

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 9, 2023

Company name: OSAKA SODA Co., Ltd.
Name of representative: Kenshi Terada, Representative
Director and President and Chief
Executive Officer
(Securities code: 4046; Tokyo
Stock Exchange)
Inquiries: Yohji Sekimoto, General Manager,
Corporate Planning Department
(Telephone: +81-6-6110-1562)

New Medium-Term Management Plan (FY2023 to FY2025)

Osaka Soda Group has formulated a three-year medium-term management plan “Shape the Future-2025,” that started in fiscal 2023. An outline of the plan is as follows.

1. Review of the previous medium-term management plan “EMPOWER THE NEXT-22”

The previous medium-term management plan, EMPOWER THE NEXT-22 (FY2021 to FY2022), was based on the basic policies of “building a resilient business foundation,” “the promotion of market-in-type development,” “efforts to achieve the SDGs,” and “reforming corporate culture and organizational culture.” It was a two-year plan to build up strength toward fiscal 2025, positioned as a period of laying the business foundations for the future, and focused on business foundations reinforcement, such as production capacity enhancement of our core products and operational reforms promotion. As a result of the above, we significantly exceeded our performance targets.

2. Overview of the New Medium-Term Management Plan “Shape the Future-2025”

The new medium-term management plan “Shape the Future-2025” focuses on our ideal image of our group in 2035, the 120th anniversary of our founding. In order to realize our vision for 2025, which is a milestone on our journey, we will work on the following three basic policies: continuous strengthening of our base in existing businesses, strengthening of new product creation capabilities, and the promotion of sustainability management.

By promoting important measures based on the business foundations strengthened in the previous medium-term management plan and enhancing our ability to achieve sustainable growth, we are aiming to achieve record results in the final year.

Our vision for 2025

- For the Basic chemicals business, strengthen resistance to changes in the business environment and generate stable profit by reinforcing existing businesses, creating new businesses, and expanding the scale of business
- For the Functional chemicals business, maintain and expand the market share of global niche-top products as Osaka Soda’s growth engine by expanding existing businesses and developing new applications and materials
- For the Healthcare business, expand into growth fields such as biopharmaceuticals in response to changes in pharmaceutical modalities
- Establish a development system for the continuous launch of new products

(1) Basic policies

1) Continuous strengthening of our base in existing businesses

We will expand our business base by generating stable cash from existing businesses and actively investing in growth areas.

For Basic chemicals, we will actively strengthen facility management and invest in maintenance and renewal. We will also aim to continue production with maximum use of current facilities and maintain and expand our sales share.

For Functional chemicals, in addition to cultivating the market for global niche-top products and developing new applications, we will work to expand our business scale by expanding sales of Acrylic Rubber and Non-phthalate Allyl Resin.

For Healthcare, we will steadily capture growing demand, strengthen our profitability, and increase production capacity to prepare for future demand growth.

2) Strengthening of new product creation capabilities

We will strengthen company-wide efforts to further promote market-in-type development and nurture the products that will become the pillars of the next generation. Furthermore, to speed up development, we will strengthen progress management of development themes, flexible human resource allocation, development infrastructure, and promote external resources utilization such as alliances and investments.

3) Promotion of sustainability management

The Sustainability Committee, which was established in October 2022, will take the lead in strengthening sustainability management based on the basic policy of “Aim to combine contributing to the realization a sustainable society through our corporate value.” We will further enhance our corporate value through various measures such as reducing greenhouse effect gas emissions, promoting measures to reduce our environmental impact, promoting women’s active engagement, investing in human capital such as through human resource training and education, enhancing the quality and quantity of disclosed information, and enhancing communication with investors.

3. Performance target

	FY2021 Actual	FY2022 Actual		(Unit: 100 million yen)
				FY2025 Target
Net sales	880	1,042	⇒	1,230
Operating income	124	155		180
ROE	11.7%	11.5%		More than 10.0%

4. Capital expenditure

Purpose of investment	FY2021-2022 Cumulative results		(Unit: 100 million yen)
			FY2023-FY2025 Cumulative plan
Strategic investments	81	⇒	155
Investment for maintenance and production efficiency	40		95
total	121		250

- Promote strategic investments such as capacity building, research and development, and information infrastructure investment.
- Plan to invest in maintenance and efficiency by strengthening facility management, including renewal of aging equipment and investing in preventive maintenance.
- In addition, 20 billion yen was set as an investment and financing facility for M&A, alliances, etc.

5. Shareholder return policy

Our Group considers the distribution of profits to shareholders to be an important responsibility. Dividends are determined by comprehensively taking into account factors such as the results of each fiscal year, the continuity of stable dividends, and internal reserves for future business development. In the new medium-term management plan “Shape the Future-2025,” we aim to achieve a total shareholder return ratio of 40% by continuing stable dividends and utilizing stock buybacks.