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November 7, 2022

## Consolidated Financial Results for the Six Months Ended September 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>  
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 Scheduled date to file quarterly securities report: November 8, 2022  
 Scheduled date to commence dividend payments: December 5, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes

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

### 1. Consolidated financial results for the Six months ended September 30, 2022 (from April 1, 2022 to September 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	%
Six months ended								
September 30, 2022	51,915	23.1	9,722	70.7	10,854	76.3	7,505	69.7
September 30, 2021	42,157	—	5,694	62.8	6,158	66.5	4,421	78.7

Note: Comprehensive income For the Six months ended September 30, 2022: ¥8,437 million [111.1%]  
 For the Six months ended September 30, 2021: ¥3,997 million [(0.7)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2022	314.73	—
September 30, 2021	189.55	170.28

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 Six months ended September 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			
September 30, 2022	138,018	99,750	72.3
March 31, 2022	129,159	83,896	64.9

Reference: Equity  
 As of September 30, 2022: ¥99,722 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	—	45.00			
Fiscal year ending March 31, 2023 (Forecast)			—	45.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 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
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: None

**\* 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 September 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 September 30, 2022	797,552 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)

Six months ended September 30, 2022	23,846,330 shares
Six months ended September 30, 2021	23,328,288 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 Six month ended September 30, 2022 (3) Analysis of Forward-looking Statement, Including Consolidated financial results Forecasts" on page 3 of the attached documents.

(Attached Documents)

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## 1. Qualitative Information Concerning Results for the Six month ended September 30, 2022

### (1) Analysis of Operating Results

During the six months ended September 30, 2022, the Japanese economy continued to show signs of recovery from the impact of COVID-19, as society transitioning to a new phase of living with COVID-19. Although it is expected that the economy will continue to recover going forward, the outlook is uncertain owing to the impact of factors such as supply constraints, rising raw material and fuel prices, the prolonging of the situation in Ukraine, the stagnation of economic activities in China as a result of the country's zero-COVID-19 policy, 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 six months ended September 30, 2022, in the Basic chemicals business, we continued focusing 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 further promoted the expansion of sales of Allyl Ethers, for which we strengthened our production systems 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, and we aim to complete these investments during the current fiscal year.

In relation to the "promotion of market-in-type development," we are making progress on the development of ultra-high ionic conductive polymers for all-solid batteries, which was selected as a Green Innovation Fund Project by NEDO.

In terms of our "efforts to achieve the SDGs," we decided to establish a Sustainability Committee to further strengthen and promote sustainability efforts across the Osaka Soda Group as a whole.

As a result of the above, net sales for the six months ended September 30, 2022, increased 23.1% year on year to ¥51,915 million. In terms of income, operating income increased 70.7% year-on-year to ¥9,722 million, ordinary income increased 76.3% to ¥10,854 million, and net income attributable to owners of the parent increased 69.7% to ¥7,505 million, meaning that the Company recorded its highest ever results at each level of profit for the first six 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 progress on price revisions related to rising raw material and fuel prices, as well the impact of foreign exchange.

As a result of the above, net sales in the Basic chemicals business increased 25.3% year on year to ¥21,988 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 thanks to higher sales, particularly for insulating varnish applications in Europe and China. Net sales of Allyl Ethers increased thanks to progress on expanding sales of Silane coupling agents, particularly for paint and electronic materials applications in Europe and the US, as well 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 for osteoporosis.

As a result of the above, net sales in the Functional chemicals business increased 21.2% year on year to ¥26,426 million.

< Housing facilities and others >

Net sales in the Housing facilities and others business increased 24.4% year on year to ¥3,500 million as a result of robust sales of Housing Facilities.

## (2) Analysis of Financial Position

### (Assets)

Current assets were ¥89,939 million, an increase of 9.5% since March 31, 2022. The increase was due primarily to increases of ¥5,593 million in notes and accounts receivable-trade, and contract assets and ¥3,271 million in cash and deposits.

Noncurrent assets were ¥48,078 million, an increase of 2.3% since March 31, 2022. The increase was due primarily to an increase of ¥892 million in investment securities.

As a result, total assets as of September 30, 2022, were ¥138,018 million, an increase of 6.9% since March 31, 2022.

### (Liabilities)

Current liabilities were ¥32,869 million, a decrease of 17.5% since March 31, 2022. The decrease was due primarily to a decrease of ¥8,733 million in current portion of bonds with subscription rights to shares, while notes and accounts payable - trade increased ¥1,817 million.

Noncurrent liabilities were ¥5,398 million, a decrease of 0.3% since March 31, 2022. The decrease was due primarily to decreases of ¥67 million in net defined benefit liability and ¥39 million in other noncurrent liabilities.

As a result, liabilities as of September 30, 2022, were ¥38,267 million, a decrease of 15.5% since March 31, 2022.

### (Net assets)

Net assets as of September 30, 2022, were ¥99,750 million, an increase of 18.9% since March 31, 2022. The decrease was due primarily to a decrease of ¥5,848 million in treasury stock.

### (Cash flows)

Cash and cash equivalents as of September 30, 2022 were ¥39,288 million, an increase of ¥2,271 million since March 31, 2022. The status of each type of cash flow during the six months ended September 30, 2022 and the main contributing factors were as follows.

- (1) Net cash provided by operating activities amounted to ¥5,922 million (net cash of ¥7,277 million provided in the same period of the previous fiscal year). The primary factors contributing to an increase were income before income taxes of ¥10,730 million and depreciation of ¥1,840 million, while the primary factors contributing to a decrease were an increase in notes and accounts receivable-trade and contract assets of ¥3,467 million and income taxes paid of ¥2,674 million.
- (2) Net cash used in investing activities amounted to ¥3,005 million (net cash of ¥2,322 million used in the same period of the previous fiscal year). This was due primarily to the purchase of property, plant and equipment of ¥2,103 million.
- (3) Net cash used in financing activities amounted to ¥1,339 million (net cash of ¥795 million used in the same period of the previous fiscal year). This was due primarily to dividends paid of ¥1,049 million.

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

There are no changes to the earnings forecasts for the fiscal year ending March 31, 2023 announced on August 5, 2022. If there are any changes in the future, the Company will appropriately disclose information to that effect.

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

	(Millions of yen)	
	<u>As of</u>	
	March 31, 2022	September 30, 2022
<b>Assets</b>		
<i><b>Current assets</b></i>		
Cash and deposits	16,517	19,789
Notes and accounts receivable-trade, and contract assets	26,920	32,514
Electronically recorded monetary claims	3,434	1,508
Short term investment securities	20,499	19,499
Merchandise and finished goods	7,703	9,342
Work in process	2,191	2,187
Raw materials and supplies	2,628	3,185
Other current assets	2,326	1,915
Less: Allowance for doubtful accounts	(79)	(2)
Total current assets	<u>82,142</u>	<u>89,939</u>
<i><b>Noncurrent assets</b></i>		
Property, plant and equipment		
Buildings and structures – Net	6,669	6,690
Machinery, equipment, and vehicles – Net	11,605	11,648
Land	2,305	2,305
Lease assets, net-PPE	674	665
Construction in progress	1,861	2,109
Other – Net	478	464
Total property, plant and equipment	<u>23,594</u>	<u>23,883</u>
Intangible assets		
Goodwill	315	246
Software	155	111
Other	79	154
Total intangible assets	<u>550</u>	<u>510</u>
Investments and other assets		
Investment securities	21,677	22,570
Deferred tax assets	450	413
Long-term loans receivable	18	16
Other, net	732	788
Less: Allowance for doubtful accounts	(7)	(104)
Total investment and other assets	<u>22,871</u>	<u>23,684</u>
Total noncurrent assets	<u>47,016</u>	<u>48,078</u>
<b>Total assets</b>	<u>129,159</u>	<u>138,018</u>

(Millions of yen)

	As of	
	March 31, 2022	September 30, 2022
<b>Liabilities</b>		
<i>Current liabilities</i>		
Notes and accounts payable- trade	14,229	16,047
Short term loans payable	7,172	7,172
Income taxes payable	2,990	3,313
Provision for bonuses	968	914
Current portion of bonds with subscription rights to shares	8,733	—
Other current liabilities	5,756	5,422
<b>Total current liabilities</b>	<b>39,850</b>	<b>32,869</b>
<i>Noncurrent liabilities</i>		
Lease liabilities	908	893
Deferred tax liabilities	1,349	1,457
Net defined benefit liability	2,733	2,666
Asset retirement obligations	166	166
Other noncurrent liabilities	254	214
<b>Total noncurrent liabilities</b>	<b>5,412</b>	<b>5,398</b>
<b>Total liabilities</b>	<b>45,263</b>	<b>38,267</b>
<b>Net assets</b>		
<i>Shareholders' equity</i>		
Capital stock	15,871	15,871
Capital surplus	14,391	17,009
Retained earnings	54,255	60,710
Treasury stock	(7,658)	(1,810)
<b>Total shareholders' equity</b>	<b>76,859</b>	<b>91,781</b>
<i>Accumulated other comprehensive income</i>		
Valuation difference on available-for-sale securities	6,833	6,802
Deferred gains or losses on hedges	64	334
Foreign currency translation adjustments	212	884
Re-measurements of defined benefit plans	(97)	(81)
<b>Total accumulated other comprehensive income</b>	<b>7,012</b>	<b>7,940</b>
<i>Non-controlling interests</i>	23	28
<b>Total net assets</b>	<b>83,896</b>	<b>99,750</b>
<b>Total net assets and liabilities</b>	<b>129,159</b>	<b>138,018</b>

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

## Consolidated Statements of Income

(Millions of yen)

	<u>Six Months ended</u>	
	<u>September 30, 2021</u>	<u>September 30, 2022</u>
<b>Net sales</b>	42,157	51,915
<b>Cost of sales</b>	29,829	35,139
<b>Gross profit</b>	12,327	16,775
<b>Selling, general, and administrative expenses</b>	6,633	7,053
<b>Operating income</b>	5,694	9,722
<b><i>Non-operating income</i></b>		
Interest income	6	6
Dividend income	274	332
Share of profit of entities accounted for using equity method	25	7
Foreign exchange gains	27	802
Insurance claim income	136	5
Other	58	111
Total non-operating income	528	1,265
<b><i>Non-operating expenses</i></b>		
Interest expenses	46	47
Loss on abandonment of inventories	—	70
Other	17	17
Total non-operating expenses	64	134
<b>Ordinary income</b>	6,158	10,854
<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	64	123
Total extraordinary loss	64	123
<b>Income before income taxes</b>	6,398	10,730
Income taxes – current	2,105	3,178
Income taxes – deferred	(128)	46
Total income taxes	1,976	3,225
<b>Net income</b>	4,421	7,504
<b>Profit attributable to non-controlling interests</b>	(0)	(0)
<b>Net income attributable to owners of parents</b>	4,421	7,505

Consolidated statements of Comprehensive Income

(Millions of yen)

	<u>Six months ended</u>	
	<u>September 30, 2021</u>	<u>September 30, 2022</u>
<b>Net income</b>	4,421	7,504
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(526)	(30)
Deferred gains or losses on hedges	(30)	270
Foreign currency translation adjustments	106	652
Re-measurements of defined benefit plans	13	16
Share of other comprehensive income of entities accounted for using equity method	12	23
Total other comprehensive income	<u>(424)</u>	<u>932</u>
<b>Comprehensive income</b>	<u>3,997</u>	<u>8,437</u>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,997	8,433
Comprehensive income attributable to non-controlling Interests	0	4

## (3) Consolidated Statements of Cash flows

	<u>Six Months ended</u>	
	<u>September 30, 2021</u>	<u>September 30, 2022</u>
<b>Cash flows from operating activities</b>		
Income before Income Taxes	6,398	10,730
Depreciation	1,928	1,840
Amortization of goodwill	91	69
Increase (decrease) in allowance for doubtful accounts	(1)	19
Increase (decrease) in provision for bonuses	32	(54)
Increase (decrease) in net defined benefit liability	14	(67)
Interest and dividend income	(280)	(338)
Interest expenses	46	47
Foreign exchange losses (gains)	(12)	(249)
Loss on retirement of non-current assets	64	123
Loss (gain) on sales of short-term and long-term investment securities	(304)	—
Share of loss (profit) of entities accounted for using equity method	(25)	(7)
Insurance claim income	(136)	(5)
Decrease (increase) in trade receivables and contract assets	575	(3,467)
Decrease (increase) in inventories	(1,381)	(2,176)
Increase (decrease) in trade payables	992	1,581
Increase (decrease) in accrued consumption taxes	—	142
Other, net	195	107
Sub total	<u>8,198</u>	<u>8,294</u>
Interest and dividend income received	280	344
Interest expenses paid	(46)	(47)
Proceeds from insurance income	136	5
Income taxes paid	(1,291)	(2,674)
Net cash provided by operating activities	<u>7,277</u>	<u>5,922</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,977)	(2,103)
Purchase of intangible assets	(57)	(85)
Purchase of investment securities	(456)	(707)
Proceeds from sales of investment securities	331	—
Other, net	(162)	(109)
Net cash used in investing activities	<u>(2,322)</u>	<u>(3,005)</u>
<b>Cash flows from financing activities</b>		
Redemption of bonds with subscription rights to shares	—	(41)
Purchase of treasury shares	(1)	(235)
Dividends paid	(758)	(1,049)
Other, net	(36)	(13)
Net cash provided by financing activities	<u>(795)</u>	<u>(1,339)</u>
Effect of exchange rate change on cash and cash equivalents	98	693
<b>Net increase(decrease) in cash and cash equivalents</b>	<u>4,258</u>	<u>2,271</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>31,936</u>	<u>37,016</u>
<b>Cash and cash equivalents at end of period</b>	<u>36,194</u>	<u>39,288</u>

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Notes on Major Changes in Shareholders' Equity)

During the six months ended September 30, 2022, the Company disposed of treasury stock in accordance with the exercise of subscription rights to shares attached to convertible bonds with subscription rights to shares. As a result, capital surplus increased by ¥2,614 million and treasury stock decreased by ¥6,077 million.

(Segment Information and Other Items)

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

(Millions of yen)

	Basic chemicals	Functional chemicals	Housing facilities and others	Total	Adjustments *1	Consolidated *2
Net sales						
Japan	14,862	10,359	2,796	28,018	—	28,018
Asia	1,893	8,004	15	9,913	—	9,913
Europe	341	2,690	—	3,031	—	3,031
Others	447	746	—	1,193	—	1,193
Revenue from Contracts with Customers	17,544	21,800	2,812	42,157	—	42,157
Other Revenue	—	—	—	—	—	—
External sales	17,544	21,800	2,812	42,157	—	42,157
Intersegment sales or reclassifications	11	338	1,453	1,804	(1,804)	—
Total	17,555	22,139	4,266	43,961	(1,804)	42,157
Segment income	1,930	4,226	99	6,256	(562)	5,694

Notes:

- (1) Adjustments of segment income of ¥ (562) 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 half of the current fiscal year ending March 31, 2023 (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Basic chemicals	Functional chemicals	Housing facilities and others	Total	Adjustments *1	Consolidated *2
Net sales						
Japan	17,718	10,373	3,500	31,593	—	31,593
Asia	2,998	10,811	—	13,810	—	13,810
Europe	311	3,412	—	3,724	—	3,724
Others	958	1,828	—	2,787	—	2,787
Revenue from Contracts with Customers	21,988	26,426	3,500	51,915	—	51,915
Other Revenue	—	—	—	—	—	—
External sales	21,988	26,426	3,500	51,915	—	51,915
Intersegment sales or reclassifications	107	474	708	1,290	(1,290)	—
Total	22,095	26,901	4,208	53,205	(1,290)	51,915
Segment income	3,678	6,591	139	10,409	(686)	9,722

Notes:

- (1) Adjustments of segment income of ¥ (686) 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.