# Presentation Materials

- Results for FY2025, Forecast for FY2026
  & New Medium-Term Management Plan -

June 3, 2026

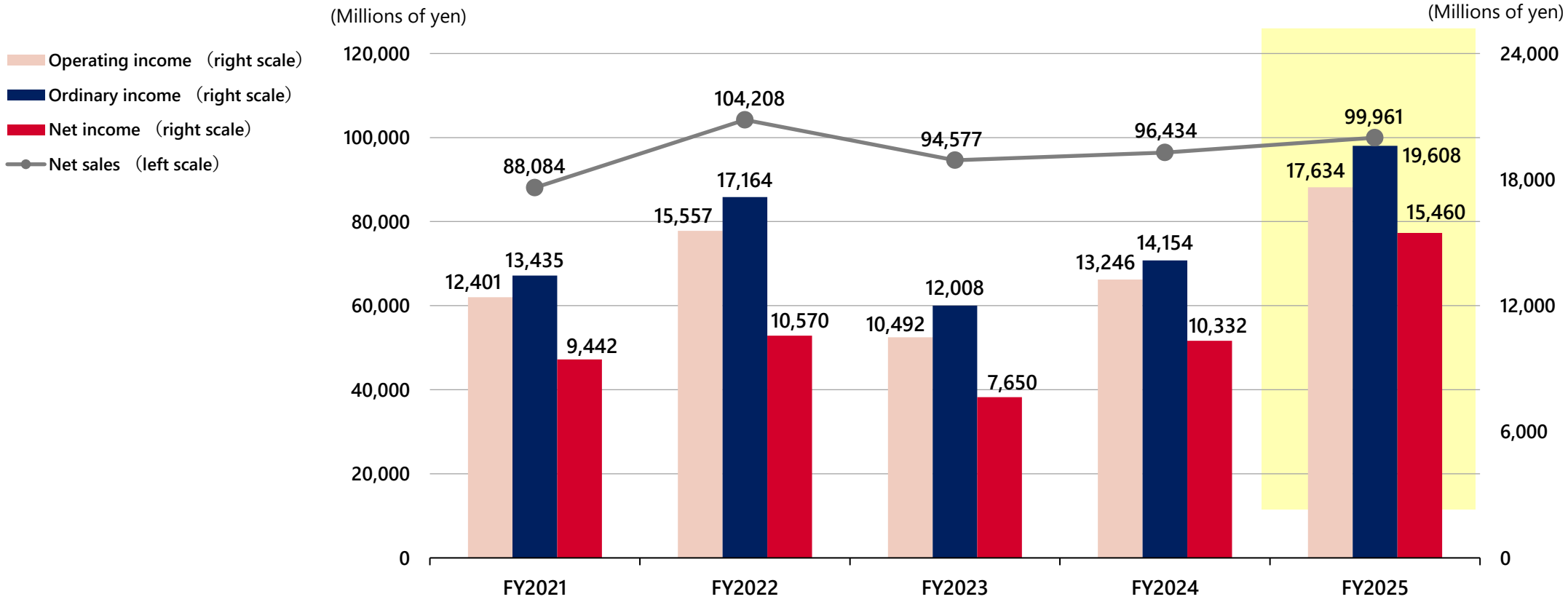
OSAKA SODA CO., LTD.

# Results for FY2025

# Earnings Trends (FY2021 to FY2025)

- Achieved increase in sales and profit for the FY2025
- All profit levels increased by over 30% YoY, reaching record highs

## Trends in Net Sales, Operating Income, Ordinary Income, and Net Income



# Overview of Consolidated Financial Results

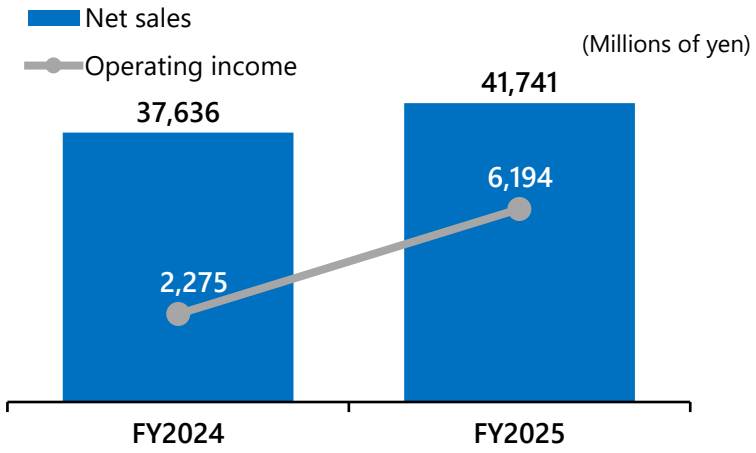
- Business performance increased YoY due to higher sales volumes following the resolution of production problems in Basic Chemicals, improved market conditions, and growth in the Healthcare business
- Net Sales fell short of the plan due to delayed recovery in the Allyl ethers market in the Functional Chemicals

| (Millions of yen) | FY2024 | to sales | FY2025 (A) | to sales | Change (YoY) | Change (YoY) | Initial forecast (B) | Achievement rate | Change (A)-(B) |
|---|---|---|---|---|---|---|---|---|---|
| **Net sales** | 96,434 | – | **99,961** | – | 3,527 | 3.7% | 102,000 | 98.0% | (2,039) |
| **Operating income** | 13,246 | 13.7% | **17,634** | **17.6%** | 4,388 | 33.1% | 17,300 | 101.9% | 334 |
| **Ordinary income** | 14,154 | 14.7% | **19,608** | **19.6%** | 5,454 | 38.5% | 18,700 | 104.9% | 908 |
| **Net income** | 10,332 | 10.7% | **15,460** | **15.5%** | 5,128 | 49.6% | 13,500 | 114.5% | 1,960 |
| **Earnings per share** | ¥81.54 | – | **¥123.96** | – | – | – | – | – | – |
| **Overseas sales** | 36,184 | 37.5% | **39,308** | **39.3%** | 3,124 | 8.6% | – | – | – |

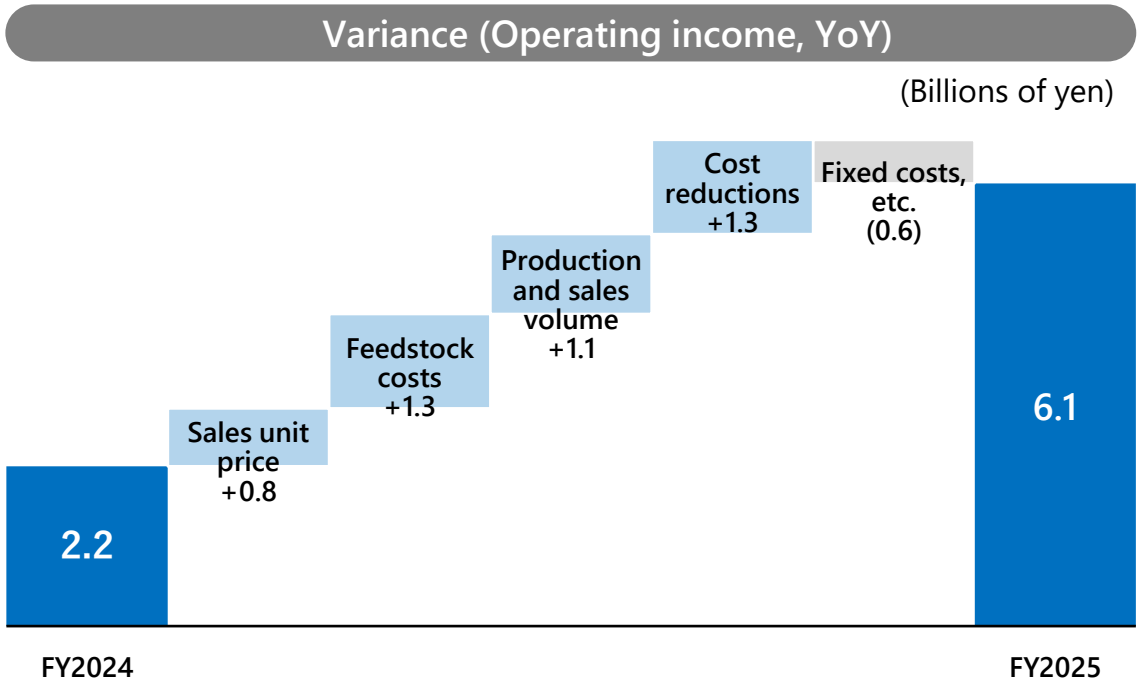
| Assumptions | FY2024 | FY2025 |
|---|---|---|
| Yen / USD | 152 Yen | 145 Yen |
| Yen / Euro | 163 Yen | 160 Yen |
| Naphtha price (Yen / kL) | 75,800 Yen | 64,000 Yen |

# Segment (Basic Chemicals)

- Basic chemicals: Production and sales recovered following the resolution of production problems, while profitability improved through cost reduction initiatives
- Chlor-Alkali: Improved profitability for hydrochloric acid contributed to earnings
- Epichlorohydrin: Performance benefited from improved overseas market conditions

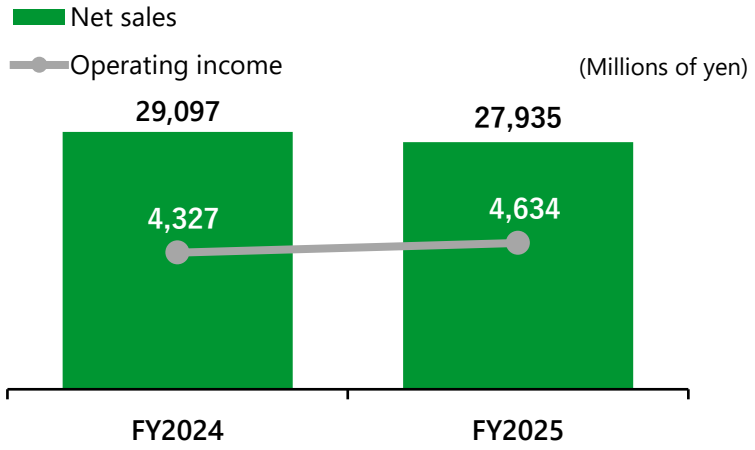



| Net sales (up ¥4.1 billion YoY) | |
|---|---|
| Chlor-alkali | +0.6 |
| Epichlorohydrin | +3.5 |

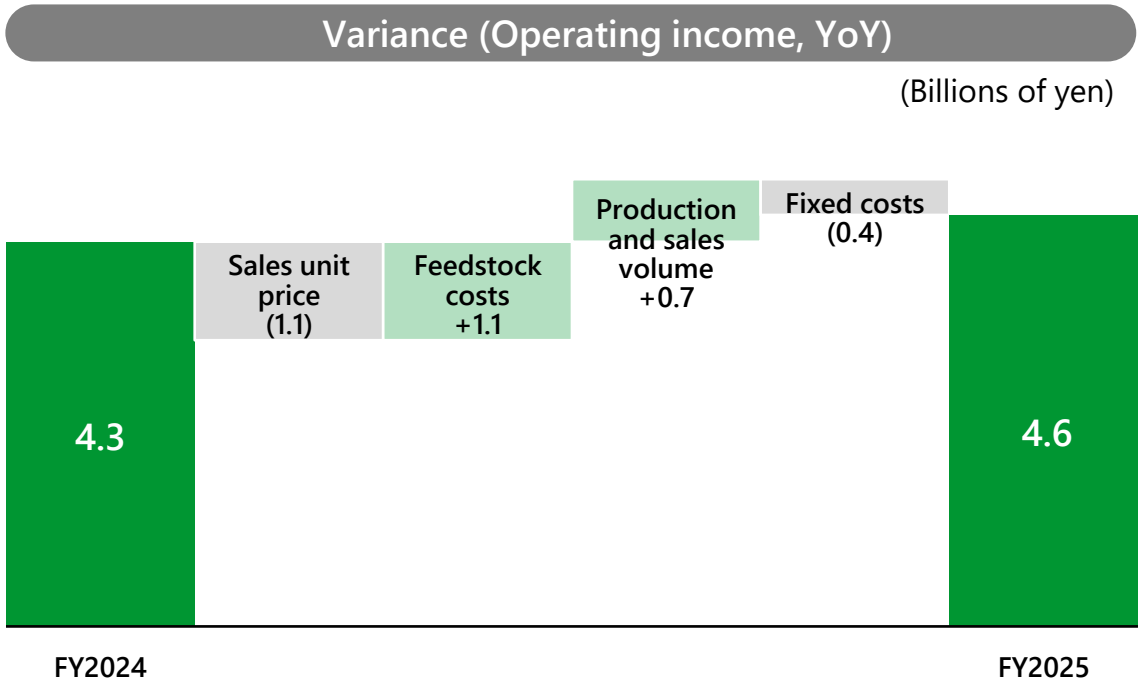


# Segment (Functional Chemicals)

- Synthetic Rubber: Epichlorohydrin rubber was affected by lower automobile production volumes in Europe, while acrylic rubber saw higher sales volumes driven by growing adoption among new customers
- Synthetic Resin: Sales of UV inks in Europe remained strong, while DAP monomer volumes increased as replacement of competing products progressed in the U.S. and China
- Allyl Ethers: Signs of recovery emerged in the Chinese market, although conditions did not return to the level of the previous year

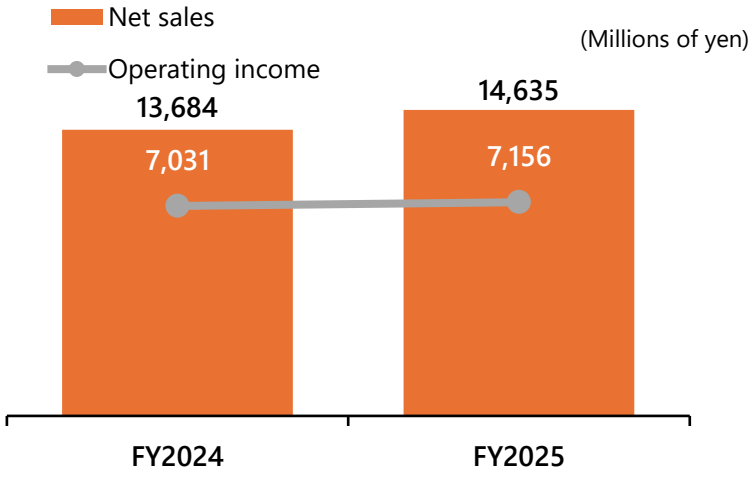



| Net sales (down ¥1.1 billion YoY) | |
|---|---|
| Synthetic Rubber / Synthetic Resin | +0.3 |
| Allyl Ethers | (0.5) |
| Others | (0.9) |



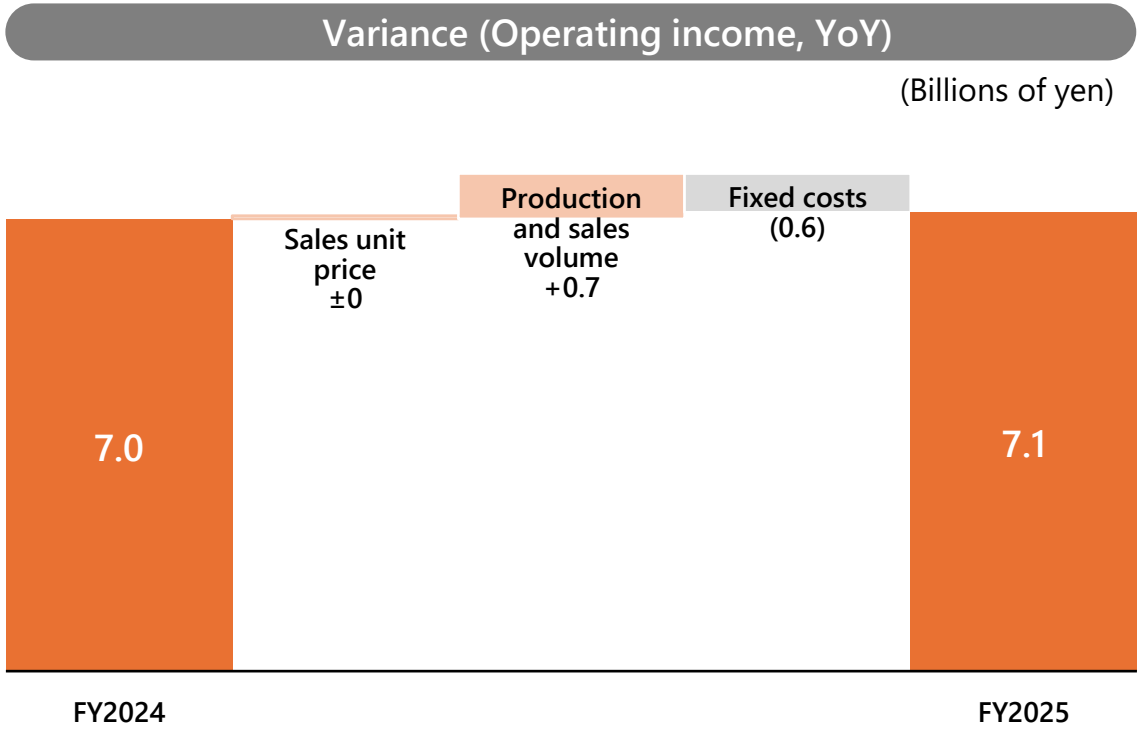
# Segment (Healthcare)

- Chromatography: Demand for pharmaceutical purification materials for diabetes and obesity medications continued to grow, although results were affected by higher depreciation and shipment timing differences
- APIs and their intermediates: Sales of intermediates for diabetic complications declined, while sales of intermediates for infectious disease medications and anticancer drug intermediates increased



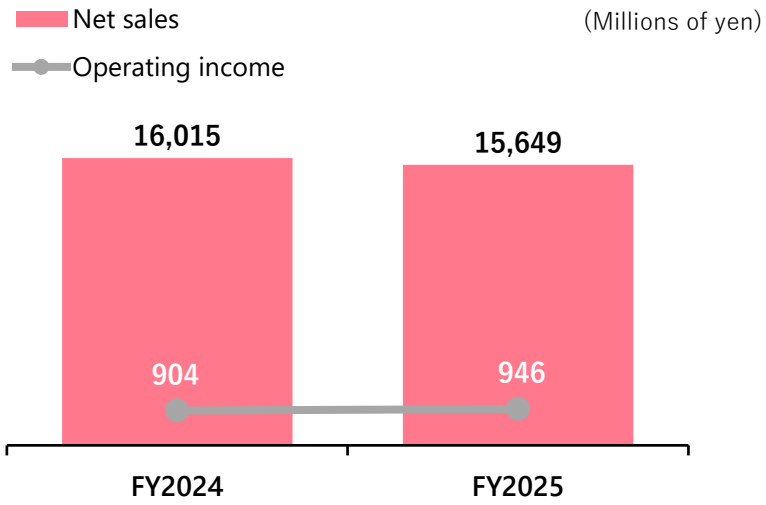

| Net sales (up ¥0.9 billion YoY) | |
|---|---|
| Chromatography* | +0.8 |
| APIs and their intermediates | +0.1 |

* Pharmaceutical purification materials (Silica gel), analytical equipment, packed columns



# Segment (Trading and Others)

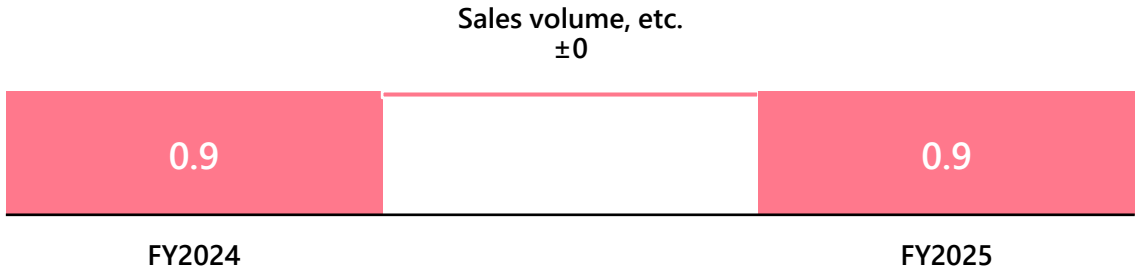
- Sales of consumer products remained strong
- Sales of inorganic chemicals and building materials declined




| Net sales (down ¥0.3 billion YoY) | |
|---|---|
| Consumer Products | +0.5 |
| Building Materials | (0.2) |
| Basic chemicals products | (0.6) |

## Variance (Operating income, YoY)

(Billions of yen)



# Balance Sheet, Statement of Cash Flows

- Established a strong financial base capable of steadily executing capital investment under the new medium-term management plan
- Operating cash flow reached a record high, further improving cash generation capability
- Cash outflows from financing activities increased significantly due to share buybacks (6.0 billion yen) aimed at strengthening shareholder returns

| (Millions of yen) | FY2023 | FY2024 | FY2025 | Change from FY2024 |
|---|---|---|---|---|
| Total assets | 150,541 | 153,935 | 168,741 | 14,806 |
| Net assets | 109,765 | 115,596 | 128,541 | 12,945 |
| Equity ratio | 72.9% | 75.1% | 76.2% | 1.1 |
| Interest-bearing debt | 7,630 | 7,635 | 7,172 | (463) |

| (Millions of yen) | FY2023 | FY2024 | FY2025 | Change from FY2024 |
|---|---|---|---|---|
| Cash flows from operating activities | 8,597 | 17,049 | 19,875 | 2,826 |
| Cash flow from investing activities | (4,263) | (8,135) | (5,364) | 2,771 |
| Cash flow from financing activities | (3,199) | (4,221) | (9,273) | (5,052) |
| Cash and cash equivalents | 38,432 | 43,314 | 48,802 | 5,488 |

# Forecast for FY2026

# Forecast for FY2026

- Reflecting profit growth driven by continued expansion in the Healthcare business, both operating income and ordinary income are expected to reach record highs
- The basic policy is to revise product prices in a timely manner in response to rising fuel and raw material prices, and the impact of the Middle East situation on the Company's business is expected to remain limited

| (Millions of yen) | FY2025 | To sales | FY2026 Forecast | To sales | Change (YoY) Amount | Percentage |
|---|---|---|---|---|---|---|
| **Net sales** | 99,961 | – | **106,000** | – | 6,039 | 6.0% |
| **Operating income** | 17,634 | 17.6% | **19,000** | **17.9%** | 1,366 | 7.7% |
| **Ordinary income** | 19,608 | 19.6% | **20,400** | **19.2%** | 792 | 4.0% |
| **Net income** | 15,460 | 15.5% | **13,600** | **12.8%** | (1,860) | (12.0%) |
| **Earnings per share** | 123.96 yen | – | **110.70 yen** | – | – | – |
| **Overseas sales** | 39,308 | 39.3% | **43,200** | **41.0%** | 3,892 | 9.9% |

| Assumptions* | FY2025 | FY2026 Forecast |
|---|---|---|
| **Yen / USD** | 145 yen | 145 yen |
| **Yen / Euro** | 160 yen | 170 yen |
| **Naphtha price (Yen / kL)** | 64,000 yen | 63,000 yen |

*Not taking into account the situation in the Middle East

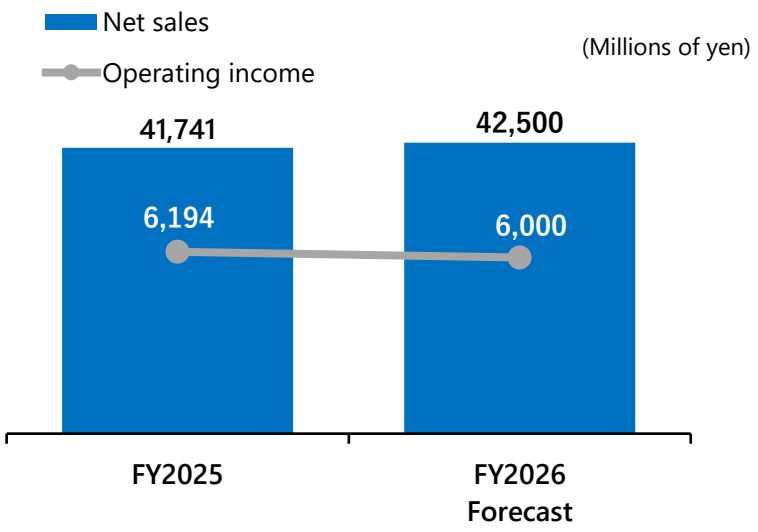
# FY2026 Forecast by Segment

- Basic Chemicals: Demand is expected to remain firm despite continued weakness in market conditions
- Functional Chemicals: Allyl ethers are expected to maintain their market recovery, synthetic resin is expected to see solid demand, and automobile production volume is projected to rise slightly
- Healthcare: Demand for pharmaceutical purification materials is expected to continue expanding, reflecting the effects of increased production capacity at both the Matsuyama and Amagasaki plants

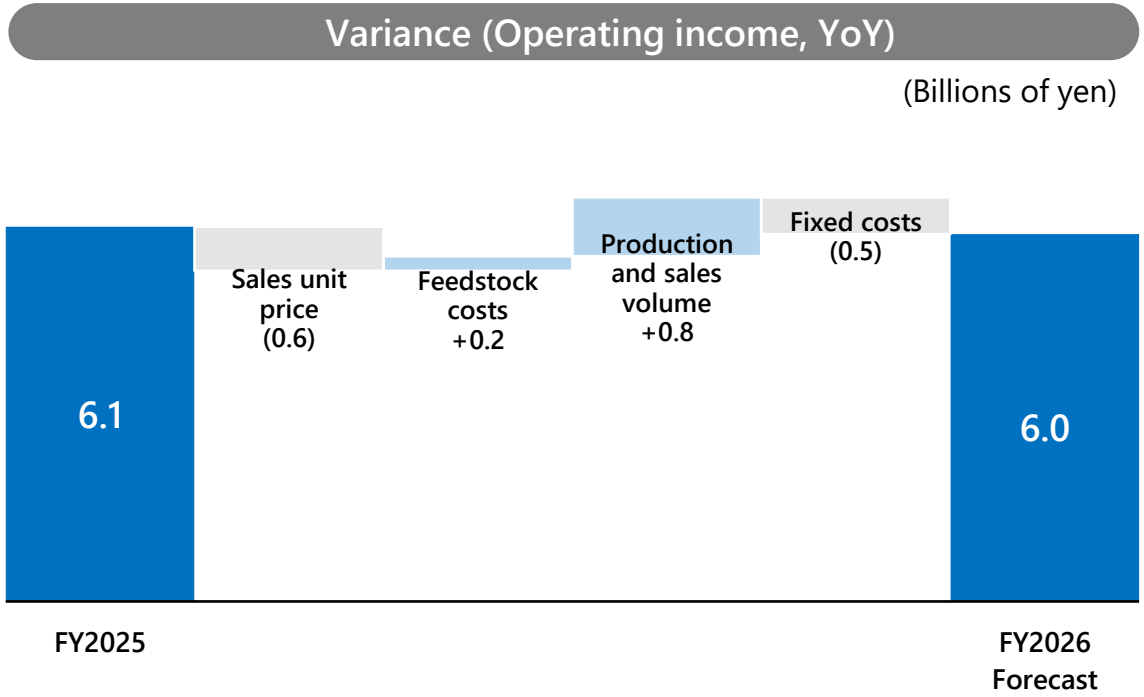
| | | FY2025 | | | FY2026 Forecast | | | Change (YoY) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | (Millions of yen) | 1H | 2H | Full Year | 1H | 2H | Full Year | 1H | 2H | Full Year |
| Net sales | Basic Chemicals | 20,302 | 21,439 | **41,741** | 21,400 | 21,100 | **42,500** | 1,098 | (339) | 759 |
| | Functional Chemicals | 13,596 | 14,339 | **27,935** | 14,300 | 15,700 | **30,000** | 704 | 1,361 | 2,065 |
| | Healthcare | 6,709 | 7,926 | **14,635** | 7,900 | 9,100 | **17,000** | 1,191 | 1,174 | 2,365 |
| | Trading & Others | 8,223 | 7,426 | **15,649** | 8,400 | 8,100 | **16,500** | 177 | 674 | 851 |
| | Total | 48,832 | 51,129 | **99,961** | 52,000 | 54,000 | **106,000** | 3,168 | 2,871 | 6,039 |
| Operating income | Basic Chemicals | 2,946 | 3,248 | **6,194** | 3,100 | 2,900 | **6,000** | 154 | (348) | (194) |
| | Functional Chemicals | 1,926 | 2,708 | **4,634** | 2,100 | 2,950 | **5,050** | 174 | 242 | 416 |
| | Healthcare | 3,447 | 3,709 | **7,156** | 3,500 | 4,750 | **8,250** | 53 | 1,041 | 1,094 |
| | Trading & Others | 462 | 484 | **946** | 700 | 400 | **1,100** | 238 | (84) | 154 |
| | Company-wide, eliminations | (671) | (626) | **(1,297)** | **(600)** | **(800)** | **(1,400)** | 71 | (129) | (103) |
| | Total | 8,111 | 9,523 | **17,634** | 8,800 | 10,200 | **19,000** | 689 | 677 | 1,366 |

# Segment (Basic Chemicals)

- Chlor-alkali: Strengthen community-based sales efforts centered on core products such as caustic soda and sodium hypochlorite, supported by stable demand across industries
- Epichlorohydrin: Expect overseas market conditions to remain soft; strengthen sales activities in Japan and overseas to expand market share
- Mitigate earnings impact from rising raw material and fuel costs driven by the situation in the Middle East through timely price adjustments

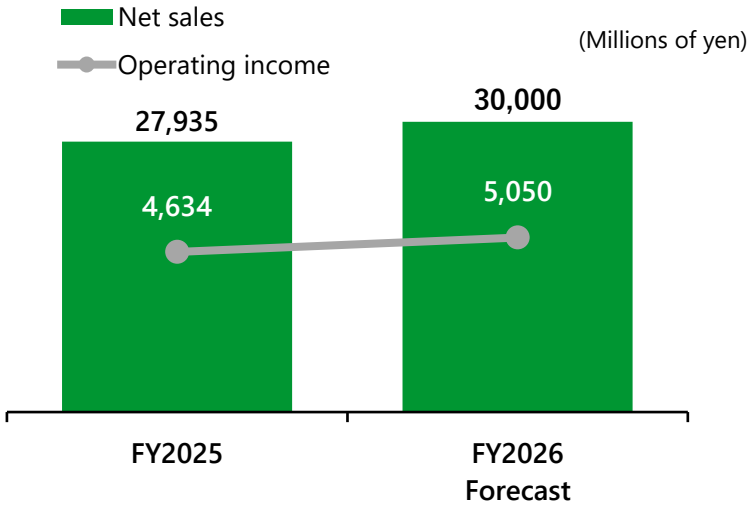



| Net sales (up ¥0.7 billion YoY) | |
|---|---|
| Chlor-alkali | +1.6 |
| Epichlorohydrin | (0.9) |

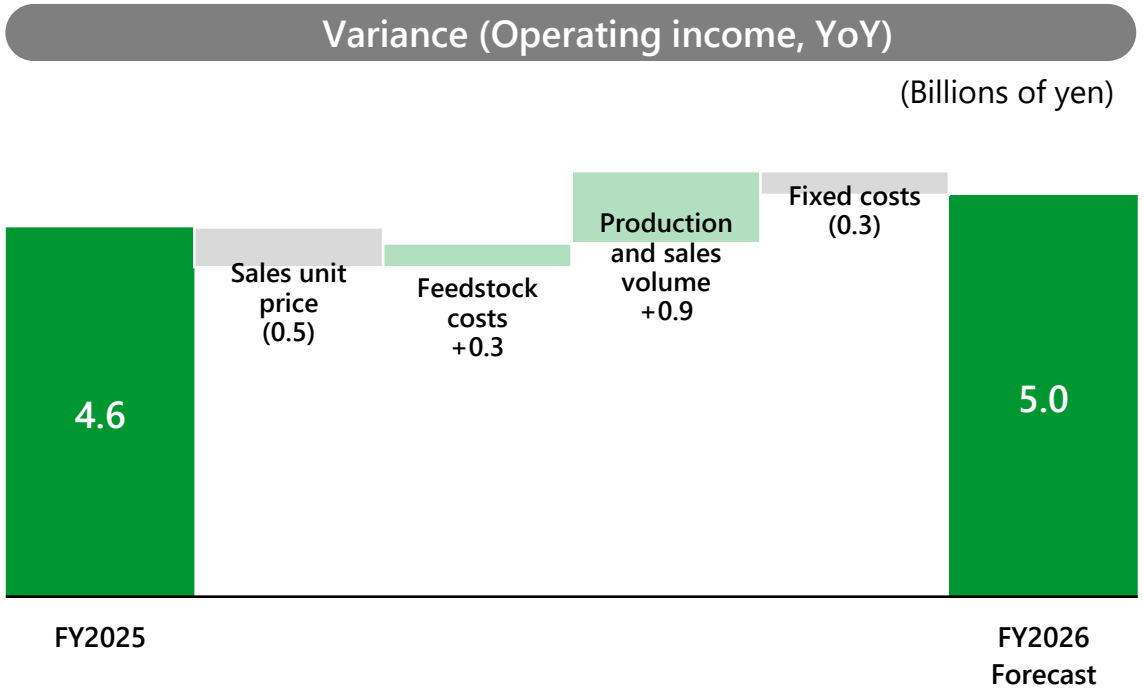


# Segment (Functional Chemicals)

- Synthetic Rubber: Expand new customer acquisition for epichlorohydrin rubber and adoption of acrylic rubber
- Synthetic Resin: Work to expand market share for UV offset inks in Europe, the U.S., and Asia while incorporating new adoption of non-phthalate allyl resin
- Allyl Ethers: Expand sales and market share in China on the back of market recovery and steady demand for functional paints
- Mitigate earnings impact from rising raw material and fuel costs driven by the situation in the Middle East through timely price adjustments

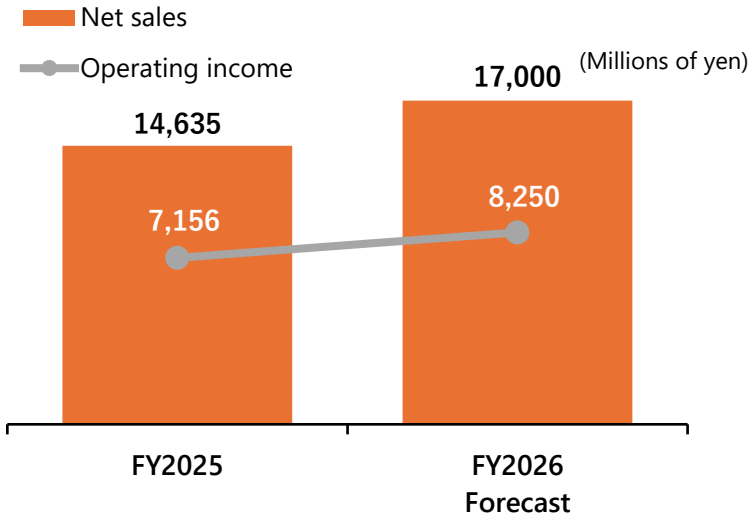



| Net sales (up ¥2.0 billion YoY) | |
|---|---|
| Synthetic Rubber / Synthetic Resin | +0.9 |
| Allyl Ethers | +0.7 |
| etc. | +0.4 |

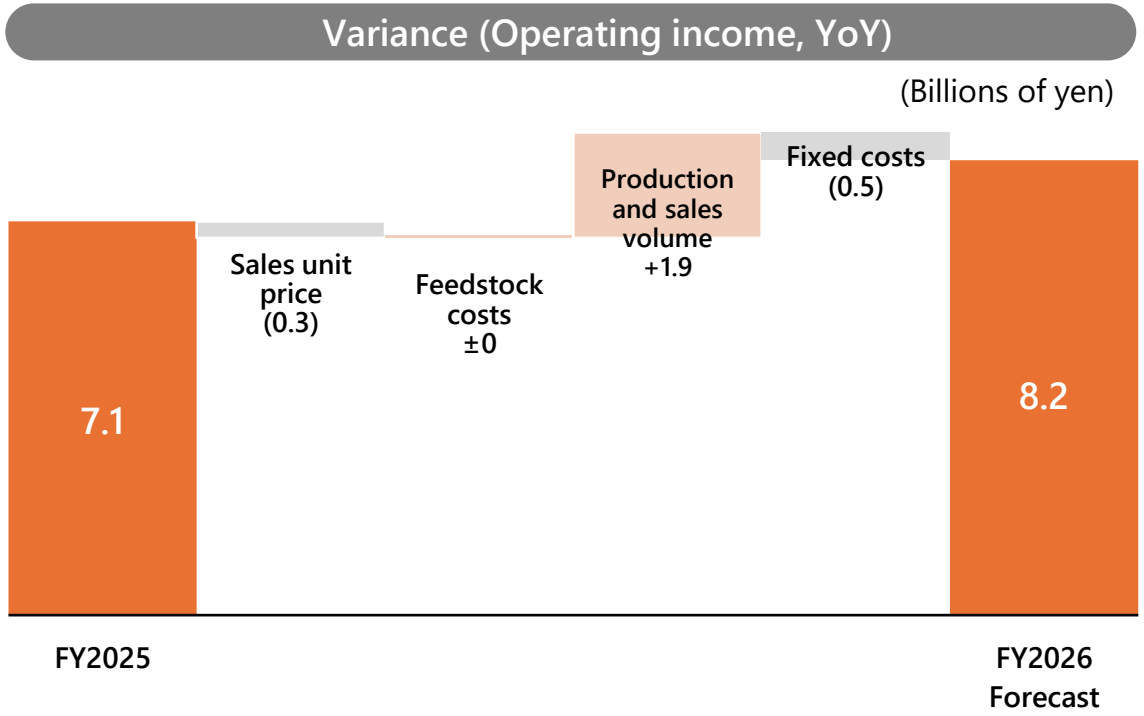


# Segment (Healthcare)

- Chromatography: Expect demand for diabetes and obesity medications to continue expanding; work to increase sales to existing customers and strengthen sales for biosimilars in India and China
- APIs and their intermediates: Strengthen manufacturing and quality assurance systems to secure new projects
- Excludes the impact of shipment timing delays for pharmaceutical purification materials at the end of the previous fiscal year



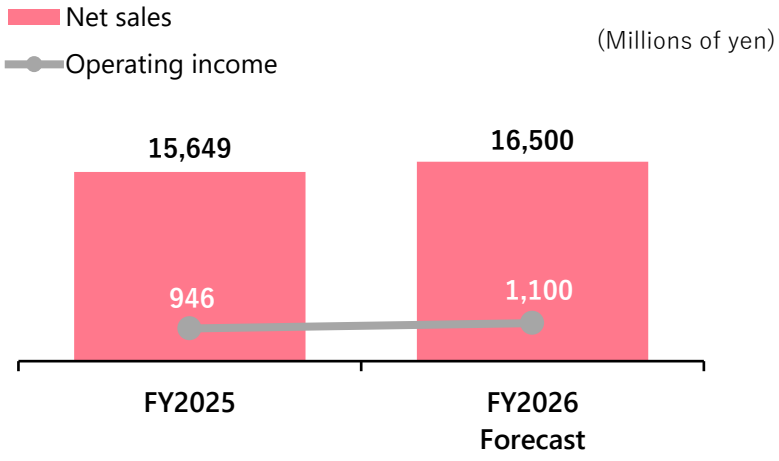

| Net sales (up ¥2.3 billion YoY) | |
|---|---|
| Chromatography* | +2.2 |
| APIs and their intermediates | +0.1 |



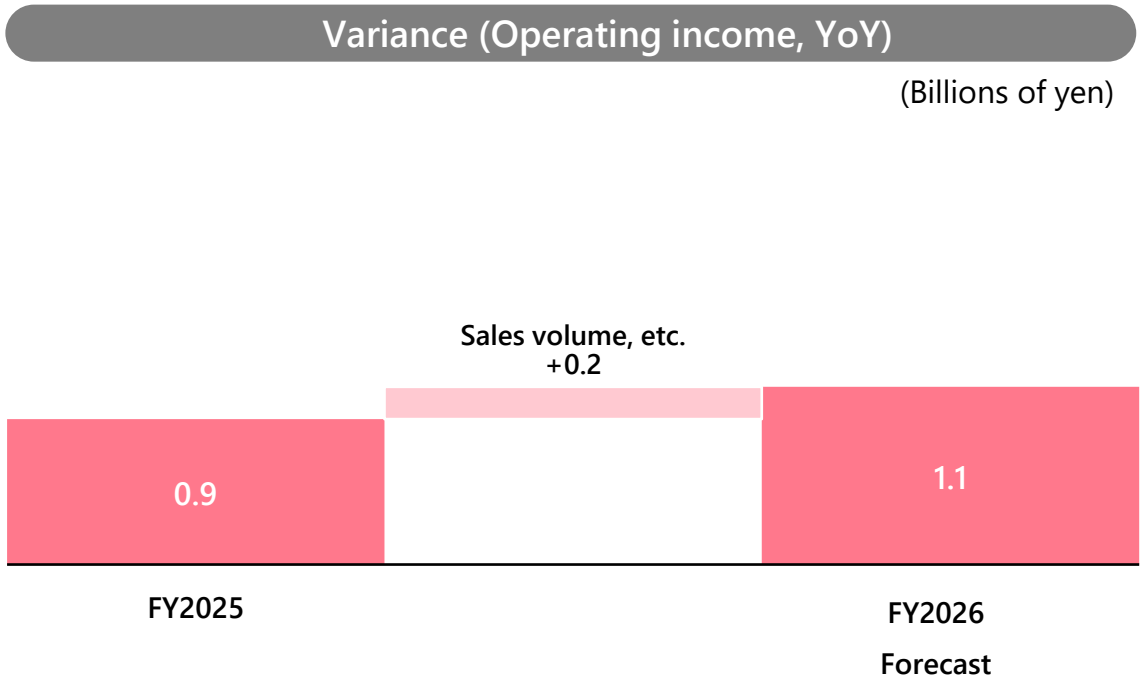

* Pharmaceutical purification materials (Silica gel), analytical equipment, packed columns

# Segment (Trading and Others)

- Functional Products：Expect steady demand particularly in the electronic materials
- Consumer Products：Growth in sales of planned products are expected

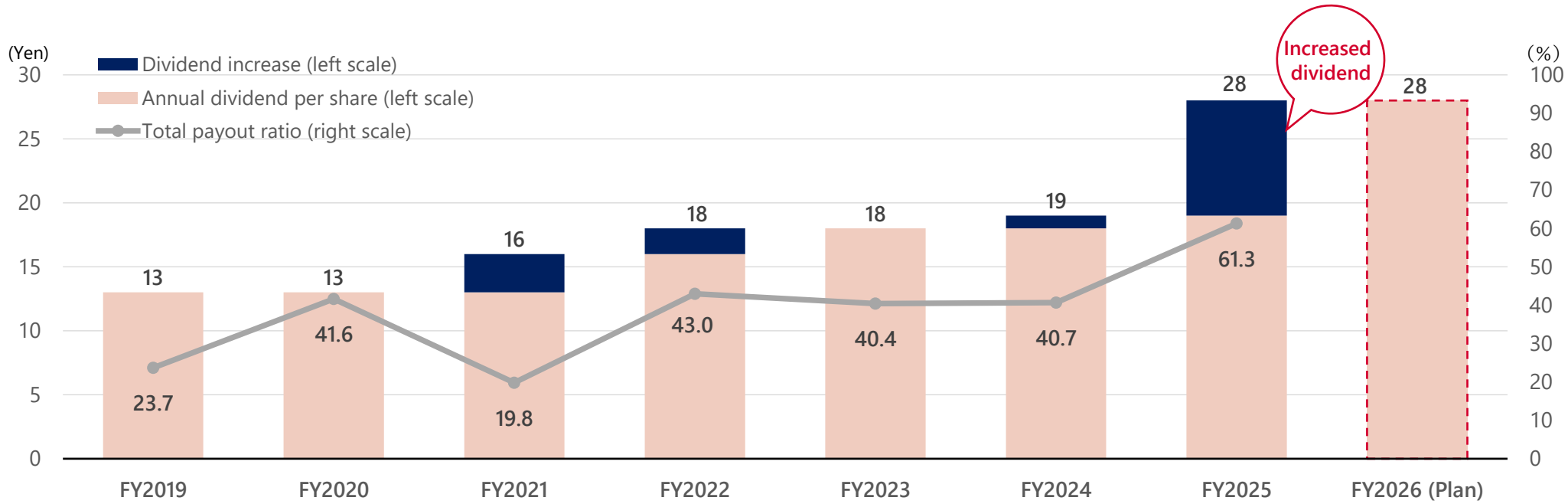



| Net sales (up ¥0.8 billion YoY) | |
|---|---|
| Functional Products | +0.4 |
| Consumer Products | +0.2 |
| Basic Chemical Products, etc. | +0.2 |



# Shareholder Returns

- For FY2025, increased the year-end dividend to 16 yen per share (+3 yen), bringing the annual dividend to 28 yen per share, and implemented share buybacks totaling 6.0 billion yen
- These increases significantly exceeded the total payout ratio target of 40% or higher set for the medium-term management plan period (FY2023-2025)
- For FY2026, the Company also resolved in May to conduct share buybacks with an upper limit of 5.0 billion yen in a decision that will further strengthen shareholder returns




| Share buyback (Billion Yen) | – | 1.0 | – | 2.2 | 0.8 | 1.8 | 6.0 |
|---|---|---|---|---|---|---|---|

* Figures for dividend per share is converted after the stock split.(effective October 1, 2024)

# 1 Review : Medium-Term Management Plan Shape the Future - 2025

- Net sales were affected by market fluctuations in epichlorohydrin and allyl ethers
- Operating income generally achieved the performance targets set forth in the medium-term management plan, while ROE also exceeded the target
- The total payout ratio exceeded the target level of 40% or higher throughout the medium-term management plan period

## Performance

| Unit: Billions of yen | FY2023 | FY2024 | FY2025 | FY2025 Medium-Term Management Plan | Difference (FY2025 target vs. results) |
|---|---|---|---|---|---|
| Net sales | 94.5 | 96.4 | 100.0 | 123.0 | (23.0) |
| Operating income | 10.5 | 13.2 | 17.6 | 18.0 | (0.4) |
| ROE (%) | 7.3% | 8.9% | 12.7% | 10.0% or higher | +2.7% |

## Shareholder Returns

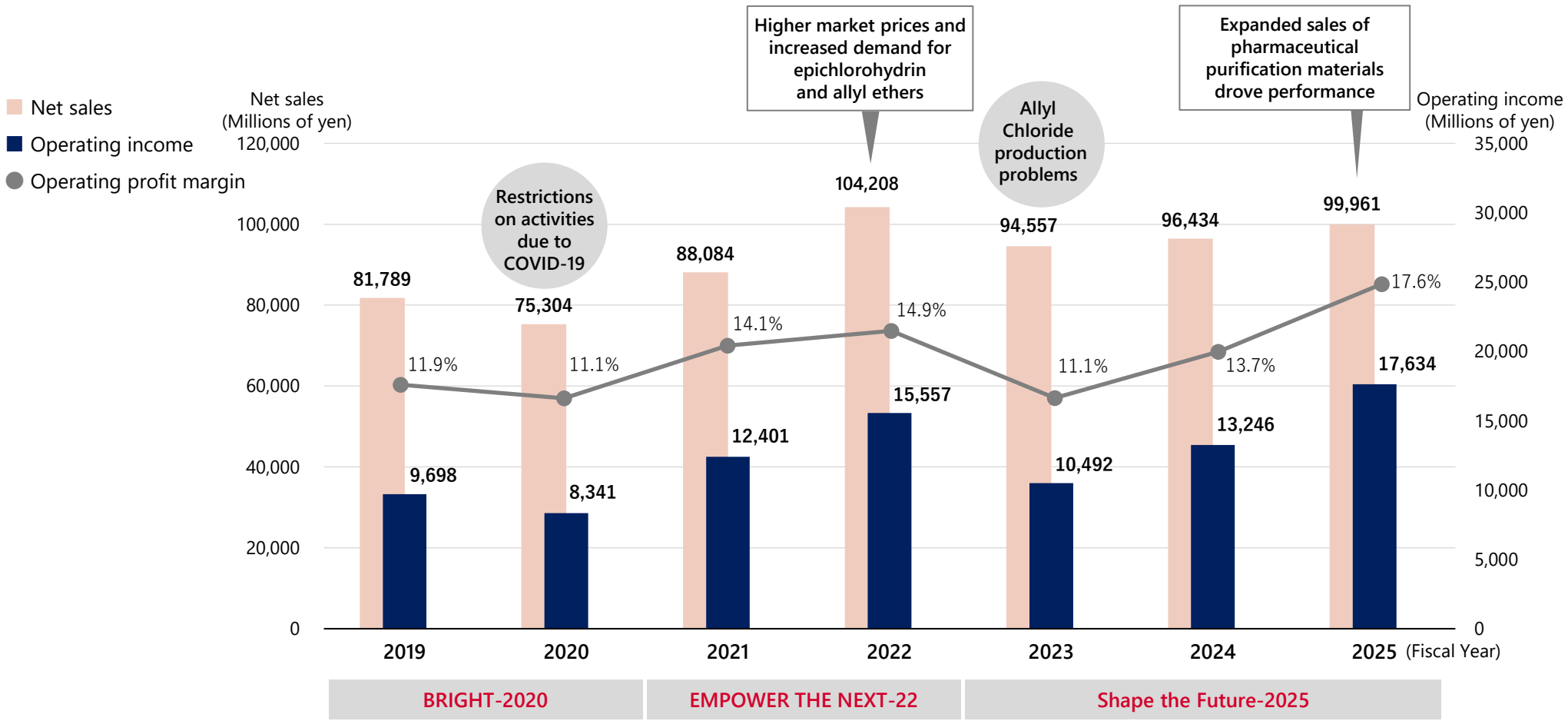
| Unit: % | FY2023 | FY2024 | FY2025 | FY2023-2025 Medium-Term Management Plan | Difference (FY2025 target vs. results) |
|---|---|---|---|---|---|
| Total payout ratio | 40.4 | 40.7 | 61.3 | 40.0 or higher | +21.3 |

- Regarding strategic investments, the company implemented investments for expanding pharmaceutical purification materials capacity, development infrastructure including the battery research building, and updates to core systems; investments such as battery pilot facilities will be carried forward and implemented under the new medium-term management plan
- All necessary investments for maintenance and production efficiency were completed, while the timing of implementation for certain projects was appropriately reviewed based on remaining service life assessments

## Investment

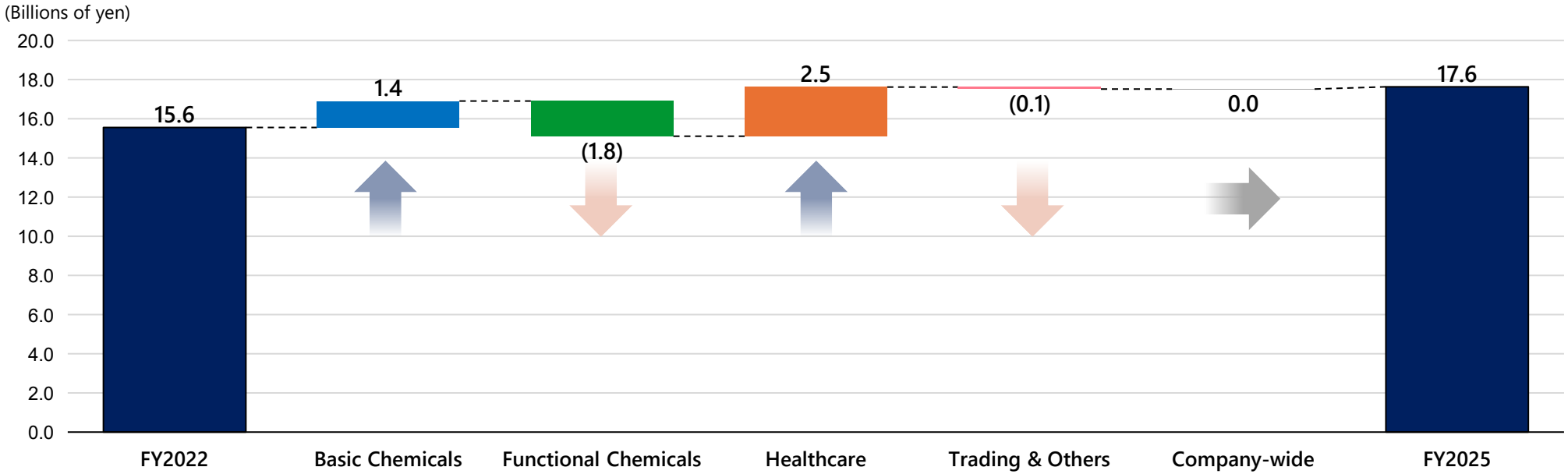
| Unit: Billions of yen | FY2023-2025 Medium-Term Management Plan | FY2023-2025 Results | Difference |
|---|---|---|---|
| Strategic investment | 15.5 | 11.1 | (4.4) |
| Investment for maintenance and production efficiency | 9.5 | 8.3 | (1.2) |
| Total | 25.0 | 19.4 | (5.6) |

- Despite production problems encountered in FY2023, operating income for the final year reached a record high on the back of expanded sales of pharmaceutical purification materials



- In Basic Chemicals, earnings capacity improved thanks to cost reductions and expanded sales, while Functional Chemicals were affected by weak market conditions and lower demand
- In Healthcare, sales of pharmaceutical purification materials expanded steadily and contributed to higher earnings
- As a result, operating income reached 17.6 billion yen, generally achieving the target level of 18.0 billion yen under the previous medium-term management plan

## Change in operating income by segment



# Review of Basic Policies

| | |
|---|---|
| **1. Continuous strengthening of our base in existing businesses** | ● **Basic Chemicals**<br>Responded to problems at our allyl chloride production facility by further strengthening facility management to establish a stable production framework<br>Facilitated improved earnings through cost reduction initiatives and aggressive expansion of sales<br>● **Functional Chemicals**<br>Realized accelerated new-customer adoption for acrylic rubber and non-phthalate allyl resin<br>Although sales volumes of allyl ethers increased, market conditions remained weak, while epichlorohydrin rubber struggled due to reduced automobile production in Europe<br>● **Healthcare**<br>Steadily captured strong demand for diabetes and obesity medications, strengthening earnings capacity<br>Expanded production capacity at both the Matsuyama and Amagasaki plants in preparation for future demand growth |
| **2. Strengthening of new product creation capabilities** | ● Steadily pursued development of next-generation battery materials, including ultra-high ionic conductivity polymers for all-solid-state batteries adopted as part of NEDO's Green Innovation Fund Project<br>● Will need to further accelerate development and commercialization in order to create future global niche-top products |
| **3. Promotion of sustainability management** | ● Promoted initiatives to reduce GHG emissions and environmental impacts<br>● Enhanced the quality and quantity of disclosed information through various initiatives, including by strengthening dialog with investors<br>● Pursued investments in human capital, including to relocate the Head Office but will need to realize additional enhancement of efforts to promote women's active engagement and develop human resources<br>● Updated the core system to realize data-driven management and continued efforts to ensure its early establishment and utilization |

# 2 New Medium-Term Management Plan Transform Our Future 2030

In 2021, we defined “our ideal image” for FY2035, marking our 120th anniversary. Using a backcasting approach, we then set “our target state” for FY2030. Based on a review of the previous medium-term management plan, we identified key issues and measures, and formulated the basic policies for a new plan to achieve this target state.

Backcasting

The 120th anniversary of our founding
FY2035
**Our Ideal Image**

To put the philosophy system into practice and root it in the corporate Culture

- **Build a resilient and flexible business foundation supported by the Basic Chemicals, Functional Chemicals, and Healthcare businesses**
- **Create next-generation pillars of earnings in the fields of Environment and Energy, Mobility, Information and Communication, and Health and Healthcare**
- **Become a company where employees can fully demonstrate their abilities**

**FY2030**
**Our Target State**

- **“Business reform,” along with our mission statement, is disseminated to all employees and is being put into practice**
- **The growth of the Osaka Soda Group as a whole is being maximized by strategically investing in priority areas while promoting portfolio management with the aim of increasing corporate value**
- **Company-wide resources are being invested to create new products, mainly in the areas of electronic materials and life science materials. We are continuing to take on challenges without fear of failure, and several new business candidates are being nurtured**
- **Toward a positive corporate culture as a lean, high-performing organization, we are actively encouraging the growth of each employee through active investment in human resources while providing equal opportunities and fair evaluations, creating an environment where it is easy to demonstrate one’s abilities**

## Management Targets

| (Unit : Billions of yen) | FY2025 Results | FY2028 Target | FY2030 Target | Growth Rate (FY2025 vs. FY2030) |
|---|---|---|---|---|
| Net sales | 100.0 | 120.0 | **130.0** | +30.0% |
| Operating income | 17.6 | 22.0 | **30.0** | +70.5% |
| EBITDA* | 22.0 | 30.0 | **39.0** | +77.3% |
| ROE | 12.7% | 13.0% or higher | **15.0% or higher** | — |
| Total payout ratio | 61.3% | 70.0% or higher | **70.0% or higher** | — |

* EBITDA : Operating income + Depreciation expenses

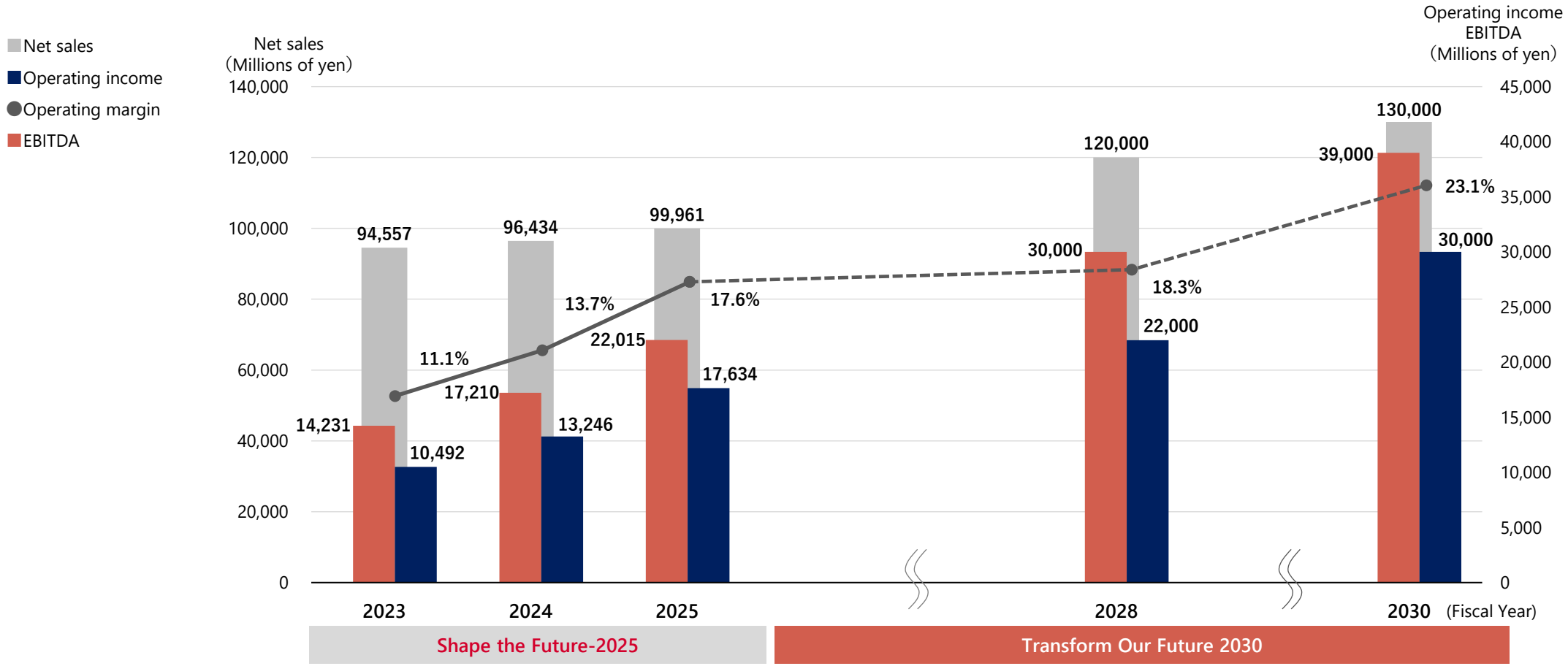
**Assumptions**
(not taking into account the situation in the Middle East)

| | |
|---|---|
| Exchange rate | USD/JPY 145 |
| | EUR/JPY 170 |
| Naphtha price | 63,000 Yen/kL |

**Basic Policy**

1. Rebuilding the Value of Existing Businesses and Accelerating Growth in Healthcare
2. Creating New Businesses by Mobilizing Companywide Capabilities
3. Strengthening the Management Foundation to Adapt to Changes in the Business Environment

- Based on business expansion achieved under the previous medium-term management plan, the new medium-term management plan aims to achieve an unprecedented ambitious target (operating income of 30.0 billion yen)



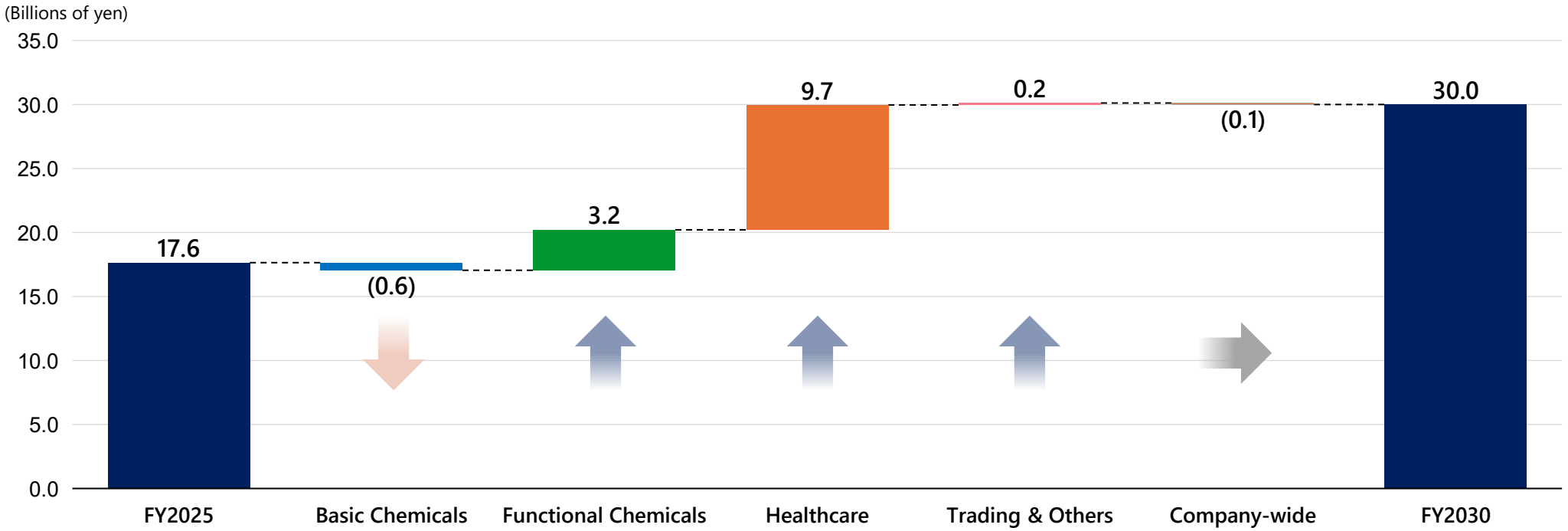
# Forecast by Segment (Unit：Millions of yen)

| Assumptions | Exchange rate： USD/JPY 145, EUR/JPY 170<br>Naphtha price： 63,000 Yen/kL |
|---|---|

| | | FY2025 Results | FY2028 Target | **FY2030 Target** | **Growth Rate FY2025 vs. FY2030** |
|---|---|---|---|---|---|
| **Total** | **Net sales** | 99,961 | 120,000 | **130,000** | **＋30.1%** |
| | **Operating income** | 17,634 | 22,000 | **30,000** | **＋70.1%** |
| | **Operating margin** | 17.6% | 18.2% | **23.1%** | — |
| **Basic Chemicals** | **Net sales** | 41,741 | 44,500 | **45,000** | **＋7.8%** |
| | **Operating income** | 6,194 | 4,600 | **5,600** | **(9.6%)** |
| | **Operating margin** | 14.8% | 10.3% | **12.4%** | — |
| **Functional Chemicals** | **Net sales** | 27,935 | 35,000 | **40,000** | **＋43.2%** |
| | **Operating income** | 4,634 | 5,700 | **7,800** | **＋68.3%** |
| | **Operating margin** | 16.6% | 16.3% | **19.5%** | — |
| **Healthcare** | **Net sales** | 14,635 | 24,000 | **28,500** | **＋94.7%** |
| | **Operating income** | 7,156 | 12,400 | **16,900** | **＋136.2%** |
| | **Operating margin** | 48.9% | 51.7% | **59.3%** | — |
| **Trading and Others** | **Net sales** | 15,649 | 16,500 | **16,500** | **＋5.4%** |
| | **Operating income** | 946 | 950 | **1,100** | **＋16.3%** |
| | **Operating margin** | 6.0% | 5.8% | **6.7%** | — |
| **Company-wide, eliminations** | **Operating income** | (1,297) | (1,650) | **(1,400)** | — |

- Basic Chemicals achieved full production and full sales, but earnings declined due to higher depreciation expenses associated with resilience and cost reduction investments
- Meanwhile, Healthcare recorded significant profit growth driven by the expansion of silica gel, while Functional Chemicals also achieved higher earnings through expanded market share of existing products and creation of new products
- As a result, the Company will strive to achieve operating income of 30.0 billion yen (approximately 70% growth)

## Change in operating income by segment (vs. FY2030 Target)



# Basic Policy 1
# Rebuilding the Value of Existing Businesses and Accelerating Growth in Healthcare

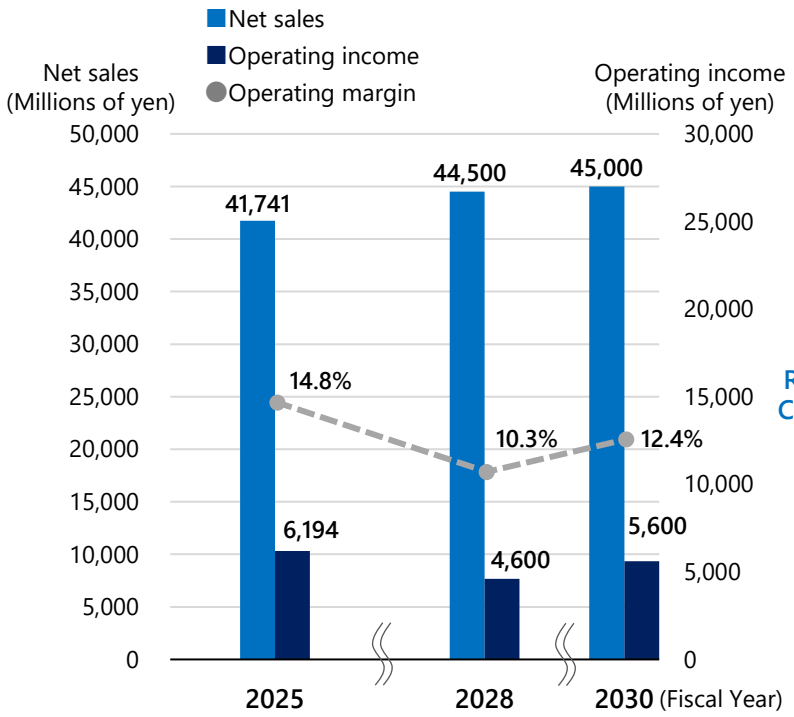
Accelerate growth in healthcare while rebuilding the value of existing businesses and strengthening competitiveness

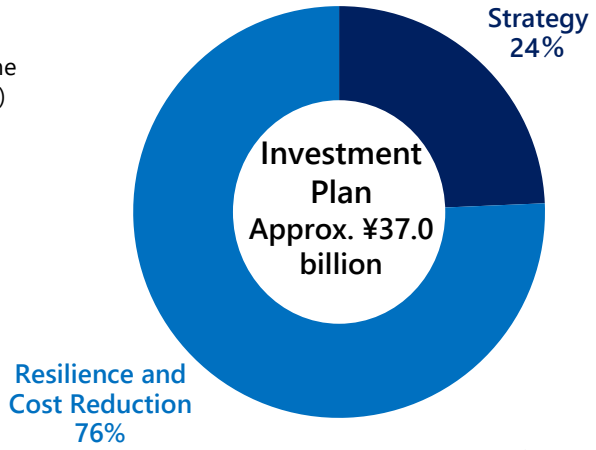
# Basic Chemicals

**Policy**

- Deepen electrolysis and AC/EP chains, and promote investments in strengthening the business and reducing costs for sustainable growth
- Stabilize the sales base by deepening our presence in the domestic market and expanding exports

## Segment Targets




(Billions of yen)

| Main Products | Net Sales Variance (25 vs. 30) |
|---|---|
| Chlor-alkali | +3.0 |
| Epichlorohydrin | (0.8) |
| New Business | +1.0 |

## Business Environment

- Chlor-alkali : Declining domestic demand due to petrochemical industry restructuring in Japan
- Epichlorohydrin : Increase in by-product glycerin is limited and expected to remain within a competitive range
- New Business : Die-bonding materials for power semiconductors are expected to grow at 5 – 10% annually

## Key Measures

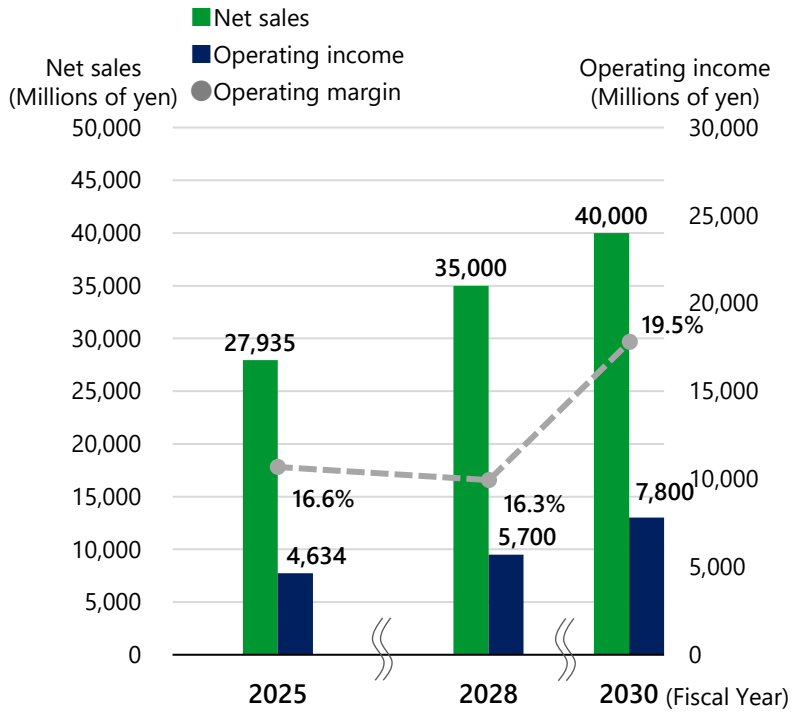
- Promote community-based sales (Chlor-alkali)
- Capture new chlorine demand
- Strengthen flexible sales systems (Epichlorohydrin)
- Reduce costs through improved production efficiency in existing businesses
- Commercialization of silver nanoparticles

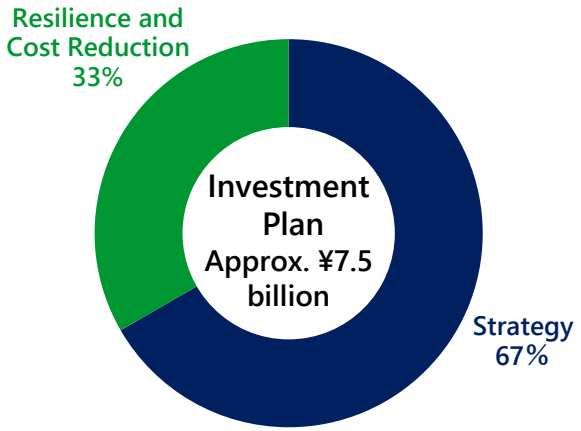
# Functional Chemicals

**Policy**

- Maximize profitability by expanding the market share of existing products and cost reductions
- Work to create the next Global Niche Top products

## Segment Targets




(Billions of yen)

| Main Products | Net Sales Variance (25 vs. 30) |
|---|---|
| Synthetic Rubbers / Synthetic Resins | +3.9 |
| Allyl Ethers | +4.6 |
| Electrodes | +1.4 |
| New Business | +1.3 |
| etc. | +0.8 |

## Business Environment

- Synthetic Rubbers : Declining ICE vehicle numbers, but increasing substitution demand from other materials
- Synthetic Resins : Continued growth in demand for UV offset inks in China
- Allyl Ethers : Stable growth of 3 – 4% annually
- Next-generation Storage Battery Materials :

  Full-scale commercialization of all-solid-state batteries is expected after 2030

## Key Measures

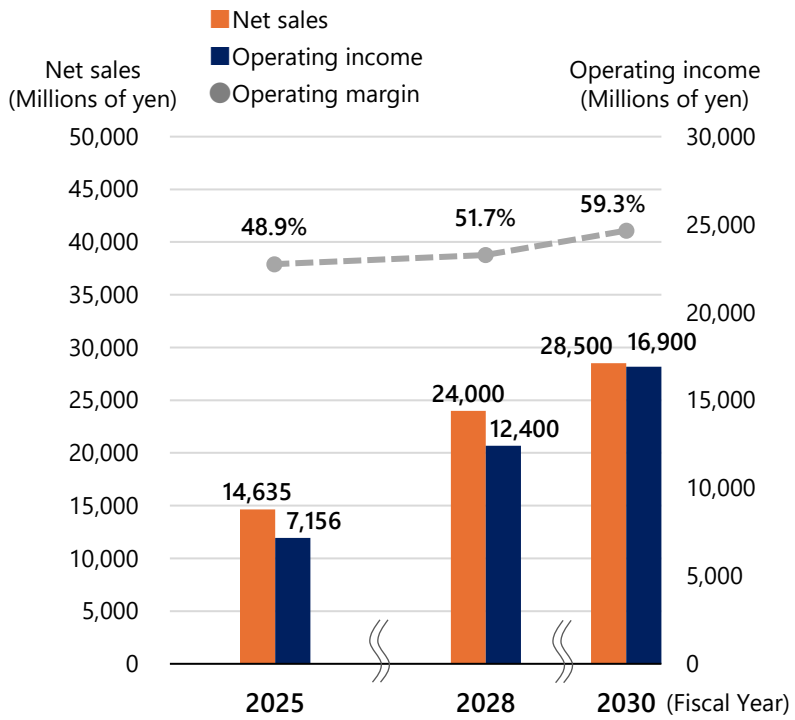
- Expand market share and capture substitution demand (Synthetic Rubber and Synthetic Resin)
- Expand into applications for high-voltage and high heat-resistant molding materials (Synthetic Resin)
- Expand capacity (Allyl Ethers)
- Promote improvement in unit consumption, yield enhancement, and process automation
- Commercialization and business development of next-generation storage battery materials

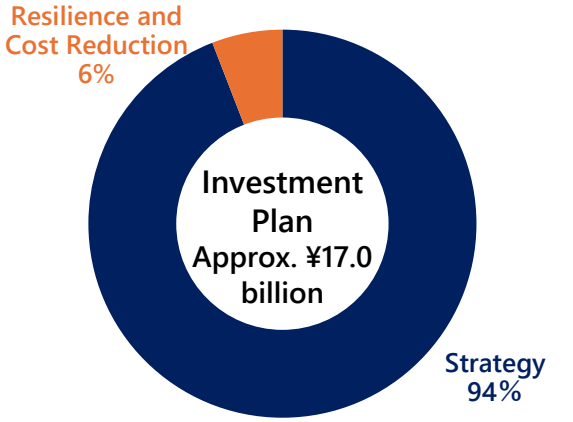
# Healthcare

**Policy**

- For pharmaceutical purification materials, maintain and expand our top global market share by strategically expanding manufacturing capacity early in anticipation of market expansion
- Enter the polymer gel market to build a new business foundation in growth areas such as nucleic acid and peptide pharmaceuticals
- For active pharmaceutical ingredients (APIs) and their intermediates, expand our portfolio by increasing manufacturing capacity and making a full-scale entry into the biopharmaceutical business

## Segment Targets




(Billions of yen)

| Main Products | Net Sales Variance (25 vs. 30) |
|---|---|
| Chromatography* | +12.6 |
| APIs and their Intermediates | +1.2 |

* Pharmaceutical purification materials(Silica gel), analytical equipment, packed columns

## Business Environment

- Pharmaceutical purification silica gel

  Expansion in diabetes and obesity treatment markets driving 15 – 20% annual growth

- APIs and their Intermediates

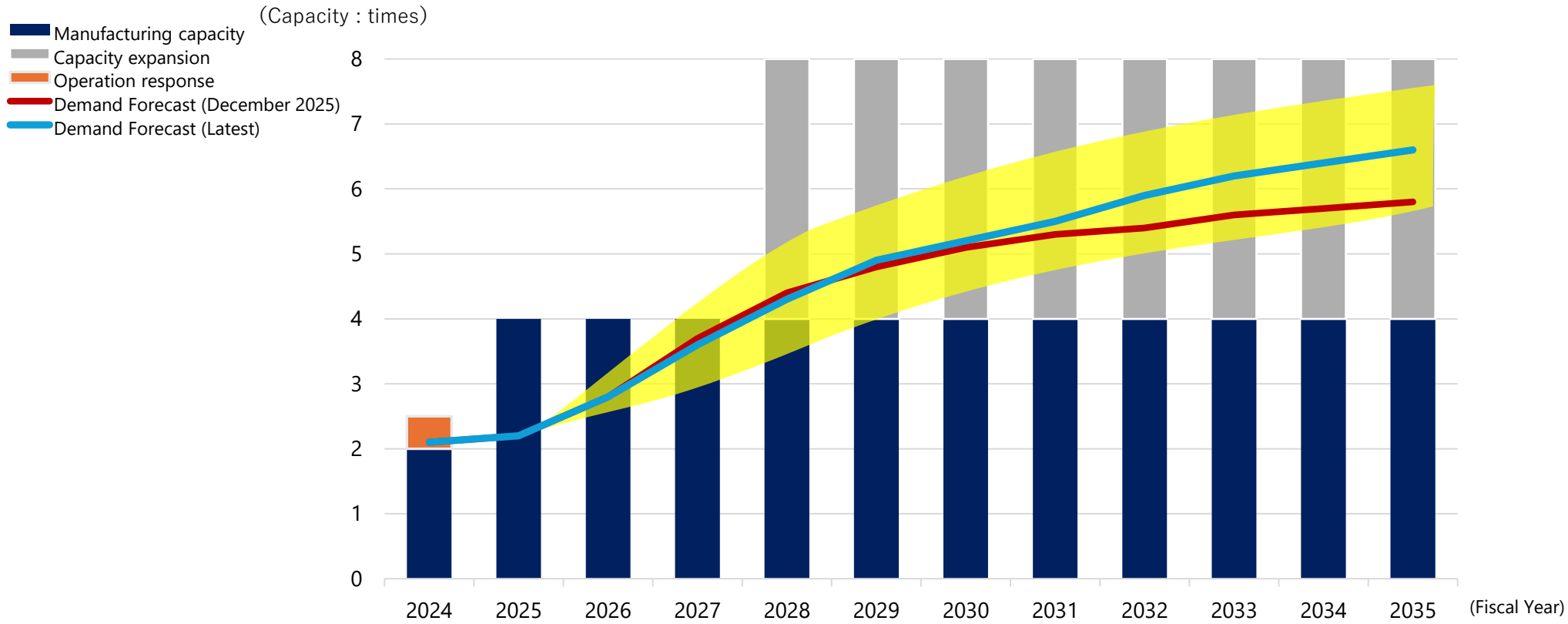
  Small-molecule drugs grow at 3 – 5% annually
  Peptide, nucleic acid, and antibody pharmaceuticals expected to grow at around 10% annually

## Key Measures

- Expand silica gel production facilities
- Productivity improvement through yield improvement
- Expand sales in Europe, the U.S., and emerging markets
- Expand polymer gel lineup through collaboration with Mitsubishi Chemical
- Expand APIs production facilities
- Accelerate commercialization of VHH antibodies

- Based on the manufacturing capacity expanded under the previous medium-term management plan, plan to double healthcare segment earnings by the final year of the new medium-term management plan
- In FY2028, demand is expected to exceed current capacity, so manufacturing capacity will be further expanded to approximately double
- Market remains active despite risks of delays, supported by emerging market expansion and new drug launches in the US and Europe

## Silica Gel Demand Trends and Manufacturing Capacity

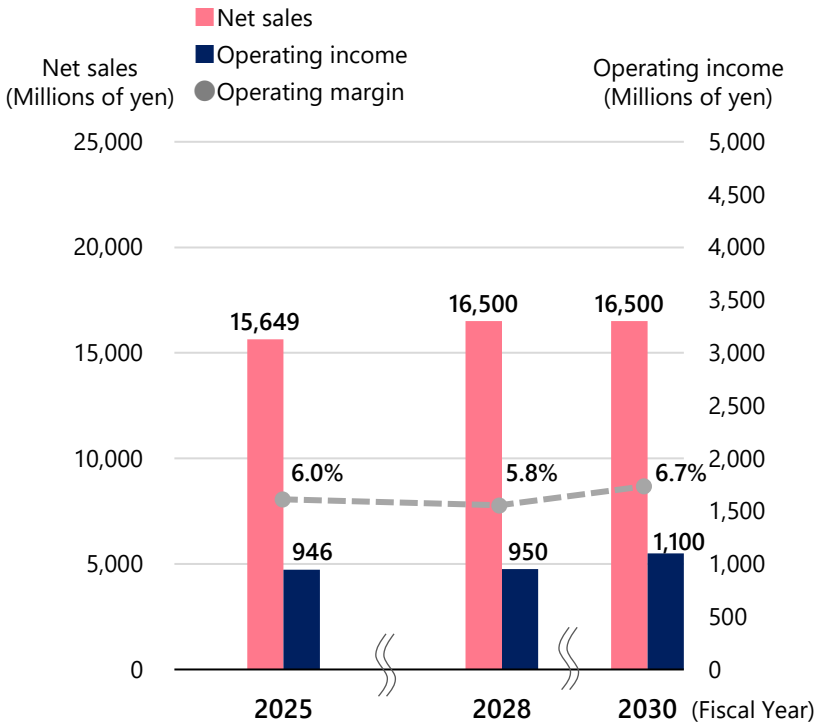


# Trading and Others

**Policy**

- Enhancing the Group's information-gathering capabilities as a trading company and pursuing new business opportunities
- Maintaining and improving profitability by reviewing the business portfolio

## Segment Targets




## Business Environment

- Consumer products

  Steady growth of the portable battery market is expected

- Building Materials

  The renovation market remains solid

- Functional products

  Printing-related products are on a shrinking trend

(Billions of yen)

| Main Products | Net Sales Variance (25 vs. 30) |
|---|---|
| Consumer products | +1.5 |
| Functional products | (0.6) |
| etc. | (0.9) |

## Key Measures

- Strengthen development of proprietary consumer products(Including semi-solid-state batteries)
- Develop new applications and markets for existing products
- Expand handling of environmentally friendly products
- Stabilizing profitability through business models for photosensitive resin and technical services

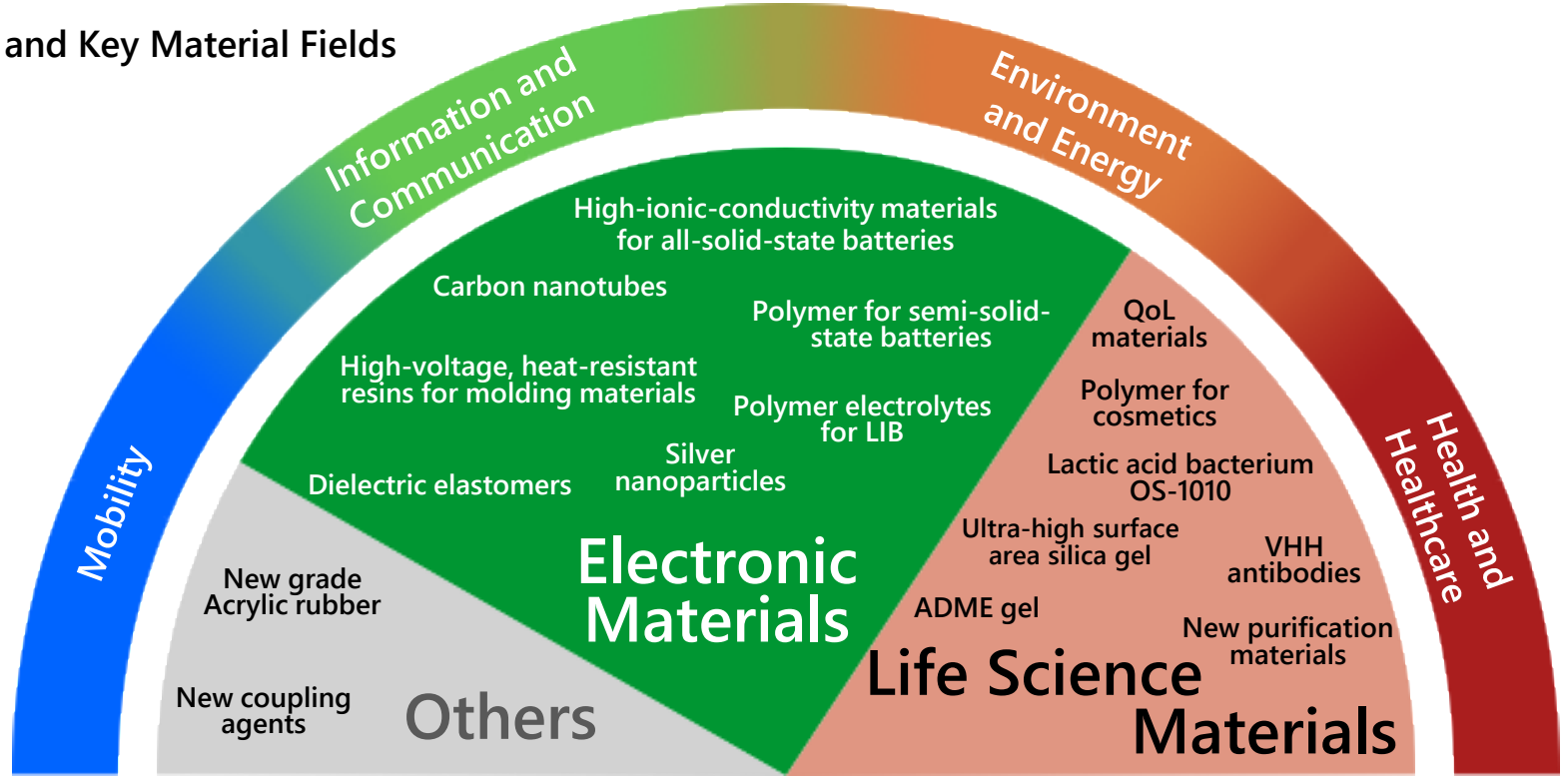
# Basic Policy 2
# Creating New Businesses by Mobilizing Companywide Capabilities

Drive the creation of new products by leveraging proprietary technologies, with a focus on electronic and life science materials

**Policy**

- New product development in growth areas：
  Promoting the development of new products leveraging proprietary technologies, focusing on electronic materials and life science materials where growth is expected
- Strengthening Theme Exploration Capabilities：
  Strategic utilization of the knowledge, expertise, networks and other resources of corporate divisions throughout the company

**Target Areas and Key Material Fields**

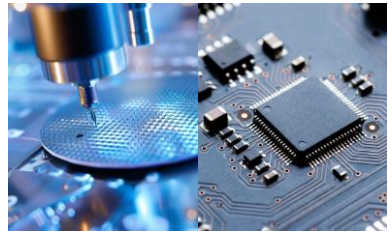


# Osaka Soda Group Development Product Portfolio

## Electronic Materials

Advanced functional materials based on polymer synthesis and nanotechnology

- Positioning high-ionic-conductivity materials for all-solid-state batteries as the next Global Niche Top product, with commercialization targeted for 2030 and growth into a new pillar of earnings by 2035
- Promoting development of advanced functional materials for semiconductors and other next-generation storage battery materials

| | | |
|---|---|---|
| **Battery** | Liquid<br>Semi-solid: Polymers for semi-solid-state batteries<br>All-solid: High-ionic-conductivity materials for all-solid-state batteries<br>Polymer electrolytes for LIBs | |
| **Semiconductor** | Front-end process: Carbon nanotubes<br>Back-end process: Silver nanoparticles |  |
| **Power module** | Electrical insulation resistance<br>Heat resistance<br>High-voltage, heat-resistant resins for molding materials | |

# Osaka Soda Group Development Product Portfolio

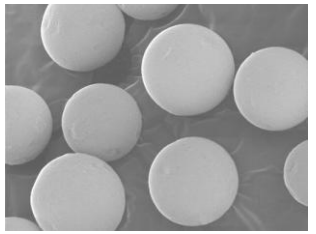
**Life Science Materials**

Materials that contribute to improving QoL by leveraging synthesis technologies and biotechnology

- Promoting the development and commercialization of materials that contribute to improving QoL, including pharmaceuticals and aging care

## Chromatography

| Small molecules (Molecular weight : under 1,000) | Medium-sized molecules (Molecular weight : 1,000 to 10,000) | | Macromolecules (Molecular weight : over 10,000) |
|---|---|---|---|
| | Peptide pharmaceuticals | Nucleic acid pharmaceuticals | Antibody pharma-ceuticals |
| Silica gel (existing grades) | | | |
| Ultra-high surface area silica gel (For supercritical fluid chromatography) | | | |
| | ADME gel | | |
| | Polymer gel | | |

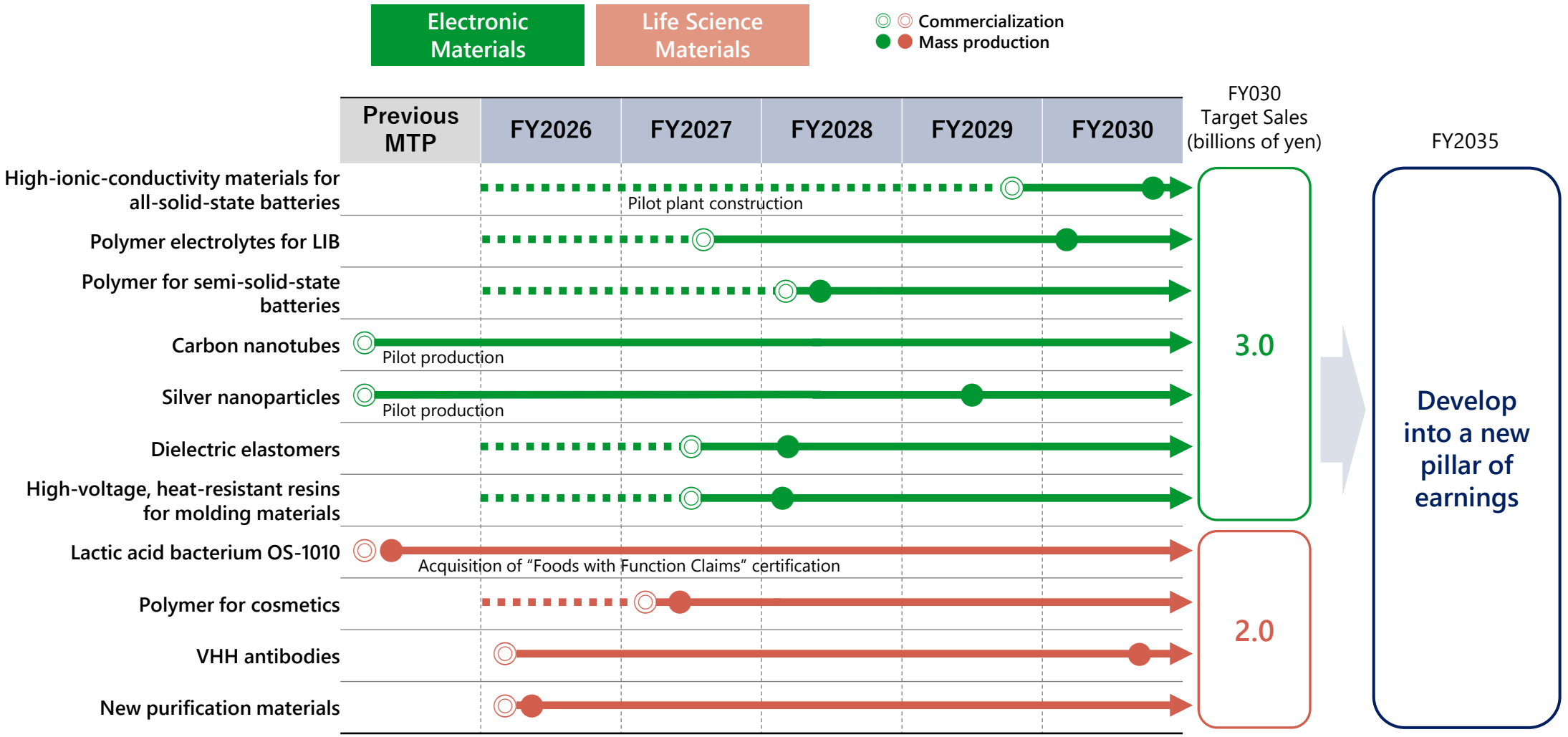


## CDMO *

| Small-molecule pharmaceuticals | Medium-sized molecule pharmaceuticals | | Macromolecule pharmaceuticals |
|---|---|---|---|
| | Peptide pharmaceuticals | Nucleic acid pharmaceuticals | Antibody pharma-ceuticals |
| Contract manufacturing of APIs and intermediates (existing business) | | | |
| Contract manufacturing of APIs (VHH antibodies) | | | |

* Contract Development and Manufacturing Organization

# New Product Pipeline



# Basic Policy 3
# Strengthening the Management Foundation to Adapt to Changes in the Business Environment

Build an organization that balances efficiency and adaptability, and advance sustainability management

# Human Resource Strategy

**Policy**

Improve managerial skills, raise the level of organizational capabilities, and build a human resource management foundation with the aim of becoming a company where employees can fully demonstrate their abilities

**New MTP Basic Policy**

1. Rebuilding the Value of Existing Businesses and Accelerating Growth in Healthcare
2. Creating New Businesses by Mobilizing Companywide Capabilities
3. Strengthening the Management Foundation to Adapt to Changes in the Business Environment

## Human Resources Policy

**Personnel Vision**

- Self-disciplined members of society
- People who continuously achieve personal growth

## FY2030 Our Target State

- Toward a positive corporate culture as a lean, high-performing organization, we are actively encouraging the growth of each employee through active investment in human resources while providing equal opportunities and fair evaluations, creating an environment where it is easy to demonstrate one's abilities

### Improving Managerial Skills

**Securing and developing managers capable of delivering new value**

- Strengthening managerial leadership
- Developing management personnel

### Raising the level of Organizational Capabilities

**Developing next-generation Human Resources**

- Developing talent aligned with the company's mission, vision, and values to contribute to society
- Introducing a motivating HR system while fostering a strong corporate culture

### Building a HR Management Foundation

**Maintaining Organizational Soundness**

- Optimizing personnel allocation by leveraging systems
- Promoting DE&I and health and productivity management

# DX Promotion

**Policy**

Promote innovation and transformation in production technology (including the handling down of skills and techniques), and R&D (theme searches, MI, etc.), and improve operational efficiency on a company-wide scale through the use of AI and data

## Production Technology Domain

- Advanced equipment operation using IoT and AI (automation, visualization, and predictive maintenance)
- Promoting technology transfers, operational support, and human resource development using generative AI and AI agents
- Enhancing facility management through the introduction of digital tools
- Optimizing conditions for high-mix/low-volume production and improving first-pass yield by utilizing operational data

## R&D Domain

- Utilizing generative AI as one method for theme exploration
- Optimizing material formulation and design through the use of materials informatics (MI)
- Rapidly identifying areas of competitive advantage and enabling faster, more advanced decision-making through AI-driven IP landscape analysis

## Improving Operational Efficiency

- Realizing data-driven management through the introduction of a new core system (real-time visualization of costs and profitability, demand forecasting, inventory optimization)
- Strengthening the ability to address future labor shortages through productivity improvements and operational reforms (automation and labor-saving)
- Promoting company-wide initiatives through the development of DX talent

# Safe and Stable Production

**Policy**

Strengthen facility management and autonomous maintenance while enhancing operational management in order to prevent occupational accidents, incidents, and production problems and avoid recurrence

**Preventing occupational accidents, incidents, and avoiding recurrence**

## Strengthening Facility Management

### Advanced preventive maintenance

- Embedding and enhancing the maintenance management
- Enhancing decision-making capabilities in maintenance meetings
- Establishing replacement criteria based on remaining life assessments and technical evidence

### Improving design and construction quality

- Advanced standardization of design standards
- Updating construction standards and strengthening quality management

## Enhancing Operational Management

### Supporting on-site operations through digital technologies

- Deploying of expertise to the field through AI agents
- Upgrading technical and skill transfer by developing training program (videos and knowledge base)
- Providing operational support based on real-time data

### Strengthening education and skills

- Reviewing work standards based on accident and trouble analysis using generative AI
- Enhancing pre-work training through video manuals

## Strengthening Autonomous Maintenance

### Advancing field inspections and strengthening anomaly detection systems

- Enhancing anomaly detection through sensors and IoT
- Clarifying criteria for identifying signs of abnormalities and strengthening education
- Enhancing operator expertise

### Strengthening internal audits and enhancing the improvement cycle

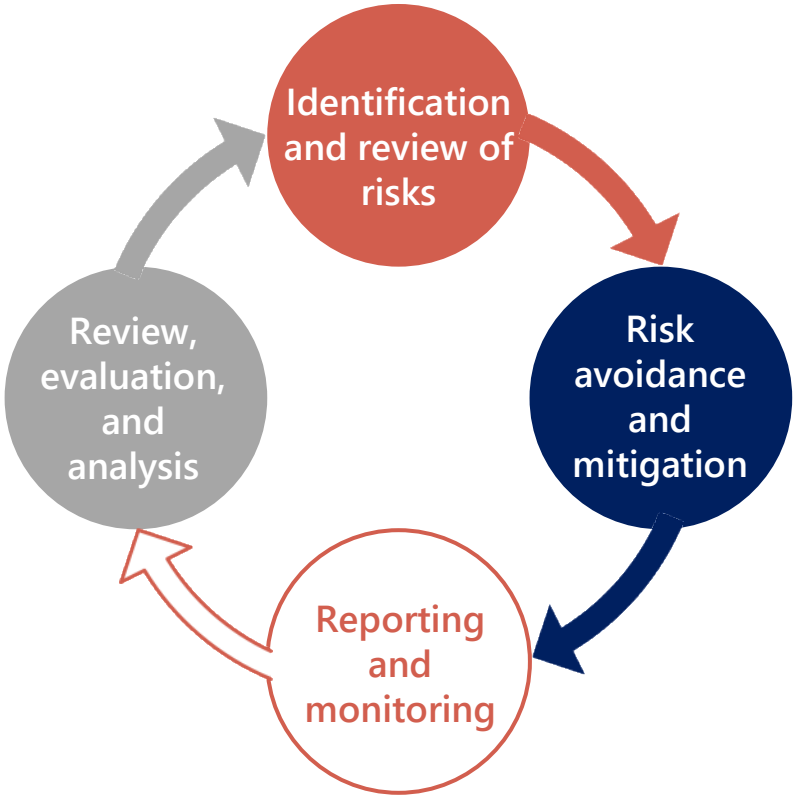
- Accelerating corrective actions
- Standardization and horizontal deployment of prevention measures

# Risk Management

**Policy**

Further strengthen the risk management system in light of the diversification of major company-wide risks associated with the expansion of the company's size

- **Strengthen the response to increasingly diverse and complex risks from a company-wide perspective rather than on an individual-department basis**
  - Reassess business risks in areas such as manufacturing processes and supply chains from a company-wide perspective
- **Work as a group to heighten risk sensitivity; identify important risks in advance; formulate avoidance and mitigation measures; conduct monitoring and evaluation; and implement the PDCA cycle**
  - Continuously implementing the PDCA cycle to address identified risks, including climate change risks



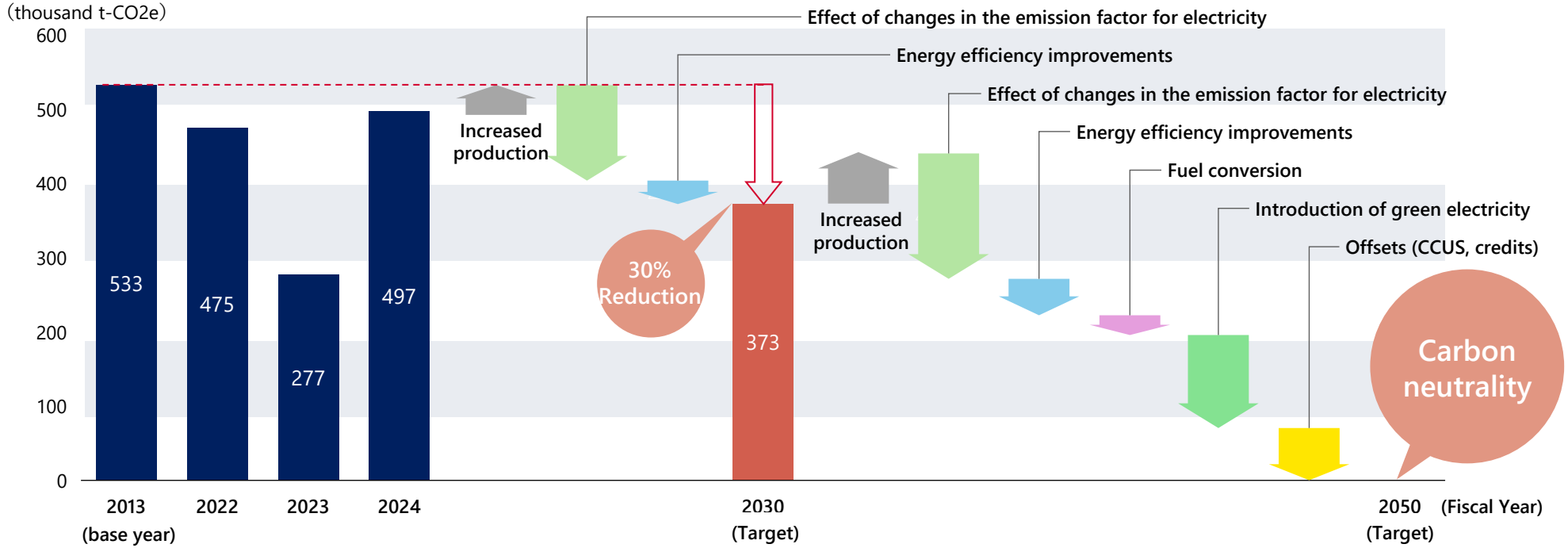
# Carbon Neutrality

**Policy**

Promote efforts such as improving energy efficiency, promoting the use of bio-derived raw materials, introducing non-fossil fuel electric power, carrying out studies on the use of recycled fuels, etc. in order to achieve carbon neutrality by FY2050

- Aim to reduce GHG emissions (Scope 1 and 2) by 30% from FY2013 levels by FY2030
- Enhance energy efficiency through process optimization, introduction of high-efficiency equipment, and heat recovery
- Establish an electricity retail company to reduce GHG emissions through diversification of power sources, including renewable energy

**GHG emissions reduction roadmap (total Scope 1 and 2)**



# Sustainability Initiatives

Promote sustainability initiatives centered on addressing climate change, reducing environmental impact, and investing in human capital to contribute to a sustainable society through business activities

## Addressing Climate Change Issues

### Reducing greenhouse gas emissions

- GHG reduction (FY2030) (Total Scope 1 & 2) ····· ≧30% (Compared to FY2013)
- GHG reduction (FY2050) (Total Scope 1 & 2) ····· Carbon Neutrality

## Implementing environmental impact reduction measures

### Reducing industrial waste landfill rate

- Final landfill rate for FY2030 ····· <1%

## Investing in human capital

### Promoting DE&I

- Ratio of female managers ····· ≧7.0%
- Ratio of female new graduates hired ···· ≧30%
- Employment rate of persons with disabilities ····· ≧Statutory requirement

### Promoting work-life balance

- Annual paid leave use ratio ····· ≧90%
- Childcare leave use ratio for male employees ····· ≧90%

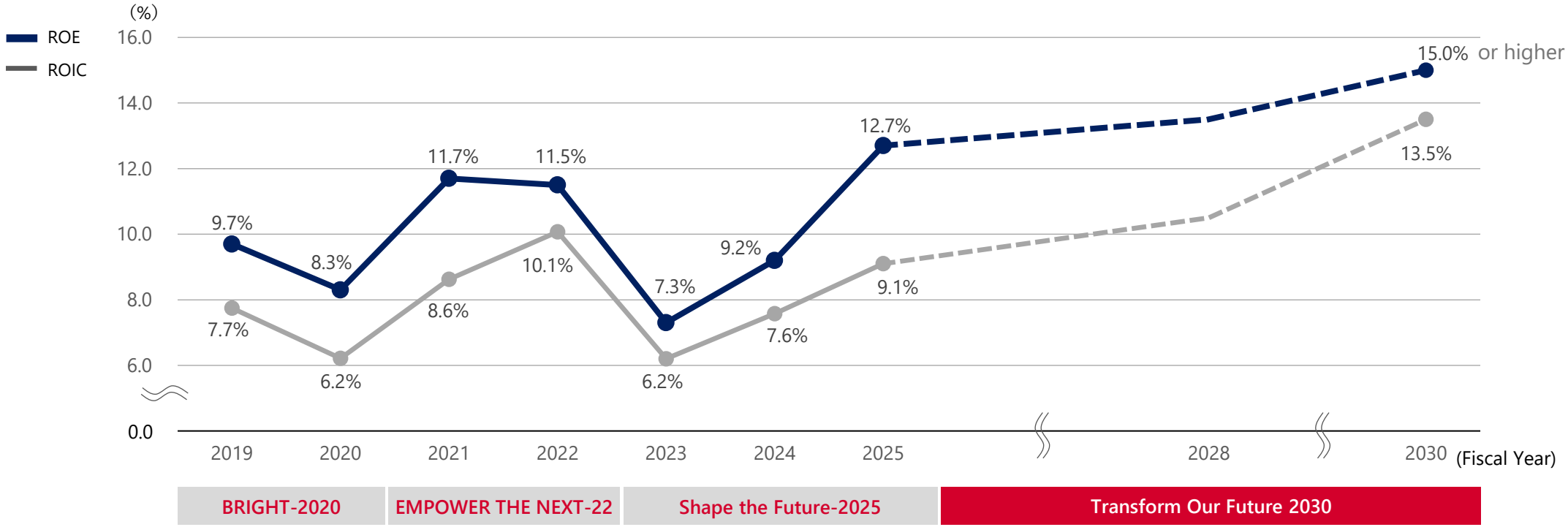
# Capital Strategy

Capital allocation and shareholder returns aimed at enhancing corporate value

# Efforts to Enhance Corporate Value

- Aim to enhance capital efficiency and improve corporate value, with a target of achieving an ROE of 15% or higher in FY2030
- ROIC is disclosed as a reference indicator, as we will consider its use for medium-term business management throughout the period of the new medium-term management plan

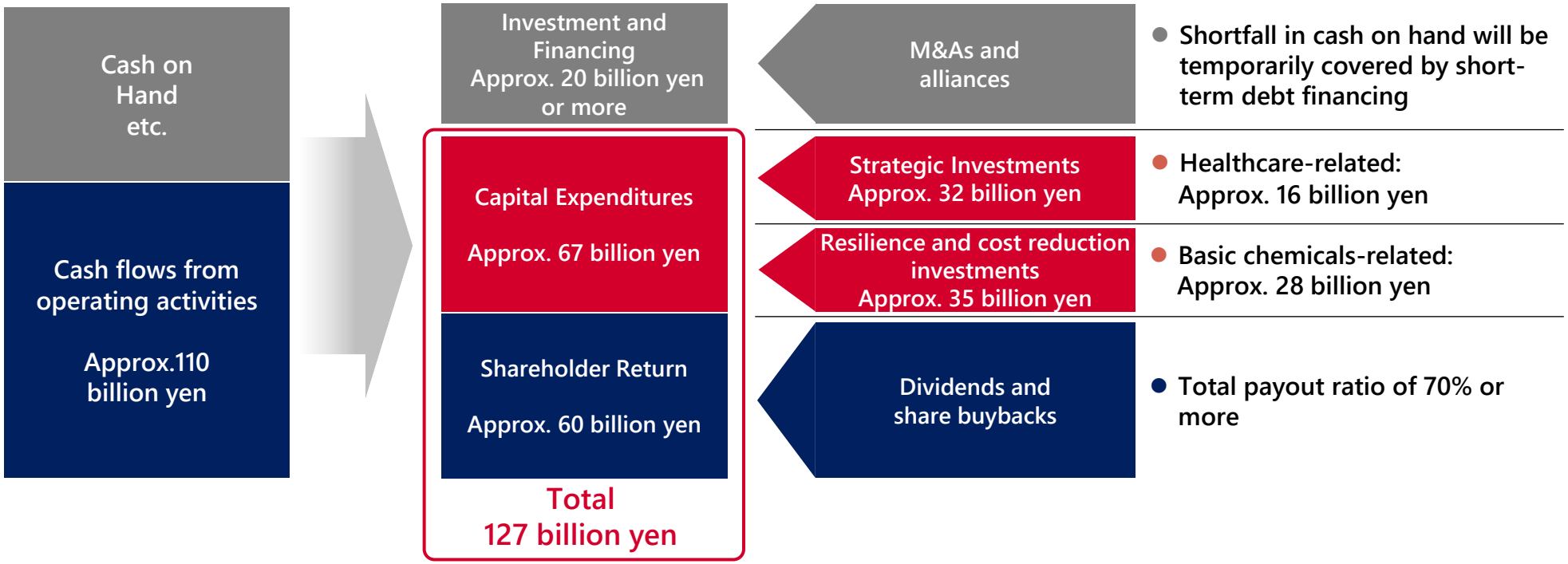
## Trends in ROE and ROIC（FY2019～FY2030）



# Cash Allocation

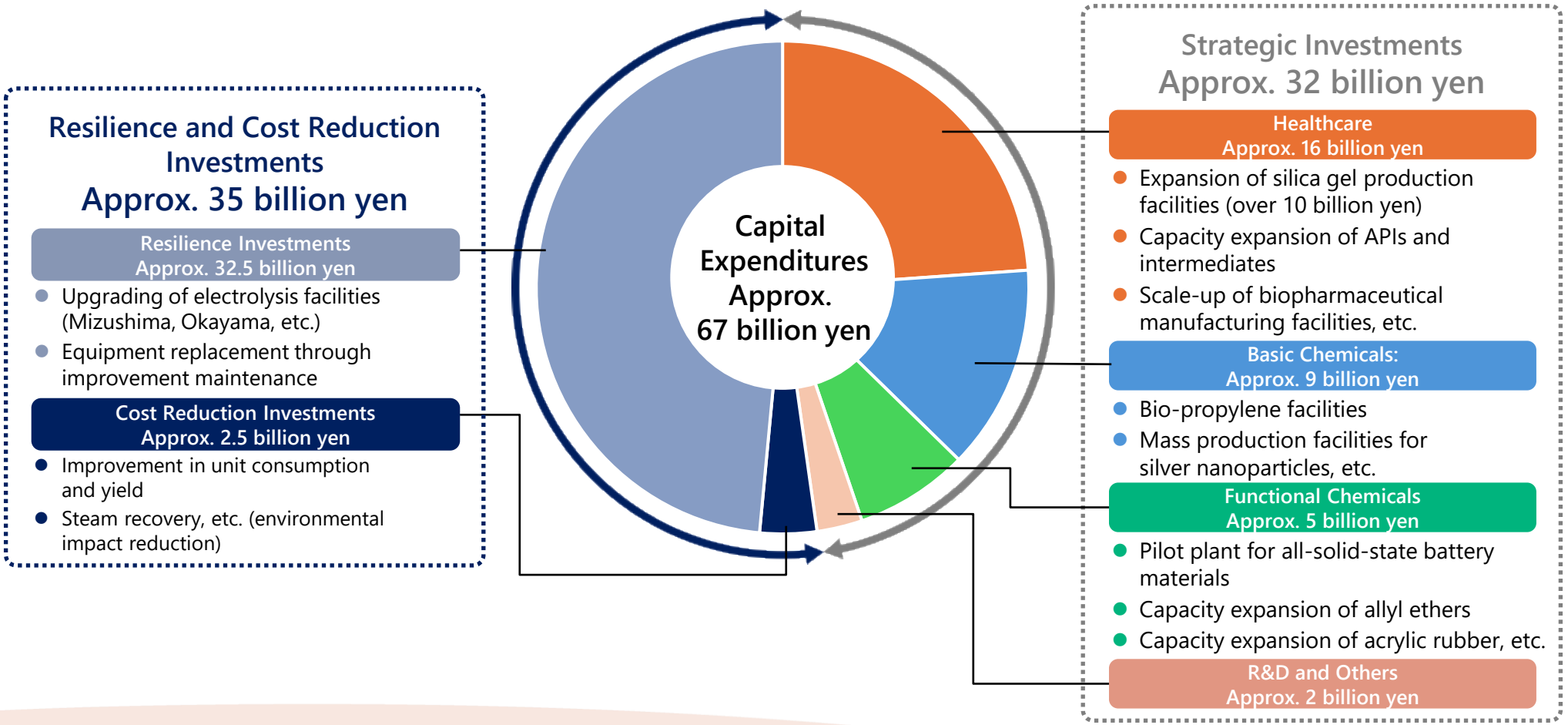
- Operating cash flow is expected to reach 110 billion yen cumulatively over five years, driven by significant growth in the healthcare segment
- Generated cash and available funds will be used for strategic investments as well as Resilience and cost reduction investments, while enhancing shareholder returns

## Cash Allocation for Future Growth (FY2026 – FY2030)



# Capital Expenditures Plan

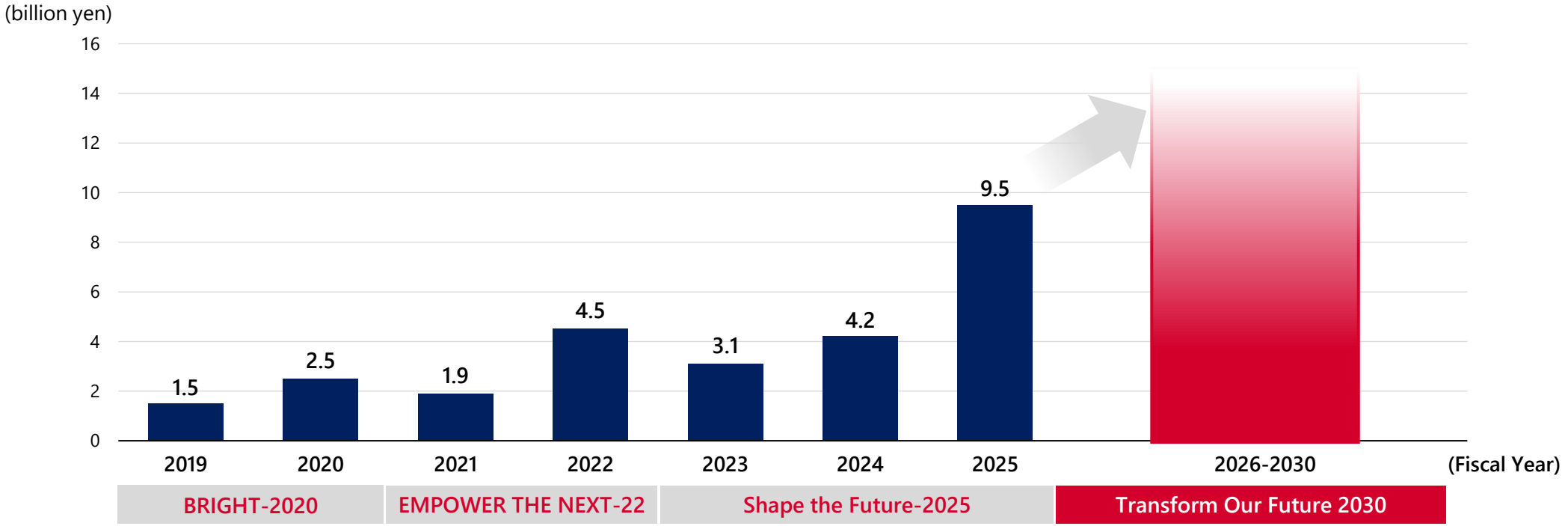
- Strategic investments : focused on Healthcare to accelerate growth
- Resilience and cost reduction investments : Maintain safe and stable operations and further reinforce its position as a cash cow, mainly in Basic Chemicals



# Shareholder Returns

- Target a total payout ratio of 70% or higher, significantly raising it from the previous medium-term management plan target (40% or higher), and strengthen shareholder returns

## Total shareholder returns（Dividends ＋ Stock buybacks）




| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total payout ratio | 23.7% | 41.6% | 19.8% | 43.0% | 40.4% | 40.7% | 61.3% | 70% or higher（Target） |

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