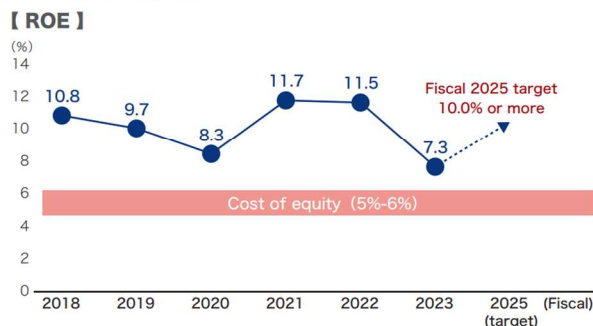


## Initiatives to Implement Management that is Conscious of the Cost of Capital and the Stock Price

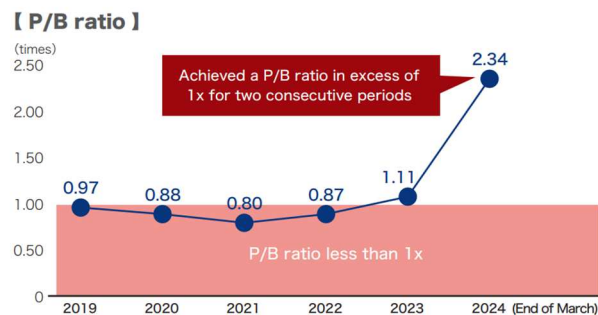
### < Analysis of current conditions: ROE exceeds cost of equity >

Osaka Soda is moving forward with management that is conscious of cost of the capital and the stock price, which the Tokyo Stock Exchange recommends. Osaka Soda's cost of equity has recently been around 5%-6%, and its average ROE over the past six years (through fiscal 2023, the fiscal year ended March 2024) is 9.9%. Although it temporarily declined to 7.3% in fiscal 2023 due to the impact of manufacturing equipment problems at the Mizushima Plant, it still exceeded the cost of equity. In the medium-term management plan, we tout a target ROE of 10% or more in fiscal 2025 (fiscal year ending March 2026), the final year of the medium-term management plan.



### < Analysis of current conditions: P/B ratio exceeds 1 for 2 consecutive periods >

Osaka Soda's P/B ratio at the end of March 2024 was 2.34x, surpassing 1x for the second consecutive fiscal year. We recognize that actively investing in the healthcare business and disclosing information with the healthcare business as an independent segment in fiscal 2023 resulted in greater valuation of our business growth potential as well as an improvement in our stock price and P/B ratio. In addition to continuing to aim to further raise ROE through aggressive investments in growth fields, we are striving to deepen understanding by disclosing our growth strategy to investors through IR activities.



### < Cash allocation >

Based on the medium-term management plan, we will strategically allocate cash flows from operating activities and cash on hand to investments and shareholder return. The medium-term management plan includes plans to make total investments of 25.0 billion yen over three years (FY2023-FY2025)—15.5 billion yen in strategic investments and 9.5 billion yen in investments for maintenance and production efficiency—as well as up to 20.0 billion yen for other investments and financing. Our goal is to enhance corporate value by steadily implementing various measures based on the three basic policies of continuous strengthening of our base in existing businesses, strengthening of new product creation capabilities, and promotion of sustainability management.

#### 【 Cash Allocation for Future Growth (FY2023-FY2025) 】

Cash on hand	Investments and financing: Approximately 20.0 billion yen	M&As and alliances	<ul style="list-style-type: none"> <li>Allocate mainly in the fields of healthcare and functional chemicals</li> <li>Use cash on hand to cover any shortfall from cash flows from operating activities</li> </ul>
Cash flows from operating activities: Approximately 40.0 billion yen	Investments: Approximately 25.0 billion yen	Strategic investments: 15.5 billion yen	<ul style="list-style-type: none"> <li>Healthcare field accounts for a majority (plan more than 8.0 billion yen)</li> <li>Investments in R&amp;D (all solid batteries) and information systems</li> </ul>
		Investments for maintenance and production efficiency: 9.5 billion yen	<ul style="list-style-type: none"> <li>Investments to update aging facilities and reduce costs, etc.</li> <li>Goal is to eliminate plant problems</li> </ul>
	Shareholder return: Approximately 12.0 billion yen	Dividends and share buybacks	<ul style="list-style-type: none"> <li>Continue to pay stable dividend and aim to achieve a total shareholder return of 40% through use of share buybacks</li> </ul>

### < Main investments >

#### Strategic investments 15.5 billion yen

- Silica gel manufacturing facilities (Matsuyama)
- Silica gel manufacturing facilities (second phase expansion of Amagasaki Plant)
- Mass production facilities for high potency APIs and their intermediates
- Allyl ethers manufacturing facilities (expansion)
- Core systems
- Battery research building, etc.

#### Investments for maintenance and production efficiency 9.5 billion yen

- Update electrolysis facilities
- Update aging facilities at each plant



Battery research building



Silica gel manufacturing facility (Matsuyama Plant)



New office (Amagasaki Plant)



Electrolysis facility