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May 10, 2024

Consolidated Financial Results for the Fiscal Year Ended March 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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 Telephone: +81-6-6110-1560
 Scheduled date of annual general meeting of shareholders: June 27, 2024
 Scheduled date to commence dividend payments: June 10, 2024
 Scheduled date to file annual securities report: June 28, 2024
 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, 2024 (from April 1, 2023, to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| Fiscal year ended | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Mar 31,2024 | 94,557 | (9.3) | 10,492 | (32.6) | 12,008 | (30.0) | 7,650 | (27.6) |
| Mar 31,2023 | 104,208 | 18.3 | 15,557 | 25.4 | 17,164 | 27.8 | 10,570 | 12.0 |

Note: Comprehensive income For the fiscal year ended Mar 31,2024: ¥13,299 million 18.0 %
 For the fiscal year ended Mar 31,2023: ¥11,267 million 37.3 %

| Fiscal year ended | 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 |
|-------------------|--------------------------|----------------------------|------------------|--|--|
| | Yen | Yen | % | % | % |
| Mar 31,2024 | 300.84 | — | 7.3 | 8.3 | 11.1 |
| Mar 31,2023 | 428.43 | — | 11.5 | 12.8 | 14.9 |

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended Mar 31,2024: ¥21 million
 For the fiscal year ended Mar 31,2023: ¥(12)million

(2) 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 31,2024 | 150,541 | 109,765 | 72.9 | 4,325.88 |
| Mar 31,2023 | 138,029 | 99,543 | 72.1 | 3,912.48 |

Reference: Equity
 As of Mar 31,2024: ¥109,760 million
 As of Mar 31,2023: ¥99,535 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 31,2024 | 8,549 | (4,263) | (3,199) | 38,432 |
| Mar 31,2023 | 9,354 | (5,380) | (4,596) | 36,843 |

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 31,2023 | Yen — | Yen 45.00 | Yen — | Yen 45.00 | Yen 90.00 | Millions of yen 2,311 | % 21.0 | % 2.4 |
| Fiscal year ended Mar 31,2024 | — | 45.00 | — | 45.00 | 90.00 | 2,286 | 29.9 | 2.2 |
| Fiscal year ending Mar 31,2025 (Forecast) | — | 45.00 | — | 50.00 | 95.00 | | 21.0 | |

3. Consolidated Earnings 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 |
| First half year (cumulative) | 50,000 | 7.2 | 7,100 | 44.4 | 7,600 | 26.2 | 5,200 | 28.6 | 196.74 |
| Full year | 103,000 | 8.9 | 16,000 | 52.5 | 16,800 | 39.9 | 11,500 | 50.3 | 452.21 |

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, 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 31,2024 | 26,732,017 shares |
| As of Mar 31,2023 | 26,732,017 shares |

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

| | |
|-------------------|------------------|
| As of Mar 31,2024 | 1,359,017 shares |
| As of Mar 31,2023 | 1,291,509 shares |

(iii) Average number of shares outstanding during the period

| | |
|-------------------------------|-------------------|
| Fiscal year ended Mar 31,2024 | 25,430,811 shares |
| Fiscal year ended Mar 31,2023 | 24,673,479 shares |

[Reference] Overview of non-consolidated financial results**1. Non-consolidated financial results for the fiscal year ended Mar 31, 2024 (from Apr 1, 2023, to Mar 31, 2024)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-----------------|-------|------------------|--------|-----------------|--------|-----------------|--------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Mar 31,2024 | 67,269 | (9.4) | 7,537 | (40.9) | 8,270 | (42.4) | 5,154 | (40.2) |
| Mar 31,2023 | 74,222 | 16.2 | 12,756 | 24.1 | 14,344 | 27.9 | 8,612 | (2.0) |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|-----------------------------|-------------------------------|
| Fiscal year ended | Yen | Yen |
| Mar 31,2024 | 202.70 | — |
| Mar 31,2023 | 349.05 | — |

(2) Non-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 31,2024 | 127,299 | 90,373 | 70.9 | 3,561.80 |
| Mar 31,2023 | 116,390 | 83,994 | 72.1 | 3,301.60 |

Reference: Equity

As of Mar 31,2024: ¥90,373 million
As of Mar 31,2023: ¥83,994 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 page7 of the attached materials for the assumptions used in business forecasts.

(Attached Documents)

INDEX

| | |
|---|----|
| 1. Information Concerning Results for the fiscal year ended Mar 31, 2024 | 5 |
| (1) Overview of Operating Results | 5 |
| (2) Overview of Financial Position | 6 |
| (3) Overview of Cash Flows | 6 |
| (4) Future outlook of Forward-looking Statement, Including Consolidated financial results Forecasts | 7 |
| 2. Basic Approach to the Selection of Accounting Standards | 8 |
| 3. Consolidated Financial Statements and Notes to Consolidated Financial Statements | 9 |
| (1) Consolidated Balance Sheets | 9 |
| (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income | 11 |
| (3) Consolidated Statements of Changes in Net Assets | 13 |
| (4) Consolidated Statements of Cash Flows | 15 |
| (5) Notes to Consolidated Financial Statements | 17 |
| (Notes on Premise of Going Concern) | 17 |
| (Segment Information and Other Items) | 17 |
| (Per Share Information) | 21 |
| (Significant event after the reporting period) | 21 |

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

(1) Overview of Operating Results

During the fiscal year ended March 31, 2024, the Japanese economy continued to show signs of recovery, including an increase in inbound demand and an improvement in the state of employment, 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 rising raw material and fuel prices, the prolonging of the situation in Ukraine, increasing tensions in the Middle East, concerns regarding the future of the Chinese economy, and the risk that a downturn of overseas economies amidst continued global monetary tightening could put downward pressure on the domestic economy.

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), which was announced in November 2023. The three basic policies are continuous strengthening of our base in existing businesses, strengthening of new product creation capabilities, and promotion of sustainability management.

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, production with the Allyl Chloride manufacturing equipment at the Mizushima Plant, where problems with the main equipment occurred in April 2023, has recovered to about 70% since November, and operation is stable. In the Functional chemicals business, despite declining demand for major products, we were able to steadily increase the sales volume of Acrylic Rubber by developing new markets. In the Healthcare business, following the decision to construct new manufacturing facilities at the Matsuyama Plant, it was also decided to construct new manufacturing facilities at the Amagasaki Plant as a second phase of expansion in order to meet the growing demand for pharmaceutical purification materials for diabetes treatments and the rapidly expanding obesity treatments. Investment plans for pharmaceutical purification materials are progressing smoothly, with construction at the Matsuyama Plant beginning in November 2023 and completion scheduled for September 2024, and construction at the Amagasaki Plant beginning in January 2024 with completion scheduled for fiscal 2026. The growth strategy of the Healthcare business was highly evaluated, and our price-to-book (P/B) ratio has remained significantly higher than the average for TSE Prime companies (exceeding a P/B ratio of 2.0 as of the end of March 2024).

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 as originally planned. Construction of a battery research building as a new research facility was completed in March 2024. We will steadily develop our products to become the next global niche-top products.

In terms of the “promotion of sustainability management,” as an appropriate response to Japan’s Corporate Governance Code, in addition to taking steps to comply with TCFD recommendations and calculating GHG emissions, we have created a new integrated report. Additionally, we are continuing revision of the personnel system for managers which started last fiscal year and also revised the personnel system for general employees in April 2023, all in an effort to “grow together with our employees as a company” as set forth in our Vision Statement. Under the new personnel systems, we will work to further spread business reform activities, improve employee engagement, and nurture the next generation of human resources.

Due in part to the manufacturing equipment problems at the Mizushima Plant (net sales: ¥5,200 million, operating profit: ¥5,100 million), net sales for the current consolidated fiscal year were ¥94,711 million, a decrease of 9.1% year on year. In terms of profit, operating profit decreased 32.0% year on year to ¥10,579 million, ordinary profit decreased 29.7% year on year to ¥12,062 million, and profit attributable to owners of parent decreased 27.3% year on year to ¥7,686 million.

As the Healthcare business has been steadily growing as our third profitable business, starting from the first three months of the consolidated fiscal year we are changing our system to four reportable segments, namely, Basic Chemicals, Functional Chemicals, Healthcare, and Trading and Others. Accordingly, in the following year-on-year comparisons, figures for the same period of the previous fiscal year have been reclassified to the post-change segment classifications.

<Basic Chemicals>

Despite a decrease in the sales volumes due to the manufacturing equipment problems at the Mizushima Plant, net sales of Chlor-Alkali products increased due in part to a rise in product prices as a result of increases in raw material and fuel prices. Net sales of Epichlorohydrin decreased due to a decline in demand for epoxy resins and softer overseas market conditions, as well as sales adjustments resulting from the manufacturing equipment problems. As a result of the above, net sales in the Basic chemicals business decreased 14.3% year on year to ¥36,272 million.

<Functional Chemicals>

In the synthetic rubbers business, net sales of Epichlorohydrin Rubber increased due to a recovery in automobile production. Net sales of Acrylic Rubber increased mainly in Asia as it was adopted for new applications in Japan and overseas. Although demand for DAP resin was sluggish in Japan, Europe, and the Americas, net sales increased due to strong sales in China. Sales of Allyl Ethers decreased due to a decline in demand for Silane coupling agents mainly for paint applications in Europe, the Americas, and China, as well as softening market conditions. As a result of the above, net sales in the Functional chemicals business decreased 8.6% year on year to ¥29,133 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 increased due to expanded sales of nucleic acid drug substances, osteoporosis drug substances, and anti-cancer drug intermediates. As a result of the above, net sales in the Healthcare business increased 15.5% year on year to ¥11,868 million.

<Trading and Others>

While net sales for consumer products increased thanks to strong sales, net sales decreased due to sluggish sales of electronic materials and automotive products, mainly glass fiber. As a result of the above, net sales in the Trading and others business decreased 12.5% year on year to ¥17,283 million.

(2) Overview of Financial Position

(Assets)

Current assets were ¥92,444 million, an increase of 3.1% since March 31, 2023. The increase was due primarily to an increase of ¥1,589 million in cash and deposits and ¥777 million in notes and accounts receivable-trade, and contract assets.

Non-current assets were ¥58,096 million, an increase of 20.1% since March 31, 2023. The increase was due primarily to an increase of ¥2,829 million in property, plant and equipment and ¥6,922 million in investment securities.

As a result, total assets were ¥150,541 million, an increase of 9.1% since March 31, 2023.

(Liabilities)

Current liabilities were ¥32,860 million, an increase of 1.7% since March 31, 2023. The increase was due primarily to an increase of ¥711 million in notes and accounts payable - trade, ¥2,224 million in other current liabilities and a decrease of ¥239 million in income taxes payable.

Noncurrent liabilities were ¥7,915 million, an increase of 28.2% since March 31, 2023. The increase was due to increases of ¥2,289 million in deferred tax liabilities.

As a result, total liabilities were ¥40,776 million, an increase of 6.0% since March 31, 2023.

(Net assets)

Net assets were ¥109,765 million, an increase of 10.3% since March 31, 2023. The increase was due primarily to an increase of ¥5,360 million in retained earnings and ¥4,817 million in valuation difference on available-for-sale securities.

(3) Overview of Cash Flows

Cash and cash equivalents as of March 31, 2024, were ¥38,432 million, an increase of ¥1,588 million since March 31, 2023. The status of each type of cash flow during the fiscal year ended March 31, 2024, and the main contributing factors were as follows.

(Cash flow from operating activities)

Net cash provided by operating activities amounted to ¥8,597 million. This was due primarily to income before income taxes of ¥11,391 million, income taxes paid of ¥5,936 million and depreciation of ¥3,684 million.

(Cash flow from investing activities)

Net cash used in investing activities amounted to ¥4,263 million. This was due primarily to the purchase of property, plant and equipment of ¥5,113 million.

(Cash flow from financing activities)

Net cash used in financing activities amounted to ¥3,199 million. This was due primarily to the purchase of treasury shares of ¥ 805 million and dividends paid of ¥2,287 million.

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

With regard to the future economic outlook, although recovery of the economy is expected to continue, the economic situation is expected to remain difficult due to concerns regarding the prolonging of the situation in Ukraine, increasing tensions in the Middle East, the future of the Chinese economy, and the risk of economic downturn associated with global monetary tightening, as well as inflation and further increases in raw material and fuel prices. It is against this backdrop that our group is entering the second year of our medium-term management plan, “Shape the Future-2025” (FY2023 to FY2025). In the first year of the medium-term management plan, the Healthcare business expanded steadily as planned, but the results were significantly lower than the previous fiscal year due to the impact of the Allyl Chloride manufacturing equipment problems at the Mizushima Plant and a decline in demand for major products in the Basic chemicals and the Functional chemicals businesses.

We will continue to strive to further spread our operational reform activities while aiming to achieve the target numbers of the medium-term management plan by steadily implementing the three basic policies of the plan: “continuous strengthening of our base in existing businesses,” “strengthening of new product creation capabilities,” and “the promotion of sustainability management.”

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, we aim to complete the repair of the Allyl Chloride manufacturing equipment at the Mizushima Plant by the end of June 2024, and will actively work to strengthen facility management and invest in renewal and maintenance so that stable operation can continue. 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. We will expand the scale of Acrylic Rubber and non-phthalate allyl resin by developing new products. In the Healthcare business, with regard to pharmaceutical purification materials, we will invest in increasing production capacity in order to ensure that we can capture future growth in demand for drugs for diabetes treatments and the rapidly expanding obesity treatments. With regard to APIs and their intermediates, following the full operation of the newly constructed facilities in March 2023, we will consider capital investment aimed at full-scale entry into the biopharmaceutical field. We plan to invest more than ¥8,000 million over the three years of our medium-term management plan to establish a foundation as our third highest earning 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 polyethers 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 sensors and actuators, to support the future shift to electric and self-driving vehicles. In the field of Information and Communication, we will continue to focus on the development of semiconductor peripheral materials, such as silver nanoparticles as a high thermal conductivity bonding agent for power semiconductors, which is expected to be in great demand in the future, and carbon nanotubes for next-generation semiconductors and electronic devices. In the field of Health and Healthcare, we will continue to develop polymer gels as new purification materials for biopharmaceuticals that meet pharmaceutical modalities, and are working to expand the new adoption of plant-based lactic acid bacteria OS-1010, which has been developed as a new anti-aging material that contributes to extending healthy life expectancy.

In terms of “the promotion of sustainability management,” under our basic policy on sustainability, in which “we aim 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 in appropriately responding to the Corporate Governance Code, responding to the TCFD, calculating GHG emissions, planning and implementing measures to reduce our environmental impact, promoting health management, and developing human resources through the penetration of business reform activities as part of our investment in human capital. In addition, we will deepen dialogue with all stakeholders, including investors, through the fulfillment of the information disclosed in the Integrated Report, etc., and strive to further enhance our corporate value.

For the next fiscal year, we project net sales of ¥103,000 million, operating profit of ¥16,000 million, ordinary profit of ¥16,800 million, and profit attributable to owners of parent of ¥11,500 million.

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, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 12,844 | 14,433 |
| Notes and accounts receivable - trade, and contract assets | 29,290 | 30,068 |
| Electronically recorded monetary claims - operating | 3,826 | 4,710 |
| Securities | 23,998 | 23,998 |
| Merchandise and finished goods | 9,516 | 10,065 |
| Work in process | 2,602 | 2,354 |
| Raw materials and supplies | 3,965 | 5,502 |
| Other | 3,599 | 1,314 |
| Allowance for doubtful accounts | △3 | △3 |
| Total current assets | 89,640 | 92,444 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 18,403 | 20,573 |
| Accumulated depreciation | △11,681 | △12,301 |
| Buildings and structures, net | 6,721 | 8,272 |
| Machinery, equipment and vehicles | 66,586 | 70,812 |
| Accumulated depreciation | △55,346 | △58,241 |
| Machinery, equipment and vehicles, net | 11,239 | 12,570 |
| Land | 2,304 | 2,301 |
| Leased assets | 1,057 | 1,084 |
| Accumulated depreciation | △413 | △469 |
| Leased assets, net | 644 | 614 |
| Construction in progress | 3,730 | 3,807 |
| Other | 4,527 | 4,609 |
| Accumulated depreciation | △4,064 | △4,243 |
| Other, net | 462 | 365 |
| Total property, plant and equipment | 25,103 | 27,932 |
| Intangible assets | | |
| Goodwill | 217 | 162 |
| Software | 102 | 105 |
| Other | 320 | 504 |
| Total intangible assets | 639 | 772 |
| Investments and other assets | | |
| Investment securities | 21,302 | 28,224 |
| Long-term loans receivable | 14 | 12 |
| Deferred tax assets | 677 | 441 |
| Other | 657 | 735 |
| Allowance for doubtful accounts | △5 | △21 |
| Total investments and other assets | 22,645 | 29,391 |
| Total non-current assets | 48,389 | 58,096 |
| Total assets | 138,029 | 150,541 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 14,397 | 15,108 |
| Short-term borrowings | 7,172 | 7,172 |
| Income taxes payable | 3,585 | 1,194 |
| Provision for bonuses | 928 | 927 |
| Current portion of long-term borrowings | 58 | 65 |
| Other | 6,168 | 8,392 |
| Total current liabilities | 32,310 | 32,860 |
| Non-current liabilities | | |
| Long-term borrowings | 434 | 393 |
| Lease liabilities | 838 | 787 |
| Deferred tax liabilities | 1,709 | 3,999 |
| Retirement benefit liability | 2,826 | 1,999 |
| Asset retirement obligations | 152 | 556 |
| Other | 214 | 179 |
| Total non-current liabilities | 6,175 | 7,915 |
| Total liabilities | 38,485 | 40,776 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 15,871 | 15,871 |
| Capital surplus | 17,009 | 17,014 |
| Retained earnings | 62,741 | 68,102 |
| Treasury shares | △3,811 | △4,611 |
| Total shareholders' equity | 91,812 | 96,377 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,339 | 12,156 |
| Deferred gains or losses on hedges | △101 | 71 |
| Foreign currency translation adjustment | 676 | 871 |
| Remeasurements of defined benefit plans | △190 | 283 |
| Total accumulated other comprehensive income | 7,723 | 13,383 |
| Non-controlling interests | 8 | 4 |
| Total net assets | 99,543 | 109,765 |
| Total liabilities and net assets | 138,029 | 150,541 |

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

1) Consolidated Statements of Income

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 104,208 | 94,557 |
| Cost of sales | 73,740 | 69,760 |
| Gross profit | 30,467 | 24,796 |
| Selling, general and administrative expenses | 14,910 | 14,304 |
| Operating profit | 15,557 | 10,492 |
| Non-operating income | | |
| Interest income | 15 | 20 |
| Dividend income | 580 | 672 |
| Insurance claim income | 573 | — |
| Share of profit of entities accounted for using equity method | — | 21 |
| Foreign exchange gains | 469 | 525 |
| Subsidy income | 180 | 736 |
| Other | 300 | 254 |
| Total non-operating income | 2,119 | 2,230 |
| Non-operating expenses | | |
| Interest expenses | 109 | 104 |
| 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 | 585 |
| Other | 80 | 24 |
| Total non-operating expenses | 511 | 714 |
| Ordinary profit | 17,164 | 12,008 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 245 | 0 |
| Gain on sale of investment securities | 176 | 180 |
| Total extraordinary income | 421 | 181 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 217 | 305 |
| Loss on sale of shares of subsidiaries and associates | 297 | — |
| Impairment losses | 1,053 | 492 |
| Total extraordinary losses | 1,568 | 798 |
| Profit before income taxes | 16,018 | 11,391 |
| Income taxes - current | 5,433 | 3,649 |
| Income taxes - deferred | 33 | 104 |
| Total income taxes | 5,466 | 3,753 |
| Profit | 10,552 | 7,637 |
| Loss attributable to non-controlling interests | △18 | △12 |
| Profit attributable to owners of parent | 10,570 | 7,650 |

2) Consolidated statements of Comprehensive Income

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Profit | 10,552 | 7,637 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 505 | 4,817 |
| Deferred gains or losses on hedges | △166 | 173 |
| Foreign currency translation adjustment | 456 | 177 |
| Remeasurements of defined benefit plans, net of tax | △92 | 474 |
| Share of other comprehensive income of entities accounted for using equity method | 11 | 19 |
| Total other comprehensive income | 715 | 5,661 |
| Comprehensive income | 11,267 | 13,299 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 11,281 | 13,310 |
| Comprehensive income attributable to non-controlling interests | △13 | △10 |

(3) Consolidated Statements of Changes in Net Assets

FY2022(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 | | | | | |
| 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 | | | | | | | |
| 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 |

FY2023(Fiscal year ended March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 15,871 | 17,009 | 62,741 | (3,811) | 91,812 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,289) | | (2,289) |
| Profit attributable to owners of parent | | | 7,650 | | 7,650 |
| Purchase of treasury shares | | | | (805) | (805) |
| Disposal of treasury shares | | 4 | | 5 | 10 |
| Change in scope of consolidation | | | | | |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | | 4 | 5,360 | (800) | 4,565 |
| Balance at end of period | 15,871 | 17,014 | 68,102 | (4,611) | 96,377 |

| | 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 | 7,339 | (101) | 676 | (190) | 7,723 | 8 | 99,543 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (2,289) |
| Profit attributable to owners of parent | | | | | | | 7,650 |
| Purchase of treasury shares | | | | | | | (805) |
| Disposal of treasury shares | | | | | | | 10 |
| Change in scope of consolidation | | | | | | | |
| Net changes in items other than shareholders' equity | 4,817 | 173 | 194 | 474 | 5,659 | (3) | 5,656 |
| Total changes during period | 4,817 | 173 | 194 | 474 | 5,659 | (3) | 10,221 |
| Balance at end of period | 12,156 | 71 | 871 | 283 | 13,383 | 4 | 109,765 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 16,018 | 11,391 |
| Depreciation | 3,635 | 3,684 |
| Amortization of goodwill | 98 | 55 |
| Increase (decrease) in allowance for doubtful accounts | △78 | 15 |
| Increase (decrease) in provision for bonuses | △39 | △1 |
| Increase (decrease) in retirement benefit liability | 92 | △826 |
| Interest and dividend income | △595 | △693 |
| Interest expenses | 109 | 104 |
| Foreign exchange losses (gains) | △80 | △293 |
| Loss on retirement of non-current assets | 217 | 305 |
| Loss (gain) on sale of non-current assets | △245 | — |
| Loss on tax purpose reduction entry of non-current assets | 55 | 585 |
| Impairment losses | 1,053 | 492 |
| Loss (gain) on sale of short-term and long-term investment securities | △176 | △180 |
| Loss (gain) on sale of shares of subsidiaries and associates | 297 | — |
| Decrease (increase) in accounts receivable - trade, and contract assets | △2,491 | △1,512 |
| Decrease (increase) in inventories | △3,237 | △1,794 |
| Increase (decrease) in trade payables | △194 | 570 |
| Insurance claim income | △573 | — |
| Subsidy income | △180 | △736 |
| Increase (decrease) in accrued consumption taxes | 138 | △148 |
| Share of loss (profit) of entities accounted for using equity method | 12 | △21 |
| Other, net | △682 | 2,805 |
| Subtotal | 13,152 | 13,802 |
| Interest and dividends received | 601 | 700 |
| Interest paid | △109 | △104 |
| Proceeds from insurance income | 573 | — |
| Subsidies received | — | 137 |
| Income taxes paid | △4,863 | △5,936 |
| Net cash provided by (used in) operating activities | 9,354 | 8,597 |

(Millions of yen)

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | △4,773 | △5,113 |
| Proceeds from sale of property, plant and equipment | 300 | 0 |
| Purchase of intangible assets | △336 | △249 |
| Purchase of investment securities | △417 | △19 |
| Proceeds from sale of investment securities | 197 | 269 |
| Proceeds from sale of shares of subsidiaries and associates | — | 588 |
| Subsidies received | 180 | 599 |
| Other, net | △531 | △337 |
| Net cash provided by (used in) investing activities | △5,380 | △4,263 |
| Cash flows from financing activities | | |
| Redemption of bonds with share acquisition rights | △41 | — |
| Repayments of long-term borrowings | △36 | △66 |
| Purchase of treasury shares | △2,236 | △805 |
| Dividends paid | △2,216 | △2,287 |
| Other, net | △66 | △39 |
| Net cash provided by (used in) financing activities | △4,596 | △3,199 |
| Effect of exchange rate change on cash and cash equivalents | 428 | 453 |
| Net increase (decrease) in cash and cash equivalents | △194 | 1,588 |
| Cash and cash equivalents at beginning of period | 37,016 | 36,843 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | 21 | — |
| Cash and cash equivalents at end of period | 36,843 | 38,432 |

(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 four business segments, including "Basic chemicals", "functional Chemicals", "Healthcare" and "Trading and Others"

"Basic Chemicals" manufactures and sells (i)chlor-alkali products, (ii)epichlorohydrin and (iii) allyl chloride, etc.

"Functional chemicals" manufactures and sells (i)allyl ethers, (ii)epichlorohydrin rubber, (iii) DAP resin, (iv)modifiers for energy-saving tires and (v) electrodes, etc.

"Healthcare" manufactures and sells (i)pharmaceutical purification materials, and (ii)active pharmaceutical ingredients and intermediates, etc.

"Trading and Others" includes (i)sales and transportation and storage of chemical products, (ii)sales and manufacturing of consumer products, (iii) sales and manufacturing of building materials and (iv)materials recycling, 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, 2023 (from April 1, 2022, to Mar 31, 2023)

(Millions of yen)

| | Basic chemicals | Functional chemicals | Healthcare | Trading and Others | Total | Adjustments *1 | Consolidated *2 |
|--|-----------------|----------------------|------------|--------------------|---------|----------------|-----------------|
| Net sales | | | | | | | |
| Japan | 35,350 | 9,577 | 3,677 | 15,926 | 64,532 | — | 64,532 |
| China | 7 | 9,027 | 1,533 | 2,658 | 13,227 | — | 13,227 |
| Asia | 4,864 | 5,461 | 1,579 | 1,051 | 12,957 | — | 12,957 |
| Europe | 702 | 3,952 | 2,273 | 70 | 6,999 | — | 6,999 |
| Others | 1,396 | 3,840 | 1,210 | 43 | 6,491 | — | 6,491 |
| Revenue from Contracts with Customers | 42,322 | 31,859 | 10,275 | 19,750 | 104,208 | — | 104,208 |
| Other Revenue | — | — | — | — | — | — | — |
| External sales | 42,322 | 31,859 | 10,275 | 19,750 | 104,208 | — | 104,208 |
| Intersegment sales or reclassifications | 4 | 780 | — | 3,855 | 4,640 | (4,640) | — |
| Total | 42,326 | 32,640 | 10,275 | 23,606 | 108,848 | (4,640) | 104,208 |
| Segment income | 4,847 | 6,398 | 4,615 | 988 | 16,850 | (1,293) | 15,557 |
| Segment assets | 39,200 | 19,838 | 15,066 | 22,465 | 96,570 | 41,459 | 138,029 |
| Other items | | | | | | | |
| Depreciation | 1,953 | 968 | 446 | 66 | 3,435 | 199 | 3,635 |
| Amortization of goodwill | — | — | 44 | 12 | 57 | 40 | 98 |
| Investment to entities accounted for using equity method | — | 297 | — | — | 297 | — | 297 |
| Increase of current and noncurrent assets | 1,910 | 926 | 2,129 | 182 | 5,150 | 203 | 5,353 |

Notes1: Adjustments are as follows.

- (1) Adjustments of segment income of ¥(1,293) 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) Adjustments of segment assets of ¥41,459 million are corporate assets of ¥41,459 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 ¥203 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, 2024 (from April 1, 2023, to Mar 31, 2024)

(Millions of yen)

| | Basic chemicals | Functional chemicals | Healthcare | Trading and Others | Total | Adjustments *1 | Consolidated *2 |
|--|-----------------|----------------------|------------|--------------------|---------|----------------|-----------------|
| Net sales | | | | | | | |
| Japan | 34,930 | 8,683 | 4,219 | 14,396 | 62,229 | — | 62,229 |
| China | — | 8,549 | 1,251 | 2,206 | 12,008 | — | 12,008 |
| Asia | 954 | 5,947 | 2,231 | 586 | 9,719 | — | 9,719 |
| Europe | 265 | 3,155 | 3,148 | 80 | 6,649 | — | 6,649 |
| Others | 122 | 2,797 | 1,016 | 13 | 3,950 | — | 3,950 |
| Revenue from Contracts with Customers | 36,272 | 29,133 | 11,868 | 17,283 | 94,557 | — | 94,557 |
| Other Revenue | — | — | — | — | — | — | — |
| External sales | 36,272 | 29,133 | 11,868 | 17,283 | 94,557 | — | 94,557 |
| Intersegment sales or reclassifications | 1 | 1,086 | — | 2,958 | 4,047 | (4,047) | — |
| Total | 36,273 | 30,220 | 11,868 | 20,241 | 98,604 | (4,047) | 94,557 |
| Segment income | 231 | 4,544 | 5,715 | 1,217 | 11,709 | (1,216) | 10,492 |
| Segment assets | 44,220 | 19,445 | 18,956 | 22,964 | 105,587 | 44,954 | 150,541 |
| Other items | | | | | | | |
| Depreciation | 1,802 | 890 | 681 | 48 | 3,422 | 261 | 3,684 |
| Amortization of goodwill | — | — | 44 | 11 | 55 | — | 55 |
| Investment to entities accounted for using equity method | — | 331 | — | — | 331 | — | 331 |
| Increase of current and noncurrent assets | 2,631 | 899 | 2,495 | 424 | 6,451 | 738 | 7,190 |

Notes1: Adjustments are as follows.

- (1) Adjustments of segment income of ¥(1,216) 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) Adjustments of segment assets of ¥44,954 million are corporate assets of ¥44,954 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 ¥738 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.

4. Changes in Reportable Segments

(Changes in Reportable Segment Classification)

Starting from the first three months of the accounting period, the Healthcare business, which was previously included in the Functional Chemicals segment, has been spun off as its own new segment in line with business expansion. In addition, in order to better understand the actual state of business performance, reportable segments have been changed from the three categories of Basic Chemicals, Functional Chemicals, and Housing Facilities and Others to the four categories of Basic Chemicals, Functional Chemicals, Healthcare, and Trading and Others. Furthermore, in order to better evaluate and manage the performance of each reportable segment, we have revised the allocation method of common expenses and changed the calculation method of profit or loss for the reportable segments. The segment information for the Nine months of the pervious consolidated fiscal year is disclosed based on the post-change classification of the reportable segments.

(Per Share Information)

| | Fiscal year ended | |
|----------------------------|-------------------|----------------|
| | March 31, 2023 | March 31, 2024 |
| Net assets per share (Yen) | 3,912.48 | 4,325.88 |
| Earnings per share (Yen) | 428.43 | 300.84 |

Diluted earnings per share (yen) are not shown as there are no diluted shares.

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

| | Fiscal year ended | |
|---|-------------------|----------------|
| | March 31, 2023 | March 31, 2024 |
| Earnings per share | | |
| Net income (Millions of yen) | 10,570 | 7,650 |
| Amount not attributable to owners of common stock (Millions of yen) | — | — |
| Net income related to owner of common stock (Millions of yen) | 10,570 | 7,650 |
| Weighted average number of common stock (Thousands of shares) | 24,673 | 25,430 |

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

| | Fiscal year ended | |
|---|-------------------|----------------|
| | March 31, 2023 | March 31, 2024 |
| Amount of Net assets (Millions of yen) | 99,543 | 109,765 |
| Amount deducted from Net assets (Millions of yen) | 8 | 4 |
| Net assets related to owner of common stock (Millions of yen) | 99,535 | 109,760 |
| Number of common stocks for calculation of Net assets per share (Thousands of shares) | 25,440 | 25,373 |

(Significant event after the reporting period)

Not applicable