

May 14, 2021

To whom it may concern,

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New Mid-term Management Plan (FY2021-2022)

OSAKA SODA GROUP has formulated a new medium-term management plan, EMPOWER THE NEXT 22, for the period from fiscal 2021 to fiscal 2022.

1. Review of the previous medium-term management plan

Under the previous medium-term management plan, BRIGHT 2020 (fiscal 2020), we focused on “creating new growth engines”, “establishing a profitable global business”, and “completing business structural reforms”. We are aiming to further shift our focus to profit-oriented management and are working to raise our corporate value

In “creating new growth engines”, we launched and expanded sales of acrylic rubber and non-phthalate allyl resins. In “establishing a profitable global business”, we invested in a U.S. fund and aggressively expanded our specialty chemicals business in North America. In “completing business structural reform”, an agreement was reached to integrate the electrolysis equipment of the Fukuoka Plant of Mitsubishi Chemical Corporation with that of our Ogura Plant, and to further expand the scale of business in the Kyushu region and strengthen cost competitiveness by streamlining production.

However, in fiscal 2020, while the pharmaceutical-related business performed strongly, performance targets were not achieved due to continued sluggish performance in Basic Chemicals and Functional Chemicals, which is mainly in automobile-related products, because the economic activities were restricted by the spread of COVID-19 infection.

2. Establishment of a new mission statement and vision statement

Osaka Soda Group has reformed our mission statement and vision statement in order to promote company-wide business reforms and to realize our vision for fiscal 2035, which marks the 120th anniversary of our founding.

We will promote management focusing on the three areas, “Achieving a sustainable society”, “Pursuit of global competitiveness”, “Growing together with our employees as a company”, to further enhance our corporate value and competitiveness.

Mission Statement

To contribute to the realization of a safe and affluent society through our creative technologies and innovative products

Vision Statement

Be a corporate group that provides new value to society through chemistry

- (1) Contribute to the realization of a sustainable society through environmentally and safety-conscious manufacturing
- (2) Meet the needs of our customers with globally competitive technologies and quality
- (3) Respect the values of each and every one of our employees and aim to be a company that grows together

3. Concept of the New Medium-Term Management Plan that considers the impact of COVID-19

We have backcasted from the ideal image of fiscal 2035 to drawn up “what we should do” in fiscal 2025 and our performance targets.

However, the world economy is expected to recover from the downturn caused by COVID-19 infection due to expectations for vaccination effects and economic measures taken by each country, but full-fledged economic recovery is unlikely to continue.

For this reason, we have established a two-year plan starting in fiscal 2021 and have set the period for implementing measures aimed at achieving growth during the period of full-fledged recovery.

4. Basic policy of “EMPOWER THE NEXT - 22”

(1) Building a resilient business foundation

Chemicals business, Functional Materials business, and Healthcare business will be positioned as core businesses and resilient strategy will be pursued.

- 1) Chemicals business (Basic Chemicals segment)

We will build a structure that generates stable earnings with strong resilience to changes in the business environment as the earnings base that supports the growth strategies of the functional products business and the health care business.

(2) Functional Materials business (Functional Chemicals segment)

As a growth engine, we will work to deepen the market for global niche-top products, develop new applications, and launch new products.

(3) Health Care business (Functional Chemicals segment)

To respond to changes in pharmaceutical modalities, expand existing businesses in APIs, intermediates, and refining materials, and enhance technology and product lineups to acquire new projects.

(2) Promotion of market-in-type development

We aim for early market launch by accurately grasping customer needs under the leadership of the business division, planning new products together with the R&D division, and quickly developing them. Especially we will promote development themes that make full use of originality in the fields of mobility, information and communication, environment and energy, and health and healthcare.

1) Mobility

Functional materials that support the electrification of mobility provided by CASE, MaaS, and Society 5.0

2) Information and Communication

Products required for advanced telecommunications networks that form the foundation of a smart society

3) Environment and Energy

Materials that contribute to the environment and energy, such as improved energy efficiency, longer product life, and solvent-free products

4) Health and Healthcare

New pharmaceutical refining materials and technologies, anti-aging materials

(3) Efforts to achieve the SDGs

We contribute to the realization of a sustainable global environment through all corporate activities. In addition, we aim to become a corporate group capable of sustainable growth by strengthening existing businesses and establishing a competitive advantage through the development of new products.

1) In addition to contributing to existing products and businesses, SDGs are also reflected in development policies for new products and new businesses.

- 2) Strengthening efforts to achieve non-financial targets, such as greenhouse gas emission reduction targets

(4) Reforming corporate culture and organizational culture

Under the new management philosophy system, we will reform our business system and personnel system, and raise the level of our organizational capabilities and human resources capabilities through business reform activities at all levels.

- 1) To put “Mission Statement” and “Vision Statement” into practice and firmly establish
Redefining and disseminating the ideal image of our employees under the new “Mission Statement” and “Vision Statement”
- 2) Increasing operational efficiency through use of systems
Introduction and utilization of a system to improve the efficiency of work flow
- 3) Renovation of personnel system
Permeation of organizational management and development of self-directed human resources

5. Performance targets

	FY2019 Actual	FY2020 Actual	FY2021 Forecast	FY2022 Plan	FY2025 Target
Net of sales *	818	753	755	800	1,000
Operating income	97	83	90	100	125
ROE	9.7%	8.3%	8.6%	8.5% or higher	8.5% or higher

* "Accounting Standard for Revenue Recognition" (ASBJ Statement of No.29) are applied to the figures for fiscal 2019 and 2020.

6. Capital expenditure (2 years)

Purpose of investment	Amount (billion yen)
Strategic investment	9
Investment to maintain and improve efficiency	6
Total	15

Strategic investment will be promoted, including capacity enhancement, large-scale renewal investment, R&D investment, and strengthening of information infrastructure in order to make a leap forward from the fiscal year onward,

The maximum amount of 10 billion yen in investment and loan is set for M&A and alliance etc.