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May 11, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4046
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 Scheduled date of annual general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 12, 2023
 Scheduled date to file annual securities report: June 30, 2023--
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(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	%
Fiscal year ended								
Mar 31, 2023	104,208	18.3	15,557	25.4	17,164	27.8	10,570	12.0
Mar 31, 2022	88,084	—	12,401	48.7	13,435	52.0	9,442	56.1

Note: Comprehensive income For the fiscal year ended Mar 31, 2023: ¥11,267 million 37.3 %
 For the fiscal year ended Mar 31, 2022: ¥8,208 million (22.7) %

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
Mar 31, 2023	428.43	—	11.5	12.8	14.9
Mar 31, 2022	404.73	363.53	11.7	10.8	14.1

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended Mar 31, 2023: ¥(12) million

For the fiscal year ended Mar 31, 2022: ¥48 million

Note1: 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 fiscal year ended Mar 31, 2023 represent amounts after the application of the said accounting standard, etc. and year over year increases/decreases (%) are not provided.

Note2: The amount of diluted earnings per share for the nine months ended Mar 31, 2023, is not provided because there are no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
Mar 31, 2023	138,029	99,543	72.1	3,912.48
Mar 31, 2022	129,159	83,896	64.9	3,594.69

Reference: Equity

As of Mar 31, 2023: ¥99,535 million

As of Mar 31, 2022: ¥83,872 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Mar 31,2023	9,354	(5,380)	(4,596)	36,843
Mar 31,2022	13,378	(6,961)	(1,646)	37,016

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended Mar 31,2022	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Mar 31,2022	—	35.00	—	45.00	80.00	1,866	19.8	2.3
Mar 31,2023	—	45.00	—	45.00	90.00	2,311	21.0	2.4
Mar 31,2024 (Forecast)	—	45.00	—	45.00	90.00		30.5	

3. Consolidated Earnings Forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	(1.8)	3,600	(63.0)	4,100	(62.2)	2,800	(62.7)	110.06
Full year	105,000	0.8	10,000	(35.7)	11,100	(35.3)	7,500	(29.1)	294.81

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Included: Elite Advanced Polymers Inc.

(2) 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

(3) Number of issued shares (common shares)

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

As of Mar 31,2023	26,732,017 shares
As of Mar 31,2022	26,732,017 shares

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

As of Mar 31,2023	1,291,509 shares
As of Mar 31,2022	3,399,626 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended Mar 31,2023	24,673,479 shares
Fiscal year ended Mar 31,2022	23,329,992 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended Mar 31, 2023 (from Apr 1, 2022 to Mar 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar 31,2023	74,222	16.2	12,756	24.1	14,344	27.9	8,612	(2.0)
Mar 31,2022	63,881	—	10,277	46.2	11,216	51.6	8,790	85.5

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Mar 31,2023	349.05	—
Mar 31,2022	376.79	338.43

Note1: 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 fiscal year ended Mar 31, 2022 represent amounts after the application of the said accounting standard, etc. and year over year increases/decreases (%) are not provided.

Note2: The amount of diluted earnings per share for the nine months ended Mar 31, 2023, is not provided because there are no dilutive shares.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Mar 31,2023	116,390	83,994	72.1	3,301.60
Mar 31,2022	110,864	70,454	63.5	3,019.59

Reference: Equity

As of Mar 31,2023: ¥83,994 million

As of Mar 31,2022: ¥70,454 million

* Financial results reports are exempt from audit 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. Overview of Operating Results, etc. (4) Future Outlook” on page 6 of the attached materials for the assumptions used in business forecasts.

(Attached Documents)

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1. Information Concerning Results for the Nine months ended Mar 31, 2023

(1) Overview of Operating Results

During the fiscal year ended March 31, 2023, the Japanese economy continued to show signs of recovery as social and economic activities moved toward normalization in line with the easing of restrictions on activities imposed as a result of COVID-19. Circumstances remained difficult, however, owing to the impact of factors such as supply constraints and rising raw material and fuel prices, as well as the prolonging of the situation in Ukraine, the stagnation in economic activities caused by the spread of COVID-19 in China, rapid fluctuations in foreign exchange rates, and the global progression of inflation.

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 positioned the Basic chemicals business, Functional chemicals business, and Healthcare Business as our three core businesses and pursued strategies to make these businesses more resilient. In the Basic chemicals business, we focused on implementing 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 further promoted the expansion of sales of Allyl Ethers, for which we strengthened our production systems in the previous fiscal year, enabling us to respond to global demand growth. In the Healthcare business, we expanded our production capacity by making capital investments to respond to strong demand for pharmaceutical purification materials, as well as active pharmaceutical ingredients (APIs) and their intermediates. In relation to the "promotion of market-in-type development," the development of ultra-high ionic conductive polymers for all-solid batteries, which the Company is focusing on, was selected as a Green Innovation Fund Project by NEDO, and we are promoting this project in anticipation of its implementation in society in the future. In terms of our "efforts to achieve the SDGs," the Sustainability Committee began its activities in October 2022, and we promoted efforts to achieve the KPIs we have set, particularly in the areas of the environment, human resources, and governance. In terms of "reforming corporate culture and organizational culture," under our new Group Mission Statement, we promoted reforms to our personnel systems through business reform activities, as well as the further enhancement of productivity, including activities to overhaul our core systems aimed at improving operational efficiency.

As a result of the above, net sales for the fiscal year ended March 31, 2023, increased 18.3% year on year to ¥104,208 million. In terms of income, operating income increased 25.4% year on year to ¥15,557 million, ordinary income increased 27.8% to ¥17,164 million, and net income attributable to owners of the parent increased 12.0% to ¥10,570 million, meaning that the Company recorded its highest ever results at each level of profit in the fiscal year ended March 31, 2023.

An overview of conditions in each segment is as follows.

< Basic chemicals >

In Chlor-Alkali, the Company made price revisions in line with rising raw material and fuel prices, particularly in relation to Caustic Soda and Caustic Potash, resulting in an increase in net sales.

In Epichlorohydrin, net sales increased thanks partly to good market conditions overseas in the first half of the fiscal year, as well as price revisions associated with rising raw material and fuel prices and the impact of foreign exchange.

As a result of the above, net sales in the Basic chemicals business increased 19.4% year on year to ¥44,122 million.

< Functional chemicals >

In the synthetic rubber business, net sales of Epichlorohydrin Rubber increased as demand related to addressing environmental regulations grew in India. Net sales of Acrylic Rubber increased as it was adopted for new applications in Japan and overseas, and sales grew, particularly to customers in Asia.

Despite an increase in sales, particularly for insulating varnish applications in China, net sales of DAP resin decreased as a result of the impact of inventory adjustments in the US, where logistics disruption receded going into the second half of the fiscal year.

Net sales of Alkyl Ethers increased thanks to progress on expanding sales of silane coupling agents, particularly for paint and electronic materials applications in Europe, the US, and China, as well as the impact of foreign exchange.

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, intermediates for insomnia treatments, and APIs and intermediates for dementia treatments.

As a result of the above, net sales in the Functional chemicals business increased 15.8% year on year to ¥53,108 million.

< Housing facilities and others >

Net sales in the Housing facilities and others business increased 32.6% year on year to ¥6,977 million as a result of robust sales of Housing Facilities.

(2) Overview of Financial Position

(Assets)

Current assets were ¥89,640 million, an increase of 9.1% since March 31, 2022. The increase was due primarily to an increase of ¥3,499 million in securities and ¥2,369 million in notes and accounts receivable-trade, and contract assets.

Non-current assets were ¥48,389 million, an increase of 2.9% since March 31, 2022. The increase was due primarily to an increase of ¥1,508 million in property, plant and equipment.

As a result, total assets were ¥138,029 million, an increase of 6.9% since March 31, 2022.

(Liabilities)

Current liabilities were ¥32,310 million, a decrease of 18.9% since March 31, 2022. The decrease was due primarily to a decrease of ¥8,733 million in current portion of bonds with share acquisition rights.

Noncurrent liabilities were ¥6,175 million, an increase of 14.1% since March 31, 2022. The increase was due to increases of ¥434 million in long-term borrowings and ¥359 million in deferred tax liabilities.

As a result, total liabilities were ¥38,485 million, a decrease of 15.0% since March 31, 2022.

(Net assets)

Net assets were ¥99,543 million, an increase of 18.7% since March 31, 2022. The increase was due primarily to an increase of ¥8,486 million in retained earnings, ¥2,618 million in capital surplus and a decrease of ¥3,847 million in treasury shares.

(3) Overview of Cash Flows

Cash and cash equivalents as of March 31, 2023, were ¥36,843 million, a decrease of ¥173 million since March 31, 2022. The status of each type of cash flow during the fiscal year ended March 31, 2023, and the main contributing factors were as follows.

(Cash flow from operating activities)

Net cash provided by operating activities amounted to ¥9,354 million. This was due primarily to income before income taxes of ¥16,018 million, income taxes paid of ¥4,863 million and depreciation of ¥3,635 million.

(Cash flow from investing activities)

Net cash used in investing activities amounted to ¥5,380 million. This was due primarily to the purchase of property, plant and equipment of ¥4,773 million.

(Cash flow from financing activities)

Net cash used in financing activities amounted to ¥4,596 million. This was due primarily to the purchase of treasury shares of ¥2,236 million and dividends paid of ¥2,216 million.

(4) Future outlook of Forward-looking Statement, Including Consolidated financial results Forecasts

With regards to the future economic outlook, it is expected that the economy will continue to pick up, but difficult circumstances are forecast to continue amid concerns surrounding factors such as further rises in raw material and fuel prices and increases in prices in general, as well as the downward risk to the economy from global monetary tightening.

Under these circumstances, the Group had finished formulating a new medium-term management plan consisting of three basic principles, the “continuous strengthening of our base in existing businesses,” the “strengthening of new product creation capabilities,” and the “the promotion of sustainability management,” while working toward greater penetration of our business reform activities. We were about to start this plan, when manufacturing equipment problems occurred at our Mizushima Plant on April 4, 2023. As a result, we will now delay the announcement of the new medium-term management plan. However, there are no changes to the basic policy that the Company should be focusing on, so we will steadily execute concrete measures in line with that basic policy, while making concerted efforts to quickly restore the affected equipment.

In terms of the “continuous strengthening of our base in existing businesses,” we will work to enhance our business base by generating stable cash flows and actively investing in growth areas. In the Basic chemicals business, based on the recent manufacturing equipment problems, we will actively focus on stronger equipment management, as well as replacement and maintenance investment, to enable us to maintain full production and stable operation at our existing facilities. In the Functional chemicals business, we will work to cultivate the market for global niche-top products such as synthetic resin and synthetic rubber and develop new applications for such products. For Acrylic Rubber and non-phthalate allyl resin, we will take steps to scale up these businesses through new market development. In the Healthcare business, we will invest in expanding production capacity regarding pharmaceutical purification materials to ensure we capture future increases in demand for diabetes treatments and rapidly growing demand for obesity treatments, while in active pharmaceutical ingredients (APIs) and their intermediates, following the 100% utilization of facilities newly established in March 2023, we will consider capital investment aimed at a new full-fledged entry into the market for highly potent pharmaceuticals. We plan to invest more than ¥8.0 billion over the next three years, to establish a base for this business as our third highly profitable business.

In terms of the “strengthening of new product creation capabilities,” we will take steps to further strengthen our capabilities focused particularly on four areas, “Environment and Energy,” “Mobility,” “Information and Communication,” and “Health and Healthcare,” as we work to quickly bring to market the next global niche-top products. In the area of “Environment and Energy,” we will further accelerate the development of next-generation storage battery materials such as unique polyether aimed at the mass production of semi-solid state batteries and ultra-high ionic conductive polymers for all-solid batteries, which was selected as a Green Innovation Fund Project by NEDO. In the area of “Mobility,” we will work to quickly bring to market new grades of Acrylic Rubber and new silane coupling agents, while also focusing on the development of materials for the “new normal” in automobiles, such as polymer alloys and sensors and actuators, to support the future shift to electric and self-driving vehicles. In the area of “Information and Communication,” we will continue to focus on the development of silver nanoparticles as bonding agents with high thermal conductivity for power semiconductors, for which significant demand is expected in the future, as well as materials related to semiconductors such as carbon nanotubes for next-generation semiconductors and electric elements. In the area of “Health and Healthcare,” we will promote the development of polymer gels as new purification materials for biopharmaceuticals suited to drug modalities, while also developing new anti-aging materials that contribute to extending healthy life expectancy, such as NMN-producing lactic acid bacteria.

In terms of the “promotion of sustainability management,” under our basic policy on sustainability of aiming to “combine contributing to the realization of a sustainable society through our business activities with enhancing our corporate value,” the Sustainability Committee will play a central role as we implement measures to appropriately respond to Japan’s Corporate Governance Code, including addressing the TCFD recommendations, calculating GHG emissions, formulating and executing measures to mitigate our environmental impact, the promotion of health and productivity management, and human resources development through the penetration of business reform activities as part of our investment in human capital. In addition, we will also endeavor to deepen dialogue with investors and all other stakeholders, by enhancing information disclosure through the preparation of integrated reports, etc., and thereby further increase corporate value.

With regards to forecasts of financial results for the next fiscal year, after considering the impact of manufacturing equipment problems at the Mizushima Plant, the Company expects net sales of ¥105.0 billion, operating income of ¥10.0 billion, ordinary income of ¥11.1 billion, and net income attributable to owners of the parent of ¥7.5 billion. For details, please refer to “Notice Concerning the Possible Loss Arising from Business Activities (Update to Disclosed Matters),” which was released today (May 11, 2023).

2. Basic Approach to the Selection of 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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	16,517	12,844
Notes and accounts receivable - trade, and contract assets	26,920	29,290
Electronically recorded monetary claims - operating	3,434	3,826
Securities	20,499	23,998
Merchandise and finished goods	7,703	9,516
Work in process	2,191	2,602
Raw materials and supplies	2,628	3,965
Other	2,326	3,599
Allowance for doubtful accounts	(79)	(3)
Total current assets	82,142	89,640
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,761	18,403
Accumulated depreciation	(11,092)	(11,681)
Buildings and structures, net	6,669	6,721
Machinery, equipment and vehicles	64,308	66,586
Accumulated depreciation	(52,702)	(55,346)
Machinery, equipment and vehicles, net	11,605	11,239
Land	2,305	2,304
Leased assets	1,027	1,057
Accumulated depreciation	(353)	(413)
Leased assets, net	674	644
Construction in progress	1,861	3,730
Other	4,347	4,527
Accumulated depreciation	(3,868)	(4,064)
Other, net	478	462
Total property, plant and equipment	23,594	25,103
Intangible assets		
Goodwill	315	217
Software	155	102
Other	79	320
Total intangible assets	550	639
Investments and other assets		
Investment securities	21,677	21,302
Long-term loans receivable	18	14
Deferred tax assets	450	677
Other	732	657
Allowance for doubtful accounts	(7)	(5)
Total investments and other assets	22,871	22,645
Total non-current assets	47,016	48,389
Total assets	129,159	138,029

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,229	14,397
Short-term borrowings	7,172	7,172
Income taxes payable	2,990	3,585
Provision for bonuses	968	928
Current portion of long-term borrowings	—	58
Current portion of bonds with share acquisition rights	8,733	—
Other	5,756	6,168
Total current liabilities	39,850	32,310
Non-current liabilities		
Long-term borrowings	—	434
Lease liabilities	908	838
Deferred tax liabilities	1,349	1,709
Retirement benefit liability	2,733	2,826
Asset retirement obligations	166	152
Other	254	214
Total non-current liabilities	5,412	6,175
Total liabilities	45,263	38,485
Net assets		
Shareholders' equity		
Share capital	15,871	15,871
Capital surplus	14,391	17,009
Retained earnings	54,255	62,741
Treasury shares	(7,658)	(3,811)
Total shareholders' equity	76,859	91,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,833	7,339
Deferred gains or losses on hedges	64	(101)
Foreign currency translation adjustment	212	676
Remeasurements of defined benefit plans	(97)	(190)
Total accumulated other comprehensive income	7,012	7,723
Non-controlling interests	23	8
Total net assets	83,896	99,543
Total liabilities and net assets	129,159	138,029

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

1) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	88,084	104,208
Cost of sales	61,993	73,740
Gross profit	26,090	30,467
Selling, general and administrative expenses	13,688	14,910
Operating profit	12,401	15,557
Non-operating income		
Interest income	10	15
Dividend income	482	580
Insurance claim income	151	573
Share of profit of entities accounted for using equity method	48	—
Foreign exchange gains	304	469
Subsidy income	—	180
Other	157	300
Total non-operating income	1,156	2,119
Non-operating expenses		
Interest expenses	88	109
Share of loss of entities accounted for using equity method	—	12
Loss on abandonment of inventories	—	253
Loss on tax purpose reduction entry of non-current assets	—	55
Other	33	80
Total non-operating expenses	122	511
Ordinary profit	13,435	17,164
Extraordinary income		
Gain on sale of non-current assets	—	245
Gain on sale of investment securities	309	176
Total extraordinary income	309	421
Extraordinary losses		
Loss on retirement of non-current assets	333	217
Loss on sale of shares of subsidiaries and associates	—	297
Impairment losses	—	1,053
Total extraordinary losses	333	1,568
Profit before income taxes	13,412	16,018
Income taxes - current	4,141	5,433
Income taxes - deferred	(171)	33
Total income taxes	3,970	5,466
Profit	9,441	10,552
Loss attributable to non-controlling interests	(0)	(18)
Profit attributable to owners of parent	9,442	10,570

2) Consolidated statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	9,441	10,552
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,459)	505
Deferred gains or losses on hedges	15	(166)
Foreign currency translation adjustment	205	456
Remeasurements of defined benefit plans, net of tax	(17)	(92)
Share of other comprehensive income of entities accounted for using equity method	22	11
Total other comprehensive income	(1,233)	715
Comprehensive income	8,208	11,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,207	11,281
Comprehensive income attributable to non-controlling interests	0	(13)

(3) Consolidated Statements of Changes in Net Assets

FY2022(Fiscal year ended March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,870	14,388	46,387	△7,669	68,977
Changes during period					
Issuance of new shares	1	1			2
Dividends of surplus			(1,574)		(1,574)
Profit attributable to owners of parent			9,442		9,442
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		1		12	14
Change in scope of consolidation					
Net changes in items other than shareholders' equity					
Total changes during period	1	2	7,867	11	7,882
Balance at end of period	15,871	14,391	54,255	(7,658)	76,859

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,292	48	(13)	(80)	8,247	7	77,232
Changes during period							
Issuance of new shares							2
Dividends of surplus							(1,574)
Profit attributable to owners of parent							9,442
Purchase of treasury shares							(1)
Disposal of treasury shares							14
Change in scope of consolidation							
Net changes in items other than shareholders' equity	(1,458)	15	226	(17)	(1,234)	16	△1,218
Total changes during period	(1,458)	15	226	(17)	(1,234)	16	6,663
Balance at end of period	6,833	64	212	(97)	7,012	23	83,896

FY2023(Fiscal year ended March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,871	14,391	54,255	(7,658)	76,859
Changes during period					
Issuance of new shares					
Dividends of surplus			(2,217)		(2,217)
Profit attributable to owners of parent			10,570		10,570
Purchase of treasury shares				(2,236)	(2,236)
Disposal of treasury shares		2,618		6,084	8,702
Change in scope of consolidation			132		132
Net changes in items other than shareholders' equity					
Total changes during period		2,618	8,486	3,847	14,952
Balance at end of period	15,871	17,009	62,741	(3,811)	91,812

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,833	64	212	(97)	7,012	23	83,896
Changes during period							
Issuance of new shares							
Dividends of surplus							(2,217)
Profit attributable to owners of parent							10,570
Purchase of treasury shares							(2,236)
Disposal of treasury shares							8,702
Change in scope of consolidation							132
Net changes in items other than shareholders' equity	505	(166)	463	(92)	710	(15)	695
Total changes during period	505	(166)	463	(92)	710	(15)	15,647
Balance at end of period	7,339	(101)	676	(190)	7,723	8	99,543

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	13,412	16,018
Depreciation	3,731	3,635
Amortization of goodwill	182	98
Increase (decrease) in allowance for doubtful accounts	8	(78)
Increase (decrease) in provision for bonuses	83	(39)
Increase (decrease) in retirement benefit liability	28	92
Interest and dividend income	(493)	(595)
Interest expenses	88	109
Foreign exchange losses (gains)	(107)	(80)
Loss on retirement of non-current assets	333	217
Loss (gain) on sale of non-current assets	—	(245)
Loss on tax purpose reduction entry of non-current assets	—	55
Impairment losses	—	1,053
Loss (gain) on sale of short-term and long-term investment securities	(309)	(176)
Loss (gain) on sale of shares of subsidiaries and associates	—	297
Decrease (increase) in notes and accounts receivable - trade and contract assets	(86)	(2,491)
Decrease (increase) in inventories	(2,049)	(3,237)
Increase (decrease) in trade payables	1,013	(194)
Insurance claim income	(151)	(573)
Subsidy income	—	(180)
Increase (decrease) in accrued consumption taxes	(43)	138
Share of loss (profit) of entities accounted for using equity method	(48)	12
Other, net	(179)	(682)
Subtotal	15,413	13,152
Interest and dividends received	493	601
Interest paid	(88)	(109)
Proceeds from insurance income	151	573
Income taxes paid	(2,592)	(4,863)
Net cash provided by (used in) operating activities	13,378	9,354

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,685)	(4,773)
Proceeds from sale of property, plant and equipment	—	300
Purchase of intangible assets	(66)	(336)
Purchase of investment securities	(1,172)	(417)
Proceeds from sale of investment securities	348	197
Subsidies received	—	180
Other, net	(386)	(531)
Net cash provided by (used in) investing activities	(6,961)	(5,380)
Cash flows from financing activities		
Redemption of bonds with share acquisition rights	—	(41)
Repayments of long-term borrowings	—	(36)
Purchase of treasury shares	(1)	(2,236)
Dividends paid	(1,574)	(2,216)
Other, net	(69)	(66)
Net cash provided by (used in) financing activities	(1,646)	(4,596)
Effect of exchange rate change on cash and cash equivalents	310	428
Net increase (decrease) in cash and cash equivalents	5,080	(194)
Cash and cash equivalents at beginning of period	31,936	37,016
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	21
Cash and cash equivalents at end of period	37,016	36,843

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Segment Information and Other Items)

1. Overview of Reportable segment

Reportable segments of the Osaka Soda group are those for which separate financial information is available and the Board of Directors review regularly to make management resource allocation decisions and evaluate performance. Based on the versatility of manufacturing and service and the similarity of markets, the Osaka Soda group divides its business into three business segments, including "Basic chemicals", "functional Chemicals" and "Housing facilities and others"

"Basic Chemicals" manufactures and sells chlor-alkali products, epichlorohydrin, allyl chloride, etc.

"Functional chemicals" manufactures and sells allyl ethers, epichlorohydrin rubber, DAP resin, modifiers for energy-saving tires, pharmaceutical refining materials, active pharmaceutical ingredients and intermediates, electrodes, etc.

"Housing equipment, etc." manufactures and sells DAP processing materials and housing-related products and construction of chemical plants and environmental protection facilities etc.

2. Calculation method for Net sales, Income, Assets and Other items of each reportable segment

The method of accounting for reported business segments is the same as described in "Basis of preparation of consolidated financial statements". Intersegment sales or reclassifications are based on current market prices. Reportable segment income is based on operating income.

3. Information concerning Net sales, Income, Assets and Other items of each reporting segment

The previous fiscal year ended Mar 31, 2022 (from April 1, 2021 to Mar 31, 2022)

(Millions of yen)

	Basic chemicals	Functional chemicals	Housing facilities and others	Total	Adjustments *1	Consolidated *2
Net sales						
Japan	29,932	21,109	5,234	56,275	—	56,275
Asia	5,038	17,431	27	22,498	—	22,498
Europe	761	5,090	—	5,851	—	5,851
Others	1,210	2,248	—	3,458	—	3,458
Revenue from Contracts with Customers	36,942	45,879	5,261	88,084	—	88,084
Other Revenue	—	—	—	—	—	—
External sales	36,942	45,879	5,261	88,084	—	88,084
Intersegment sales or reclassifications	147	626	2,122	2,895	(2,895)	—
Total	37,089	46,505	7,384	90,980	(2,895)	88,084
Segment income	4,658	8,684	332	13,674	(1,272)	12,401
Segment assets	40,573	50,238	4,472	95,283	33,876	129,159
Other items						
Depreciation	2,080	1,229	52	3,362	368	3,731
Amortization of goodwill	4	56	—	61	121	182
Investment to entities accounted for using equity method	—	1,189	—	1,189	—	1,189
Increase of current and noncurrent assets	5,074	1,482	41	6,599	191	6,790

Notes1: Adjustments are as follows.

- (1) Adjustments of segment income of ¥(1,272) 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) Adjustments of segment assets of ¥33,876 million are corporate assets of ¥33,814 million, which are not allocated to reportable segments. Above-mentioned corporate assets are mainly parent company's assets, which 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 ¥191 million are for administrative department and research and development department investment.

Notes2: Segment income is adjusted to operating income of consolidated statement of income.

Notes3: Calculation method for Net sales, Income, Assets and Other items of each reportable segment

The method of accounting for reported business segments is the same as described in "Basis of preparation of consolidated financial statements". Intersegment sales or reclassifications are based on current market prices.

The fiscal year ended Mar 31, 2023 (from April 1, 2022 to Mar 31, 2023)

(Millions of yen)

	Basic chemicals	Functional chemicals	Housing facilities and others	Total	Adjustments *1	Consolidated *2
Net sales						
Japan	36,787	20,778	6,966	64,532	—	64,532
Asia	5,235	20,938	10	26,185	—	26,185
Europe	702	6,296	—	6,999	—	6,999
Others	1,396	5,094	—	6,491	—	6,491
Revenue from Contracts with Customers	44,122	53,108	6,977	104,208	—	104,208
Other Revenue	—	—	—	—	—	—
External sales	44,122	53,108	6,977	104,208	—	104,208
Intersegment sales or reclassifications	120	793	1,033	1,948	(1,948)	—
Total	44,243	53,902	8,010	106,156	(1,948)	104,208
Segment income	4,753	11,554	594	16,902	(1,345)	15,557
Segment assets	45,236	49,328	7,422	101,988	36,041	138,029
Other items						
Depreciation	1,921	1,323	50	3,296	339	3,635
Amortization of goodwill	0	56	—	57	40	98
Investment to entities accounted for using equity method	—	297	—	297	—	297
Increase of current and noncurrent assets	1,906	2,996	43	4,946	407	5,353

Notes1: Adjustments are as follows.

- (1) Adjustments of segment income of ¥(1,345) 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) Adjustments of segment assets of ¥36,041 million are corporate assets of ¥36,164 million, which are not allocated to reportable segments. Above-mentioned corporate assets are mainly parent company's assets, which 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 ¥407 million are for administrative department and research and development department investment.

Notes2: Segment income is adjusted to operating income of consolidated statement of income.

Notes3: Calculation method for Net sales, Income, Assets and Other items of each reportable segment

The method of accounting for reported business segments is the same as described in "Basis of preparation of consolidated financial statements". Intersegment sales or reclassifications are based on current market prices.

(Per Share Information)

	Fiscal year ended	
	March 31, 2022	March 31, 2023
Net assets per share (Yen)	3,594.69	3,912.48
Earnings per share (Yen)	404.73	428.43
Diluted earnings per share (Yen)	363.53	—

Note1: Basis for calculation of earnings per share and diluted earnings per share is as follows.

	Fiscal year ended	
	March 31, 2022	March 31, 2023
Earnings per share		
Net income (Millions of yen)	9,442	10,570
Amount not attributable to owners of common stock (Millions of yen)	—	—
Net income related to owner of common stock (Millions of yen)	9,442	10,570
Weighted average number of common stock (Thousands of shares)	23,329	24,673
Diluted earnings per share		
Adjustment to net income (Millions of yen)	—	—
Increase of common stock (Thousands of shares)	2,664	—
(Bonds with subscription rights to shares) (Thousands of shares)	(2,664)	—
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	—	—

Note2: Basis for calculation of Net assets is as follows.

	Fiscal year ended	
	March 31, 2022	March 31, 2023
Amount of Net assets (Millions of yen)	83,896	99,543
Amount deducted from Net assets (Millions of yen)	23	8
Net assets related to owner of common stock (Millions of yen)	83,872	99,535
Number of common stocks for calculation of Net assets per share (Thousands of shares)	23,332	25,440

(Significant event after the reporting period)

Partial suspension of production facilities at our Mizushima Plant

Due to malfunctions found in the allyl chloride manufacturing equipment at our Mizushima Plant (Kurashiki City, Okayama), we suspended operation of the manufacturing equipment on April 4, 2023. Production was partially resumed from May 8, 2023, but we have not yet fully recovered.