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February 10, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (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
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 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 Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(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 | % |
| Nine months ended | | | | | | | | |
| December 31, 2024 | 74,650 | 6.3 | 10,639 | 40.0 | 11,700 | 36.1 | 7,940 | 49.9 |
| December 31, 2023 | 70,215 | (9.6) | 7,599 | (45.5) | 8,594 | (42.5) | 5,295 | (48.8) |

Note: Comprehensive income For the Nine months ended December 31, 2024: ¥7,714million [(1.5)%
 For the Nine months ended December 31, 2023: ¥7,829 million [(32.7)%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Nine months ended | | |
| December 31, 2024 | 62.59 | — |
| December 31, 2023 | 41.63 | — |

Note: The Company implemented a 5-for-1 stock split for common shares with an effective October 1, 2024. Basic earnings per share is calculated based on the assumption that the stock split was implemented at the beginning of previous fiscal year.

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|-------------------|-----------------|-----------------|-----------------------|
| | Millions of yen | Millions of yen | % |
| As of | | | |
| December 31, 2024 | 154,753 | 115,206 | 74.4 |
| March 31, 2024 | 150,541 | 109,765 | 72.9 |

Reference: Equity
 As of December 31, 2024: ¥115,203 million
 As of March 31, 2024: ¥109,760 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, 2024 | — | 45.00 | — | 45.00 | 90.00 |
| Fiscal year ending March 31, 2025 | — | 45.00 | | | |
| Fiscal year ending March 31, 2025 (Forecast) | | | | 10.00 | — |

Note: 1. Revisions to the forecast of cash dividends most recently announced: None
2. The Company implemented a 5-for-1 stock split for common shares with an effective October 1, 2024. Concerning the projected year-end dividend per share for the fiscal year ending March 31, 2025, the dividend amount based on the number of shares after the stock split is shown, and the total full-year dividend is displayed as “-”. Based on the number of shares prior to the stock split, the projected year-end dividend for the fiscal year ending March 31, 2025, is 50 yen for a full-year dividend of 95 yen per share.

3. Consolidated financial results forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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 |
| Full year | 103,000 | 8.9 | 16,000 | 52.5 | 16,800 | 39.9 | 11,500 | 50.3 | 90.65 |

Note: 1. Revisions to the forecast of consolidated financial results most recently announced: None
2. The Company implemented a 5-for-1 stock split for common shares with an effective October 1, 2024. Projected basic earnings per share for the year ending March 31, 2025, uses the number of shares after the stock split. Based on the number of shares prior to the stock split, basic earnings per share are expected to be 453.24 yen

*** 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 December 31, 2024 | 133,660,085 shares |
| As of March 31, 2024 | 133,660,085 shares |

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

| | |
|-------------------------|------------------|
| As of December 31, 2024 | 6,791,540 shares |
| As of March 31, 2024 | 6,795,085 shares |

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

| | |
|-------------------------------------|--------------------|
| Nine months ended December 31, 2024 | 126,866,152 shares |
| Nine months ended December 31, 2023 | 127,206,330 shares |

Note: Total number of issued shares at the end of the period, Number of treasury shares at the end of period and Average number of shares outstanding during the period are calculated based on the assumption that the stock split was implemented at the beginning of previous fiscal year.

* 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 Nine months ended December 31, 2024 (3) Analysis of Forward-looking Statement, Including Consolidated financial results Forecasts" on page 4 of the attached documents.

(Attached Documents)

INDEX

| | |
|---|----|
| 1. Qualitative Information Concerning Results for the Nine months ended December 31, 2024 | 2 |
| (1) Analysis of Operating Results | 2 |
| (2) Analysis of Financial Position | 3 |
| (3) Analysis of Forward-looking Statement, Including Consolidated financial results Forecasts | 4 |
| 2. Quarterly Consolidated Financial Statements and Notes to Quarterly Consolidated Financial Statements | 5 |
| (1) Consolidated Balance Sheets | 5 |
| (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income | 7 |
| (3) Notes to Quarterly Consolidated Financial Statements | 9 |
| (Notes on Premise of Going Concern) | 9 |
| (Notes on Major Changes in Shareholders' Equity) | 9 |
| (Segment Information and Other Items) | 10 |

1. Qualitative Information Concerning Results for the Nine months ended December 31, 2024

(1) Analysis of Operating Results

During the first nine months of the current consolidated fiscal year, the Japanese economy continued its gradual recovery, with an improvement in the employment situation and a pickup in consumer spending and capital investment. On the other hand, the situation remained difficult due to not only issues such as soaring raw material and fuel prices and rising commodity prices, but also the impact of the prolonged situation in Ukraine, the situation surrounding the Middle East, the continued high interest rates in the U.S. and Europe, and the impact of the stagnant real estate market in China.

In light of these circumstances, our group has been steadily implementing specific measures in line with the basic policies set forth in our new medium-term management plan, Shape the Future-2025 (FY2023 to FY2025). The three basic policies are continuous strengthening of our base in existing businesses, strengthening of new product creation capabilities, and promotion of sustainability management and we have been steadily implementing specific measures in line with these basic policies.

In terms of the “continuous strengthening of our base in existing businesses,” we have been working to enhance our business base by generating stable cash flows and actively investing in growth areas. In the Basic chemicals business, the Allyl Chloride main manufacturing equipment problems that occurred at the Mizushima Plant in April 2023 were repaired at the end of June 2024, and the supply problem has been resolved. We are striving to restore confidence by continuing safe and stable operation through strengthened facility management and fulfilling our supply responsibilities to customers. In the Functional chemicals business, sales of synthetic resin and allyl ethers increased as a result of sales expansion activities for existing customers and the promotion of new business development. In the Healthcare business, the demand for pharmaceutical purification materials for diabetes and obesity treatments continued to expand, and sales volume has steadily increased. In response to this large growth in demand, we are aiming to shorten the construction period for the Amagasaki Plant expansion work by at least six months, our new goal being completion of the work within fiscal 2025. We have also begun customer sample evaluations for the new equipment at the Matsuyama Plant, which was completed in September 2024. In addition, the market for anti-obesity drugs is growing rapidly, and so we have started to consider our next production expansion plan.

In terms of the “strengthening of new product creation capabilities,” the development of materials for next-generation storage batteries, such as ultra-high ionic conductive polymers for all-solid batteries, which were selected as a NEDO Green Innovation Fund project, is progressing smoothly.

In the area of pharmaceutical purification materials, we are developing ultra-high surface area gels for EPA purification and supercritical fluid chromatography applications, for which demand is expected to grow in the future, and have begun marketing activities to customers.

In terms of the “promotion of sustainability management,” we have been promoting “management initiatives that take into account cost of capital and stock price” by establishing cash allocation aimed at proactively investing in future growth and shareholder returns, as well as by increasing opportunities for dialogue with investors.

Aiming to develop human resources by promoting operational reform activities as part of our investment in human capital, we have decided to relocate our head office (scheduled for August 2025) in order to create a comfortable work environment and improve employee engagement. We are committed to becoming a “company where employees can fully demonstrate their abilities,” which is our ideal image for 2035, the 120th anniversary since our founding.

Net sales for the first nine months of the current consolidated fiscal year increased 6.3% year on year to ¥74,650 million. In terms of profit, operating profit increased 40.0% year on year to ¥10,639 million, ordinary profit increased 36.1% year on year to ¥11,700 million, and profit attributable to owners of parent increased 49.9% year on year to ¥7,940 million.

<Basic Chemicals>

The sales volume of Chlor-Alkali products increased due to resolving the supply issues caused by the manufacturing equipment problems at the Mizushima Plant, but net sales decreased due in part to unit sales price adjustments following softening market conditions.

Although Epichlorohydrin was affected by the softening of overseas market conditions, net sales increased due to resolving the supply issues caused by manufacturing equipment problems and an increase in overseas sales volume.

As a result of the above, net sales in the Basic chemicals business increased 3.3% year on year to ¥28,115 million.

<Functional Chemicals>

In the Synthetic rubbers business, net sales decreased, as not only were sales of Epichlorohydrin Rubber affected by the decline in automobile production in Europe and Asia, but there was also the impact of the increase in debottlenecking work for Acrylic Rubber.

Net sales of DAP resin increased due to steady demand for UV ink applications.

Net sales of Allyl Ethers increased due to steady demand for Silane coupling agents in China, particularly for paint applications.

As a result of the above, net sales in the Functional chemicals business increased 8.0% year on year to ¥23,118 million.

<Healthcare>

Net sales of pharmaceutical purification materials increased due to a steady growth in demand for applications such as diabetes treatments in Europe, the Americas, and Asia.

Net sales of active pharmaceutical ingredients (APIs) and their intermediates decreased, as although sales of intermediates for treatments for diabetes complications and muscle disease drug substances expanded, sales of nucleic acid APIs and anti-tuberculosis drugs intermediates decreased.

As a result of the above, net sales in the Healthcare business increased 20.1% year on year to ¥9,875 million.

<Trading and Others>

Net sales of consumer products increased as sales of imported building materials expanded and demand for glass fiber recovered, especially for electronic materials and automotive products.

As a result of the above, net sales in the Trading and others business increased 1.3% year on year to ¥13,541 million.

(2) Analysis of Financial Position

(Assets)

Current assets were ¥93,330 million, an increase of 1.0% compared to the end of the previous fiscal year. This was mainly due to an increase of ¥2,017 million in cash and deposits.

Non-current assets were ¥61,422 million, an increase of 5.7% compared to the end of the previous fiscal year. This was mainly due to an increase of ¥1,404 million in property, plant and equipment, and an increase of ¥975 million in investment securities.

As a result, total assets at the end of the first nine months of the consolidated accounting period were ¥154,753 million, an increase of 2.8% compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities were ¥31,873 million, a decrease of 3.0% compared to the end of the previous fiscal year. This was mainly due to an increase of ¥571 million in income taxes payable and a decrease of ¥458 million in provision for bonuses.

Non-current liabilities were ¥7,674 million, a decrease of 3.1% compared to the end of the previous fiscal year. This was mainly due to a decrease of ¥158 million in retirement benefit liability.

As a result, liabilities at the end of the first nine months of the consolidated accounting period were ¥39,547 million, a decrease of 3.0% compared to the end of the previous fiscal year.

(Net assets)

Net assets at the end of the first nine months of the consolidated accounting period were ¥115,206 million, an increase of 5.0% compared to the end of the previous fiscal year. This was mainly due to an increase of ¥5,657 million in retained earnings.

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

There is no change to the earnings forecast for the fiscal year ending March 31, 2025, which was announced on May 10, 2024. If there are any changes in the future, we will disclose them appropriately.

2. Quarterly Consolidated Financial Statements and Notes to Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of December 31, 2024 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 14,433 | 16,451 |
| Notes and accounts receivable - trade, and contract assets | 30,068 | 28,215 |
| Electronically recorded monetary claims - operating | 4,710 | 5,874 |
| Securities | 23,998 | 22,989 |
| Merchandise and finished goods | 10,065 | 9,916 |
| Work in process | 2,354 | 2,550 |
| Raw materials and supplies | 5,502 | 6,049 |
| Other | 1,314 | 1,288 |
| Allowance for doubtful accounts | △3 | △4 |
| Total current assets | 92,444 | 93,330 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 8,272 | 9,238 |
| Machinery, equipment and vehicles, net | 12,570 | 13,667 |
| Land | 2,301 | 2,301 |
| Leased assets, net | 614 | 551 |
| Construction in progress | 3,807 | 3,185 |
| Other, net | 365 | 393 |
| Total property, plant and equipment | 27,932 | 29,336 |
| Intangible assets | | |
| Goodwill | 162 | 129 |
| Software | 105 | 79 |
| Other | 504 | 1,291 |
| Total intangible assets | 772 | 1,500 |
| Investments and other assets | | |
| Investment securities | 28,224 | 29,200 |
| Deferred tax assets | 441 | 402 |
| Long-term loans receivable | 12 | 9 |
| Other | 735 | 994 |
| Allowance for doubtful accounts | △21 | △21 |
| Total investments and other assets | 29,391 | 30,586 |
| Total non-current assets | 58,096 | 61,422 |
| Total assets | 150,541 | 154,753 |

(Millions of yen)

| | As of March 31, 2024 | As of December 31, 2024 |
|---|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 15,108 | 14,979 |
| Short-term borrowings | 7,172 | 7,172 |
| Income taxes payable | 1,194 | 1,766 |
| Provision for bonuses | 927 | 468 |
| Current portion of long-term borrowings | 65 | 67 |
| Other | 8,392 | 7,418 |
| Total current liabilities | 32,860 | 31,873 |
| Non-current liabilities | | |
| Long-term borrowings | 393 | 350 |
| Lease liabilities | 787 | 709 |
| Deferred tax liabilities | 3,999 | 4,065 |
| Retirement benefit liability | 1,999 | 1,841 |
| Asset retirement obligations | 556 | 557 |
| Other | 179 | 150 |
| Total non-current liabilities | 7,915 | 7,674 |
| Total liabilities | 40,776 | 39,547 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 15,871 | 15,871 |
| Capital surplus | 17,014 | 17,020 |
| Retained earnings | 68,102 | 73,759 |
| Treasury shares | △4,611 | △4,609 |
| Total shareholders' equity | 96,377 | 102,042 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 12,156 | 11,876 |
| Deferred gains or losses on hedges | 71 | 106 |
| Foreign currency translation adjustment | 871 | 904 |
| Remeasurements of defined benefit plans | 283 | 272 |
| Total accumulated other comprehensive income | 13,383 | 13,160 |
| Non-controlling interests | 4 | 3 |
| Total net assets | 109,765 | 115,206 |
| Total liabilities and net assets | 150,541 | 154,753 |

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

Consolidated Statements of Income

(Millions of yen)

| | Nine months ended December 31, 2023 | Nine months ended December 31, 2024 |
|---|--|--|
| Net sales | 70,215 | 74,650 |
| Cost of sales | 52,078 | 52,664 |
| Gross profit | 18,137 | 21,985 |
| Selling, general and administrative expenses | 10,537 | 11,346 |
| Operating profit | 7,599 | 10,639 |
| Non-operating income | | |
| Interest income | 18 | 47 |
| Dividend income | 637 | 762 |
| Share of profit of entities accounted for using equity method | 15 | 14 |
| Foreign exchange gains | 227 | 202 |
| Subsidy income | 318 | 134 |
| Other | 111 | 110 |
| Total non-operating income | 1,327 | 1,272 |
| Non-operating expenses | | |
| Interest expenses | 72 | 90 |
| Loss on tax purpose reduction entry of non-current assets | 233 | 35 |
| Other | 26 | 85 |
| Total non-operating expenses | 332 | 210 |
| Ordinary profit | 8,594 | 11,700 |
| Extraordinary income | | |
| Gain on sale of investment securities | 180 | — |
| Gain on sale of non-current assets | 0 | — |
| Total extraordinary income | 181 | — |
| Extraordinary losses | | |
| Impairment losses | 430 | — |
| Loss on retirement of non-current assets | 228 | 115 |
| Loss on valuation of investment securities | — | 15 |
| Total extraordinary losses | 659 | 131 |
| Profit before income taxes | 8,116 | 11,568 |
| Income taxes - current | 2,468 | 3,403 |
| Income taxes - deferred | 361 | 227 |
| Total income taxes | 2,830 | 3,631 |
| Profit | 5,286 | 7,936 |
| Loss attributable to non-controlling interests | △9 | △3 |
| Profit attributable to owners of parent | 5,295 | 7,940 |

Consolidated statements of Comprehensive Income

(Millions of yen)

| | Nine months ended December 31, 2023 | Nine months ended December 31, 2024 |
|---|--|--|
| Profit | 5,286 | 7,936 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,240 | △279 |
| Deferred gains or losses on hedges | 17 | 34 |
| Foreign currency translation adjustment | 235 | 24 |
| Remeasurements of defined benefit plans, net of tax | 23 | △11 |
| Share of other comprehensive income of entities accounted for using equity method | 25 | 8 |
| Total other comprehensive income | 2,542 | △222 |
| Comprehensive income | 7,829 | 7,714 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 7,835 | 7,718 |
| Comprehensive income attributable to non-controlling interests | △5 | △3 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Notes on Major Changes in Shareholders' Equity)

Not applicable

(Notes on Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the first nine months of the current consolidated fiscal year have not been prepared. Depreciation expenses (including amortization related to intangible fixed assets excluding goodwill) and amortization of goodwill for the first nine months of the consolidated fiscal year are as follows.

(Millions of yen)

| | Nine months ended December 31, 2023 | Nine months ended December 31, 2024 |
|--------------------------|--|--|
| Depreciation | 2,675 | 2,880 |
| Amortization of goodwill | 42 | 33 |

(Segment Information and Other Items)

The Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(Millions of yen)

| | Basic chemicals | Functional chemicals | Healthcare | Trading and Others | Total | Adjustments *1 | Consolidated *2 |
|---|--------------------|-------------------------|------------|-----------------------|--------|-------------------|--------------------|
| Net sales | | | | | | | |
| Japan | 26,193 | 6,312 | 2,872 | 11,666 | 47,044 | — | 47,044 |
| China | — | 6,562 | 841 | 1,171 | 8,575 | — | 8,575 |
| Asia | 717 | 4,451 | 1,330 | 478 | 6,977 | — | 6,977 |
| Europe | 195 | 2,207 | 2,399 | 43 | 4,846 | — | 4,846 |
| Others | 122 | 1,864 | 776 | 7 | 2,771 | — | 2,771 |
| Revenue from Contracts with Customers | 27,229 | 21,397 | 8,220 | 13,367 | 70,215 | — | 70,215 |
| Other Revenue | — | — | — | — | — | — | — |
| External sales | 27,229 | 21,397 | 8,220 | 13,367 | 70,215 | — | 70,215 |
| Intersegment sales or reclassifications | 0 | 909 | — | 2,207 | 3,117 | (3,117) | — |
| Total | 27,230 | 22,307 | 8,220 | 15,575 | 73,333 | (3,117) | 70,215 |
| Segment income | 20 | 3,325 | 4,184 | 976 | 8,506 | (906) | 7,599 |

Notes:

- (1) Adjustments of segment income of ¥ (906) 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.
- (2) Segment income is adjusted to operating income of consolidated statement of income.

The Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(Millions of yen)

| | Basic chemicals | Functional chemicals | Healthcare | Trading and Others | Total | Adjustments *1 | Consolidated *2 |
|--|--------------------|-------------------------|------------|-----------------------|--------|-------------------|--------------------|
| Net sales | | | | | | | |
| Japan | 25,991 | 6,671 | 2,449 | 10,535 | 45,647 | — | 45,647 |
| China | — | 6,503 | 1,283 | 2,549 | 10,336 | — | 10,336 |
| Asia | 1,469 | 4,134 | 2,165 | 316 | 8,085 | — | 8,085 |
| Europe | 262 | 3,041 | 3,198 | 133 | 6,635 | — | 6,635 |
| Others | 391 | 2,767 | 778 | 7 | 3,945 | — | 3,945 |
| Revenue from Contracts with Customers | 28,115 | 23,118 | 9,875 | 13,541 | 74,650 | — | 74,650 |
| Other Revenue | — | — | — | — | — | — | — |
| External sales | 28,115 | 23,118 | 9,875 | 13,541 | 74,650 | — | 74,650 |
| Intersegment sales or reclassifications | 4 | 517 | — | 2,608 | 3,130 | (3,130) | — |
| Total | 28,119 | 23,635 | 9,875 | 16,150 | 77,781 | (3,130) | 74,650 |
| Segment income | 1,983 | 3,668 | 5,062 | 854 | 11,568 | (929) | 10,639 |

Notes:

- (1) Adjustments of segment income of ¥ (929) 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.
- (2) Segment income is adjusted to operating income of consolidated statement of income.