
<b><i>Non-operating expenses</i></b>		
Interest expenses	22	20
Loss on abandonment of inventories	—	70
Other	11	9
Total non-operating expenses	33	99
<b>Ordinary income</b>	3,465	5,921
<b><i>Extraordinary income</i></b>		
Gain on sales of investment securities	304	—
Total extraordinary income	304	—
<b><i>Extraordinary loss</i></b>		
Loss on retirement of noncurrent assets	23	40
Total extraordinary loss	23	40
<b>Income before income taxes</b>	3,746	5,881
Income taxes – current	938	1,481
Income taxes – deferred	173	249
Total income taxes	1,111	1,731
<b>Net income</b>	2,634	4,149
<b>Profit attributable to non-controlling interests</b>	(0)	(0)
<b>Net income attributable to owners of parents</b>	2,634	4,149

Consolidated statements of Comprehensive Income

(Millions of yen)

	<u>Three months ended</u>	
	<u>June 30, 2021</u>	<u>June 30, 2022</u>
<b>Net income</b>	2,634	4,149
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1,087)	31
Deferred gains or losses on hedges	(34)	85
Foreign currency translation adjustments	105	247
Re-measurements of defined benefit plans	6	8
Share of other comprehensive income of entities accounted for using equity method	8	13
Total other comprehensive income	<u>(1,001)</u>	<u>385</u>
<b>Comprehensive income</b>	<u>1,633</u>	<u>4,535</u>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,632	4,533
Comprehensive income attributable to non-controlling Interests	0	1

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Notes on Major Changes in Shareholders' Equity)

Not applicable

(Segment Information and Other Items)

First quarter of the previous fiscal year ended March 31, 2022 (from April 1, 2021 to June 30, 2021)

(Millions of yen)

	Basic Chemical Products	Functional Chemical Products	Housing Facilities and Others	Total	Adjustments *1	Consolidated *2
Net sales						
Japan	6,942	5,335	1,792	14,070	—	14,070
Asia	990	4,315	14	5,320	—	5,320
Europe	205	1,024	—	1,229	—	1,229
Others	217	596	—	814	—	814
Revenue from Contracts with Customers	8,356	11,271	1,806	21,435	—	21,435
Other Revenue	—	—	—	—	—	—
External sales	8,356	11,271	1,806	21,435	—	21,435
Intersegment sales or reclassifications	2	105	756	864	(864)	—
Total	8,359	11,376	2,563	22,299	(864)	21,435
Segment income	911	2,278	150	3,341	(283)	3,057

Notes:

- (1) Adjustments of segment income of ¥(283) million are corporate expenses not allocated to reportable segments. Most of above-mentioned corporate expenses are not attributable to a reporting segment and related to fundamental research and development as well as administrative departments.
- (2) Segment income is adjusted to operating income of consolidated statement of income.

First quarter of the current fiscal year ending March 31, 2023 (from April 1, 2022 to June 30, 2022)

(Millions of yen)

	Basic Chemical Products	Functional Chemical Products	Housing Facilities and Others	Total	Adjustments *1	Consolidated *2
Net sales						
Japan	8,654	5,337	2,171	16,162	—	16,162
Asia	1,655	5,076	—	6,731	—	6,731
Europe	148	1,557	—	1,705	—	1,705
Others	179	959	—	1,139	—	1,139
Revenue from Contracts with Customers	10,637	12,930	2,171	25,738	—	25,738
Other Revenue	—	—	—	—	—	—
External sales	10,637	12,930	2,171	25,738	—	25,738
Intersegment sales or reclassifications	79	368	373	821	(821)	—
Total	10,717	13,298	2,544	26,560	(821)	25,738
Segment income	2,156	3,220	125	5,502	(352)	5,149

Notes:

- (1) Adjustments of segment income of ¥(352) million are corporate expenses not allocated to reportable segments. Most of above-mentioned corporate expenses are not attributable to a reporting segment and related to fundamental research and development as well as administrative departments.
- (2) Segment income is adjusted to operating income of consolidated statement of income.