

Presentation Materials

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

June 3, 2026

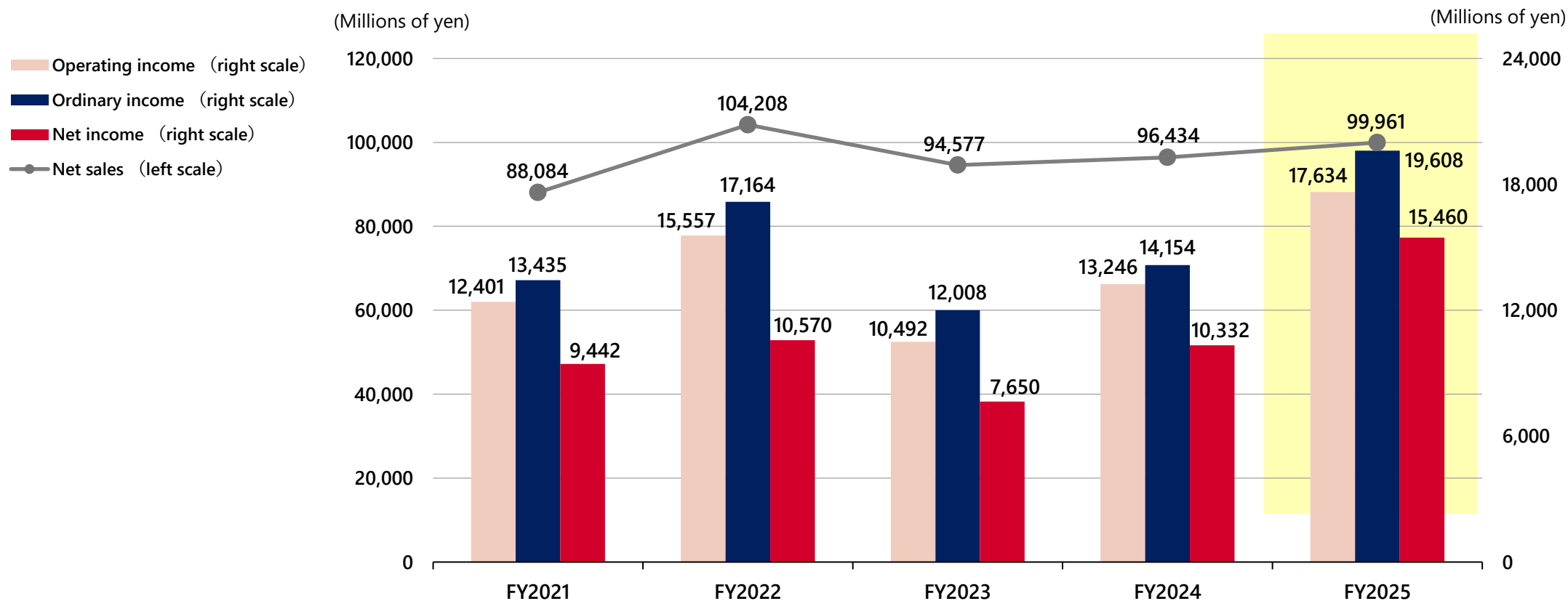
OSAKA SODA CO., LTD.

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

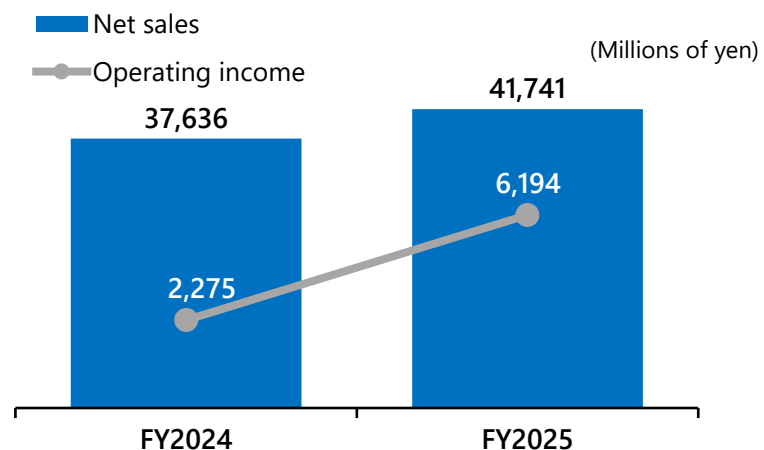
- Business performance increased YoY due to higher sales volumes following the resolution of production problems in Basic Chemicals, improved market conditions, and growth in the Healthcare business
- Net Sales fell short of the plan due to delayed recovery in the Allyl ethers market in the Functional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

(Millions of yen)	FY2024		FY2025		Change (YoY)	Change (YoY)	Initial forecast (B)	Achievement rate	Change (A)-(B)
		to sales	(A)	to sales					
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%	–	–	–

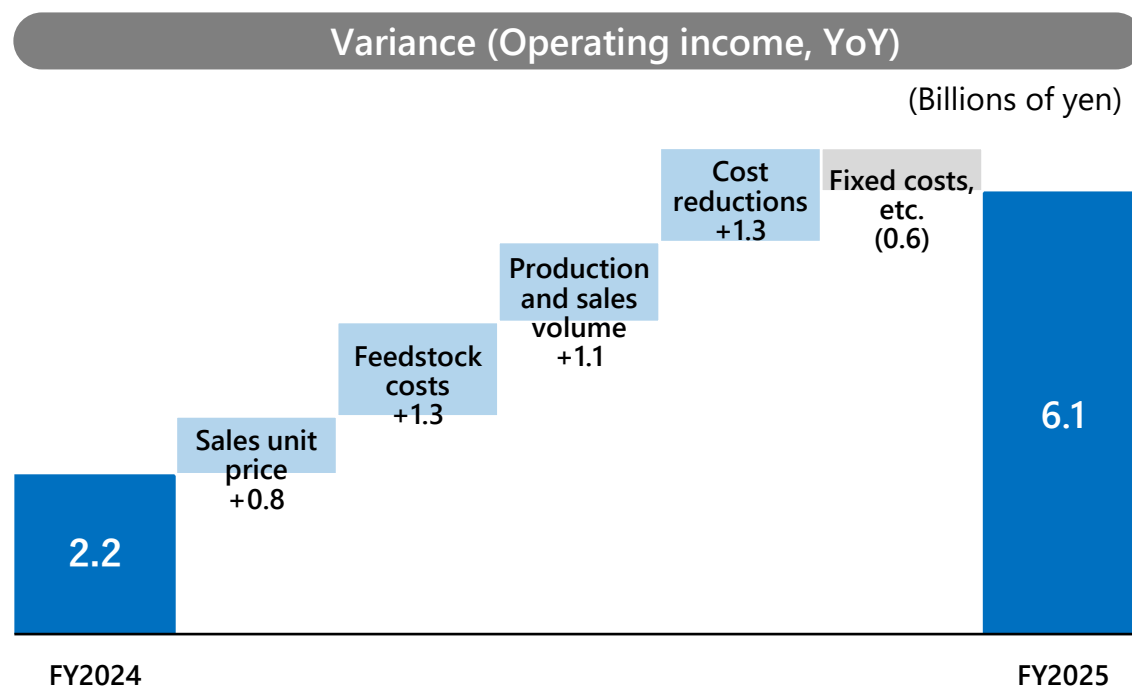
Assumptions	FY2024	FY2025
Yen / USD	152 Yen	145 Yen
Yen / Euro	163 Yen	160 Yen
Naphtha price (Yen / kL)	75,800 Yen	64,000 Yen

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

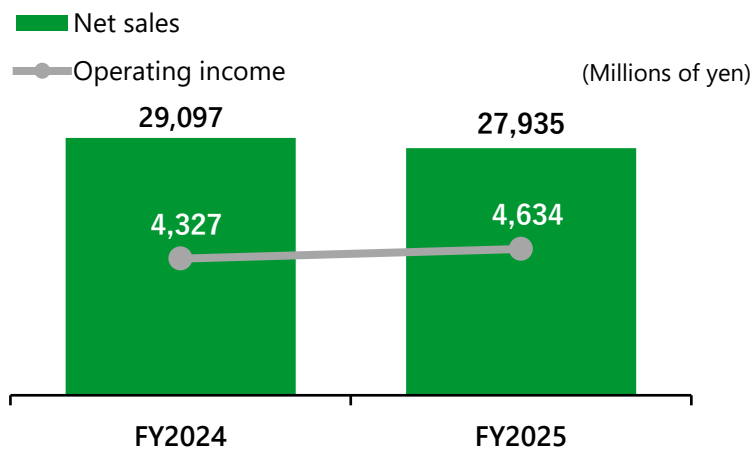


Net sales (up ¥4.1 billion YoY)	
Chlor-alkali	+0.6
Epichlorohydrin	+3.5

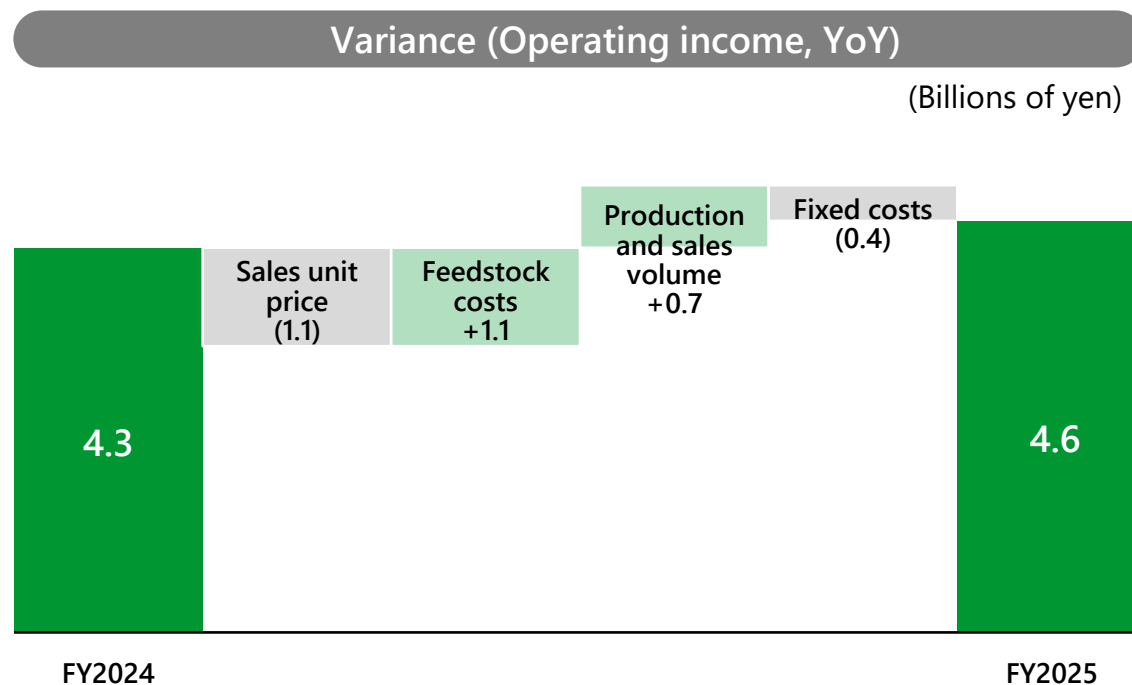


Segment (Functional Chemicals)

- 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

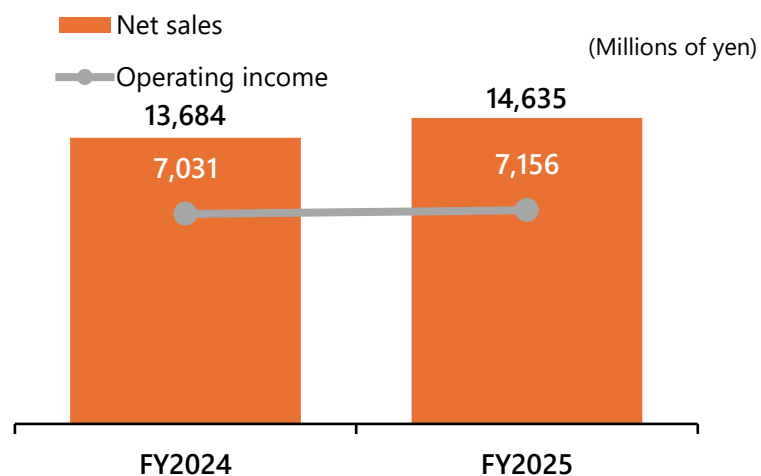


Net sales (down ¥1.1 billion YoY)	
Synthetic Rubber / Synthetic Resin	+0.3
Allyl Ethers	(0.5)
Others	(0.9)



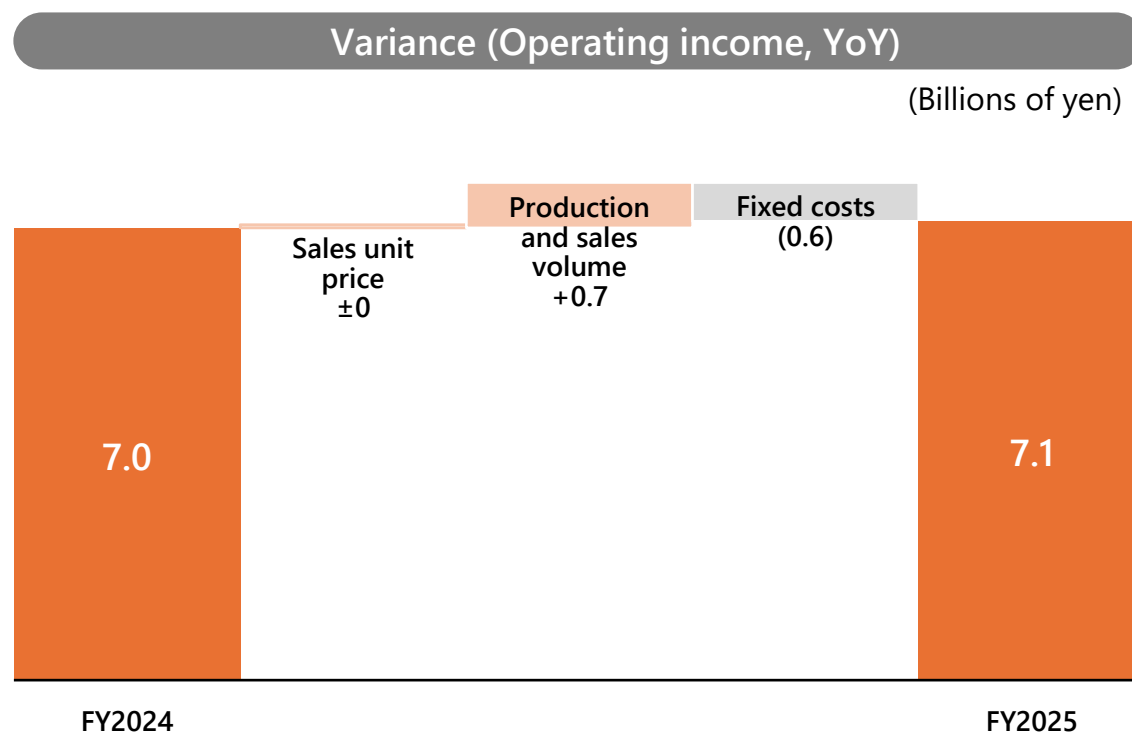
Segment (Healthcare)

- 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



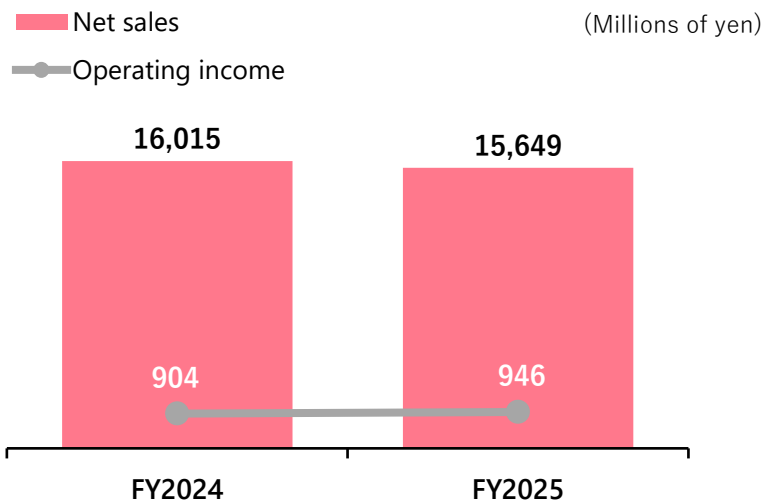
Net sales (up ¥0.9 billion YoY)	
Chromatography*	+0.8
APIs and their intermediates	+0.1

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



Segment (Trading and Others)

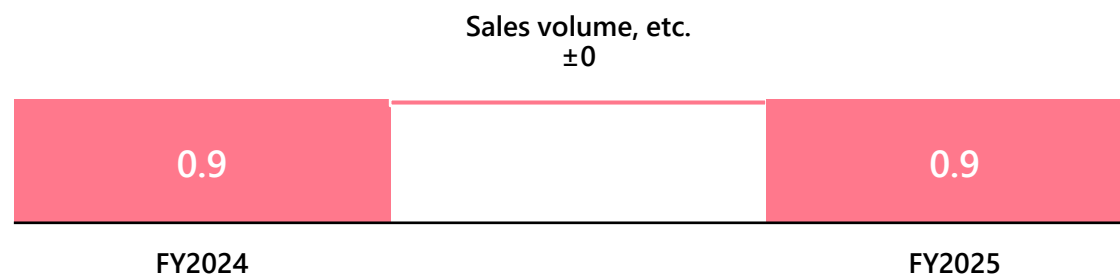
- Sales of consumer products remained strong
- Sales of inorganic chemicals and building materials declined



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		FY2026 Forecast		Change (YoY)	
		To sales		To sales	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

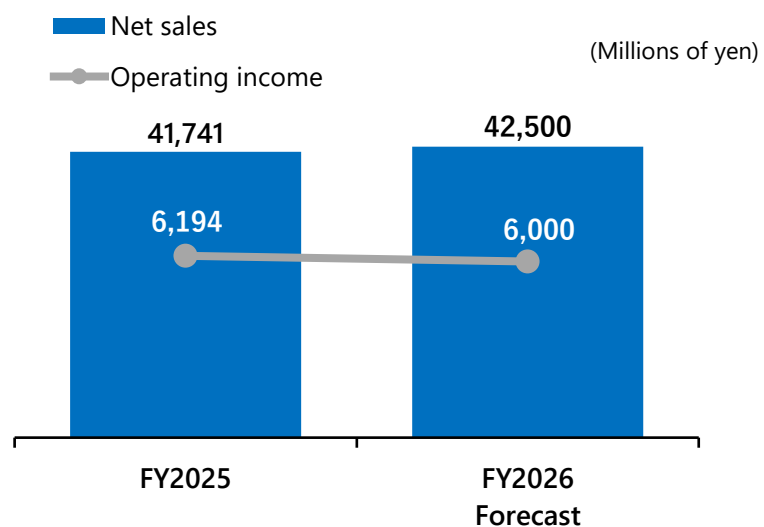
FY2026 Forecast by Segment

- 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

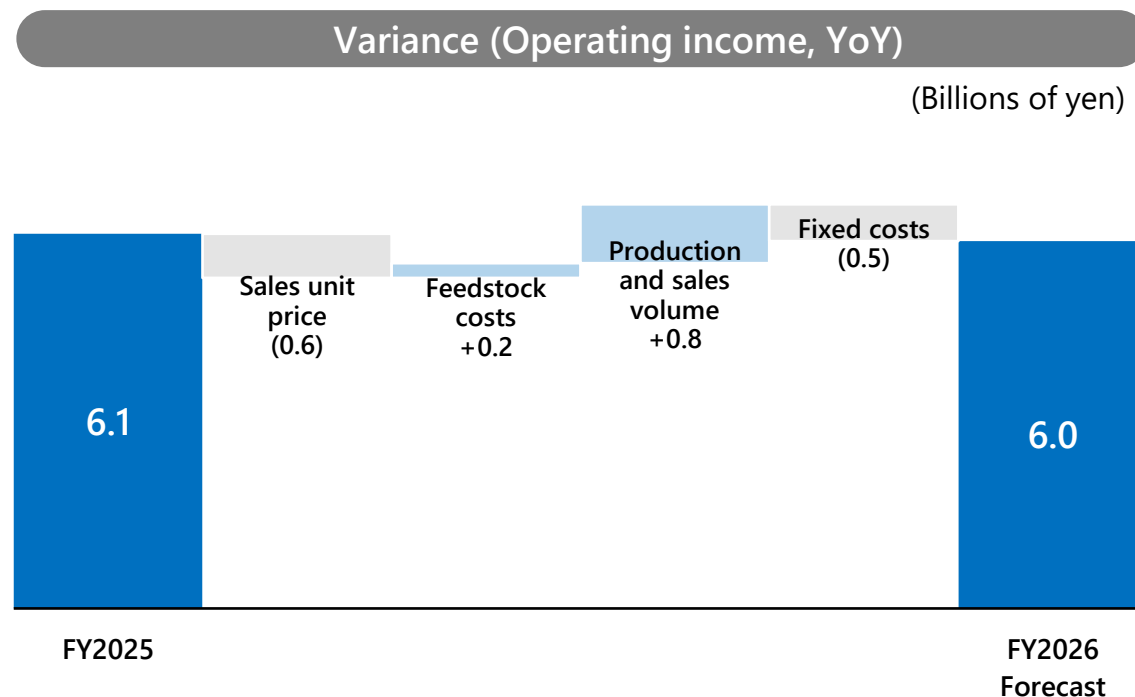
	(Millions of yen)	FY2025			FY2026 Forecast			Change (YoY)		
		1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Net sales	Basic Chemicals	20,302	21,439	41,741	21,400	21,100	42,500	1,098	(339)	759
	Functional Chemicals	13,596	14,339	27,935	14,300	15,700	30,000	704	1,361	2,065
	Healthcare	6,709	7,926	14,635	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	(384)	(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	689	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

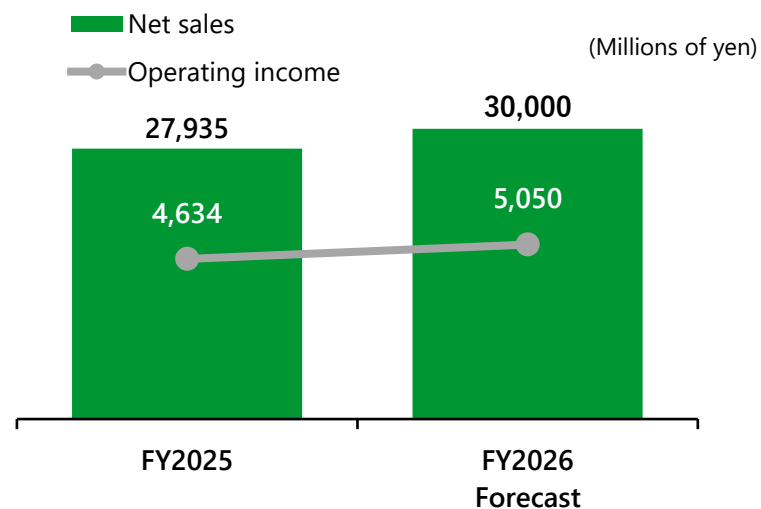


Net sales (up ¥0.7 billion YoY)	
Chlor-alkali	+1.6
Epichlorohydrin	(0.9)

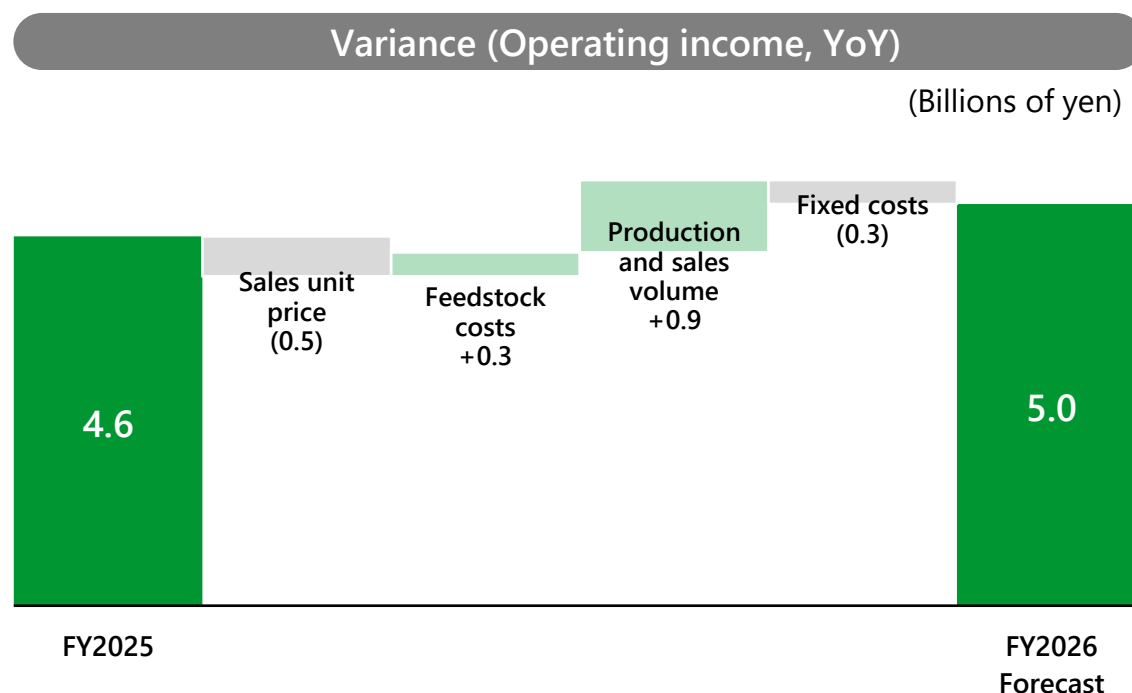


Segment (Functional Chemicals)

- 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

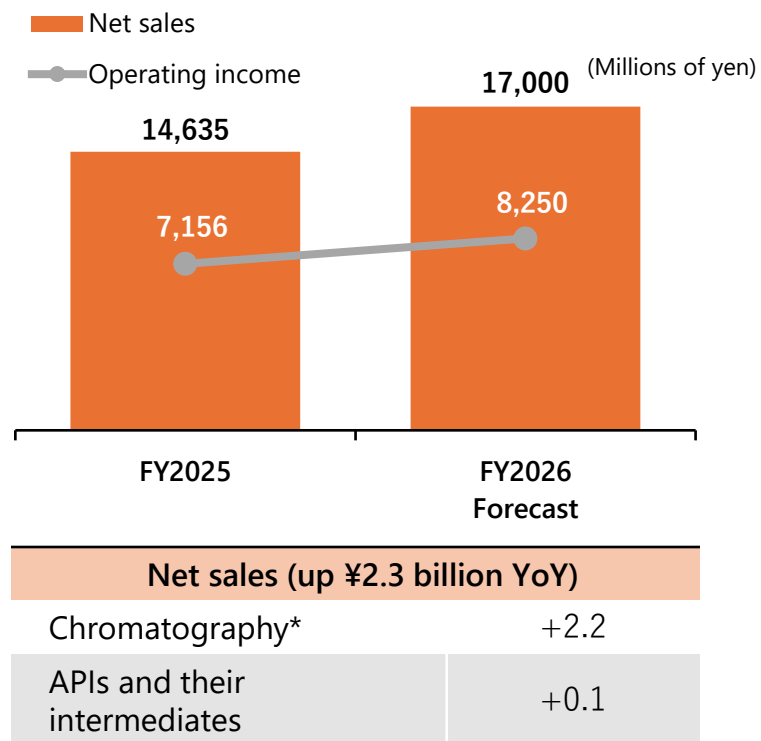


Net sales (up ¥2.0 billion YoY)	
Synthetic Rubber / Synthetic Resin	+0.9
Allyl Ethers	+0.7
etc.	+0.4

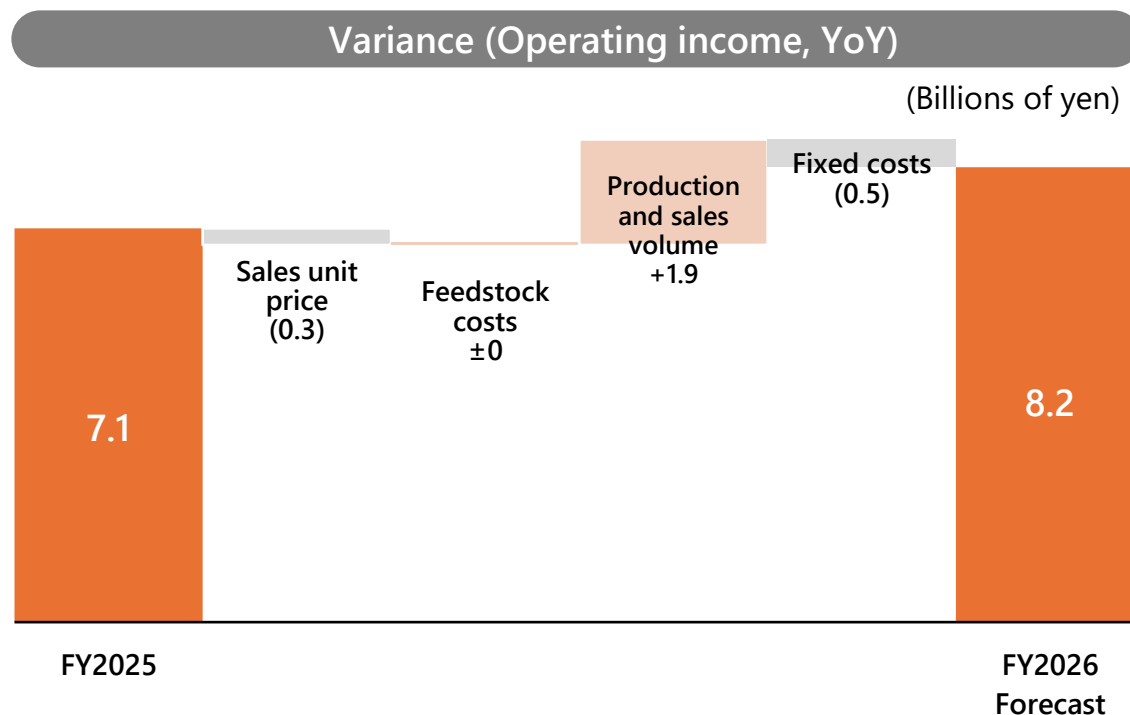


Segment (Healthcare)

- 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



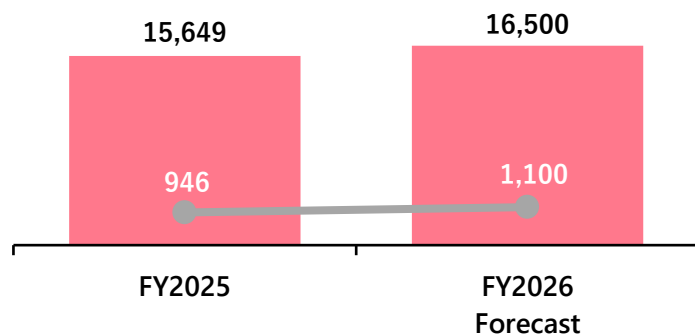
* Pharmaceutical purification materials (Silica gel), analytical equipment, packed columns



Segment (Trading and Others)

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

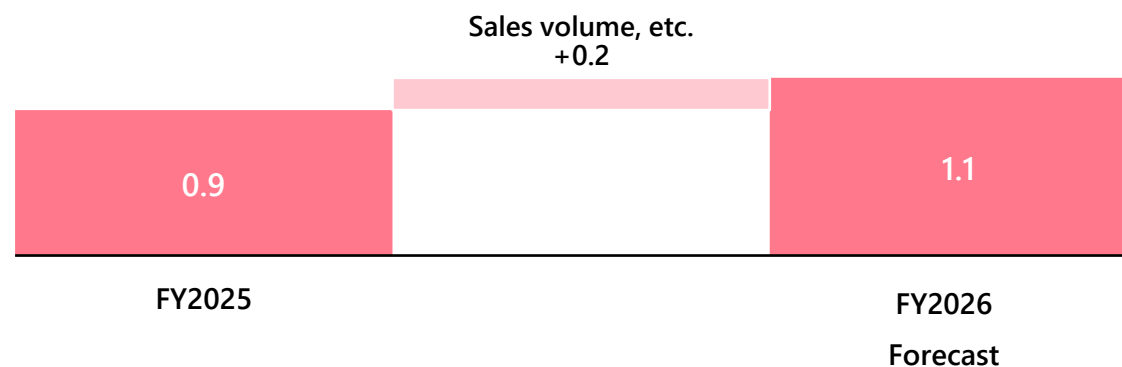
■ Net sales
—●— Operating income



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

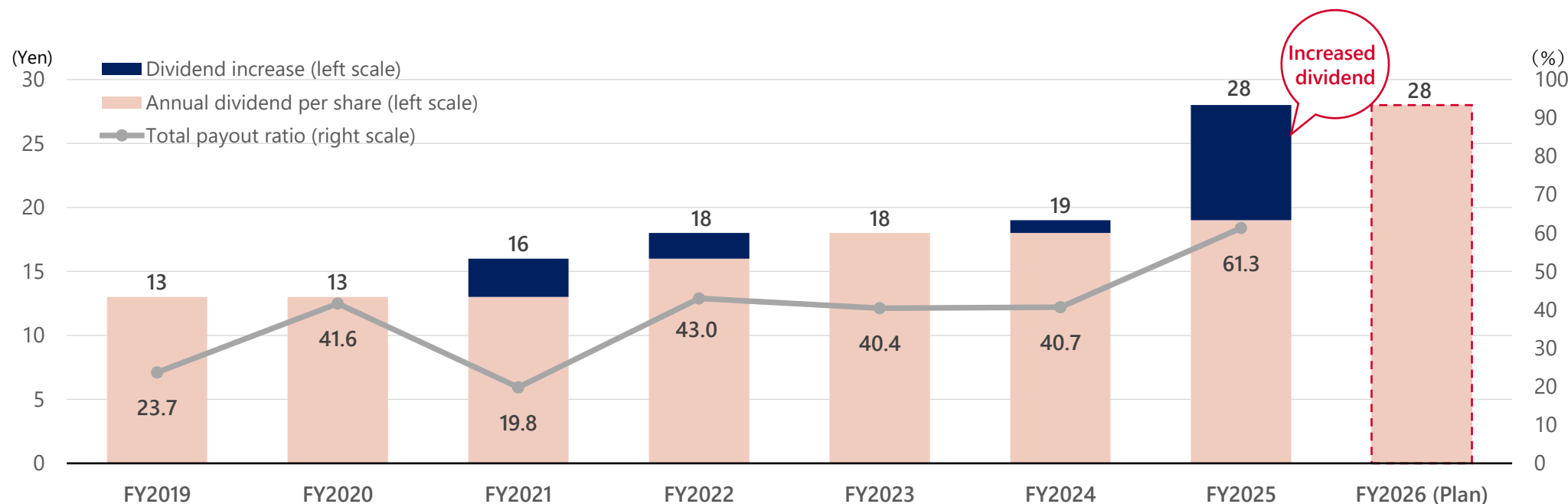
Variance (Operating income, YoY)

(Billions of yen)



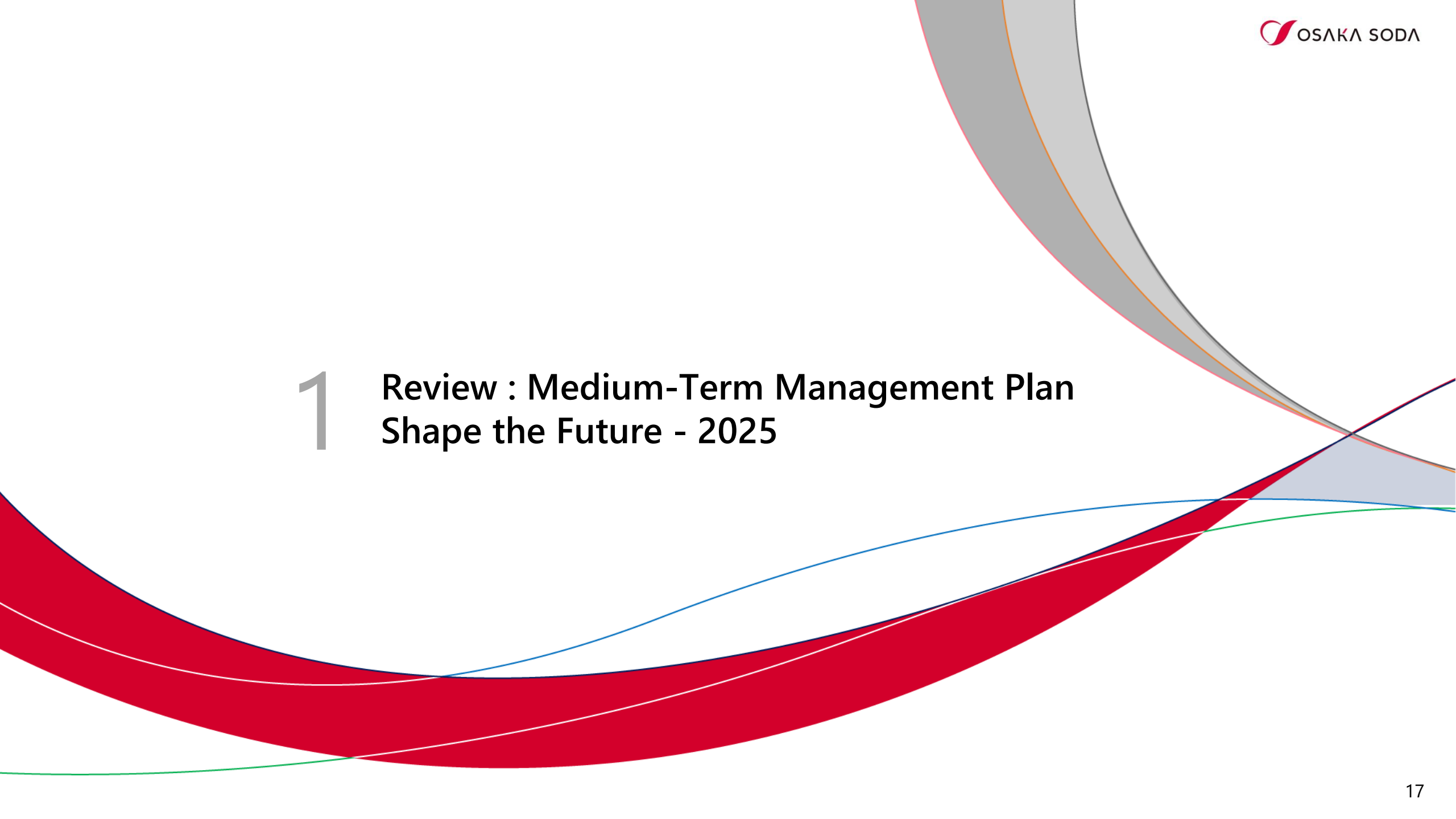
Shareholder Returns

- 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)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
	-	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)

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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

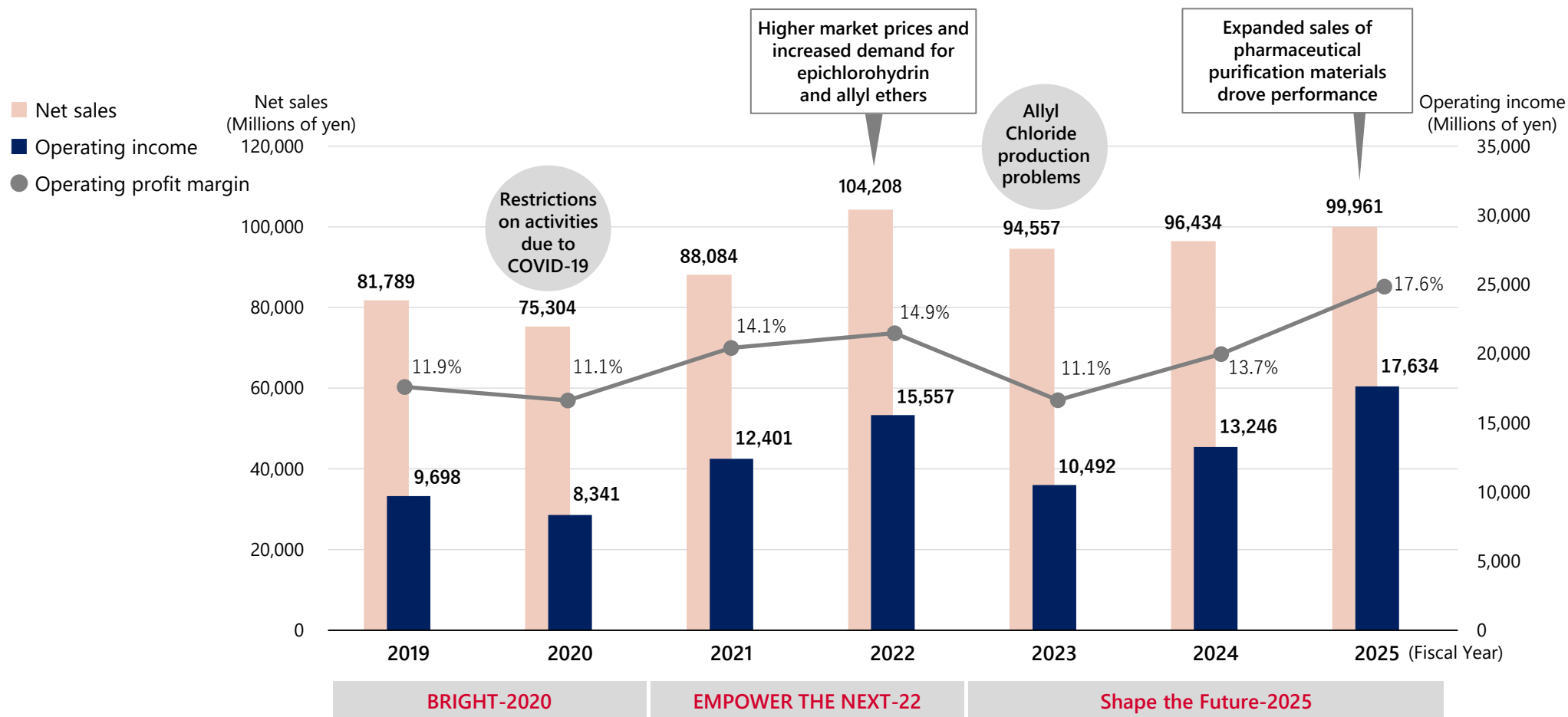
Unit: %	FY2023	FY2024	FY2025	FY2023-2025 Medium-Term Management Plan	Difference (FY2025 target vs. results)
Total payout ratio	40.4	40.7	61.3	40.0 or higher	+21.3

- 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



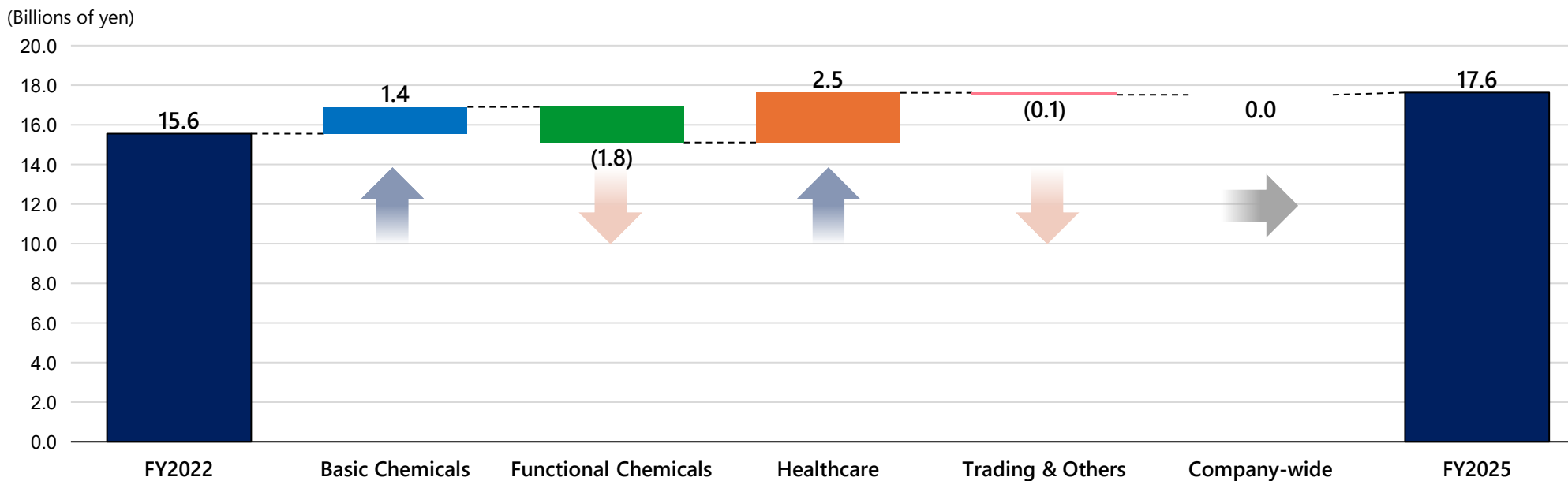
Unit: Billions of yen	FY2023-2025 Medium-Term Management Plan	FY2023-2025 Results	Difference
Strategic investment	15.5	11.1	(4.4)
Investment for maintenance and production efficiency	9.5	8.3	(1.2)
Total	25.0	19.4	(5.6)

- 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**

Responded to problems at our allyl chloride production facility by further strengthening facility management to establish a stable production framework
Facilitated improved earnings through cost reduction initiatives and aggressive expansion of sales

- **Functional Chemicals**

Realized accelerated new-customer adoption for acrylic rubber and non-phthalate allyl resin
Although sales volumes of allyl ethers increased, market conditions remained weak, while epichlorohydrin rubber struggled due to reduced automobile production in Europe

- **Healthcare**

Steadily captured strong demand for diabetes and obesity medications, strengthening earnings capacity
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
- Will need to further accelerate development and commercialization in order to create future global niche-top products

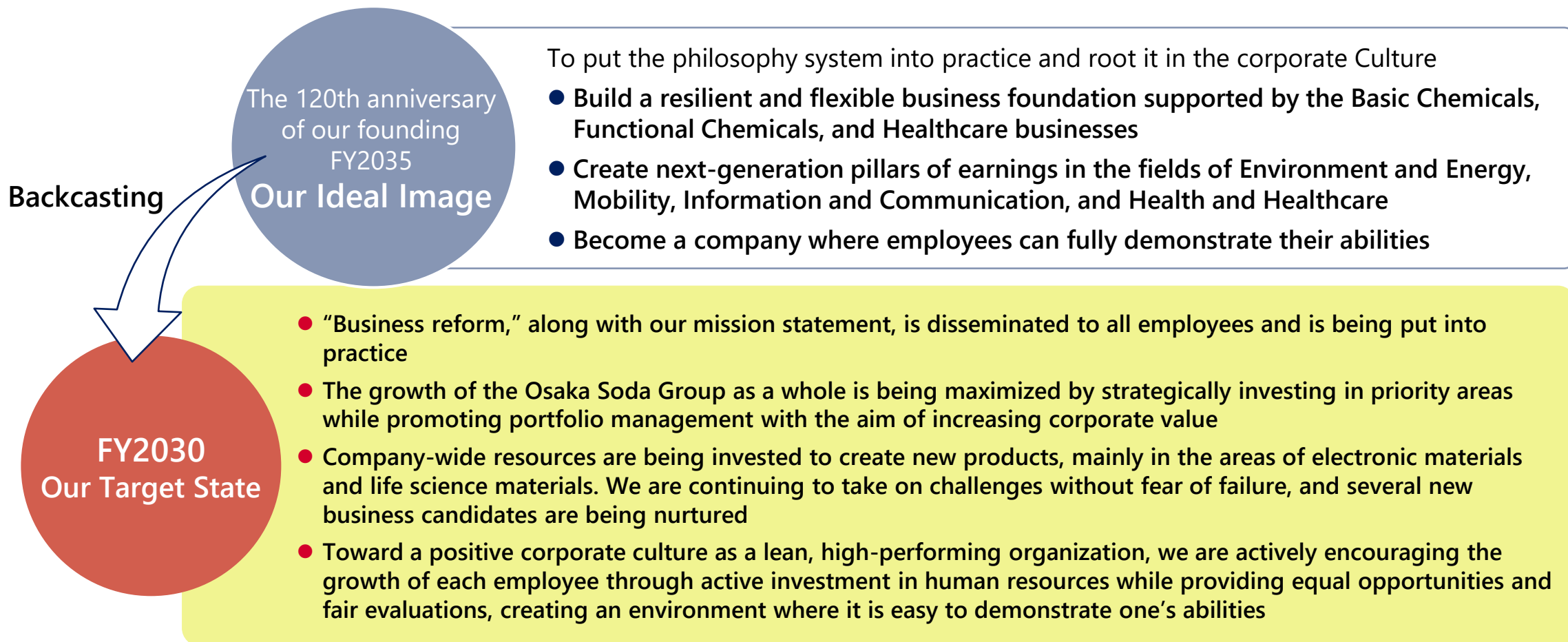
3. Promotion of sustainability management

- Promoted initiatives to reduce GHG emissions and environmental impacts
- Enhanced the quality and quantity of disclosed information through various initiatives, including by strengthening dialog with investors
- 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
- Updated the core system to realize data-driven management and continued efforts to ensure its early establishment and utilization

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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.



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

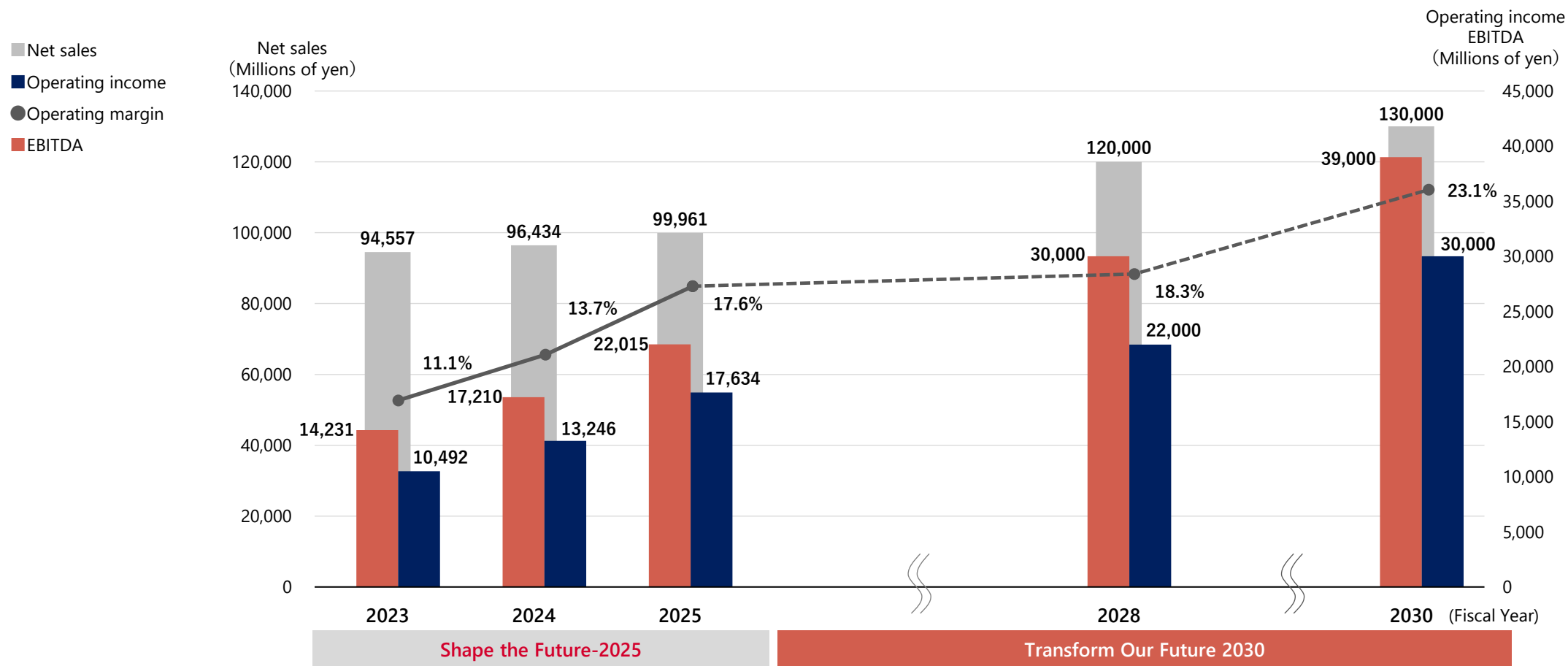
(not taking into account the situation in the Middle East)

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)

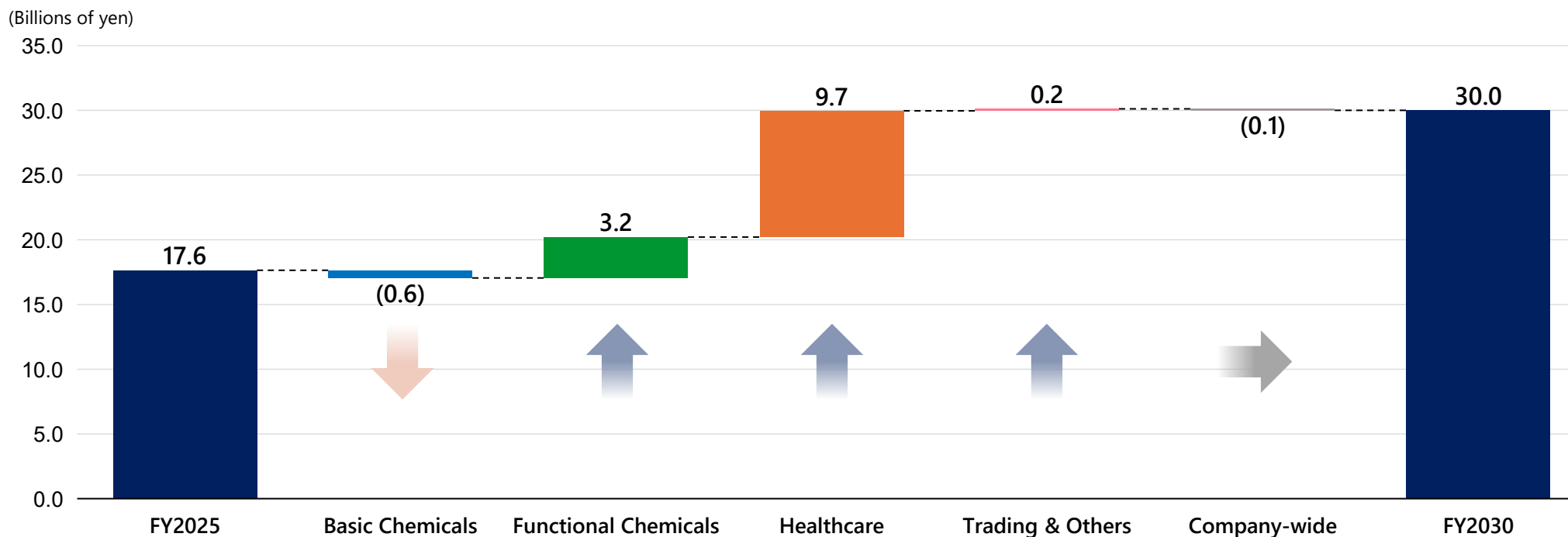
Assumptions

Exchange rate : USD/JPY 145, EUR/JPY 170
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

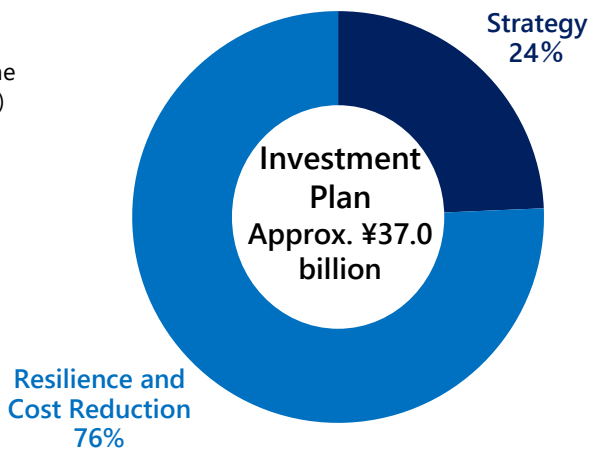
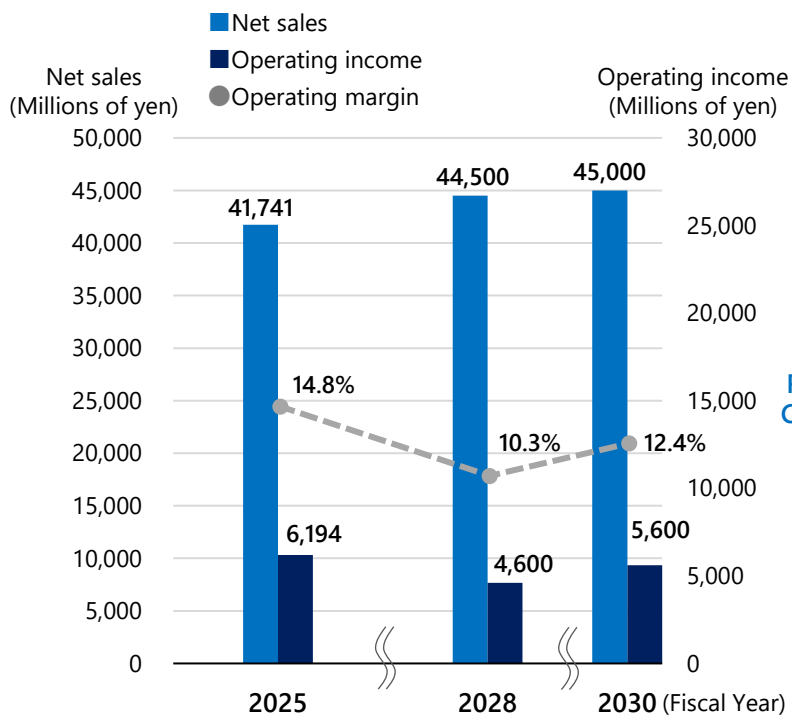
Accelerate growth in healthcare while rebuilding the value of existing businesses and strengthening competitiveness

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



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

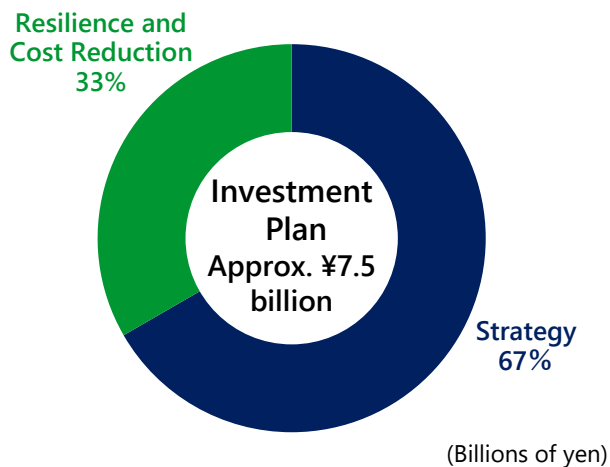
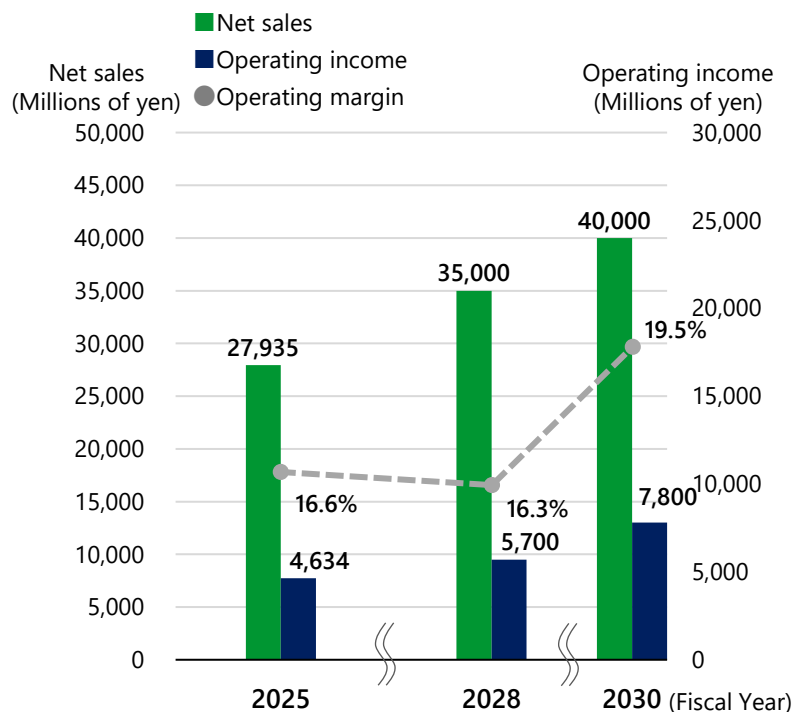
- Promote community-based sales (Chlor-alkali)
- Capture new chlorine demand
- Strengthen flexible sales systems (Epichlorohydrin)
- Reduce costs through improved production efficiency in existing businesses
- Commercialization of silver nanoparticles

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



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

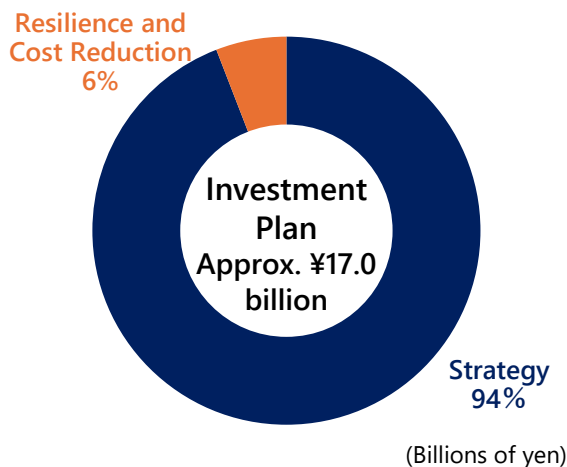
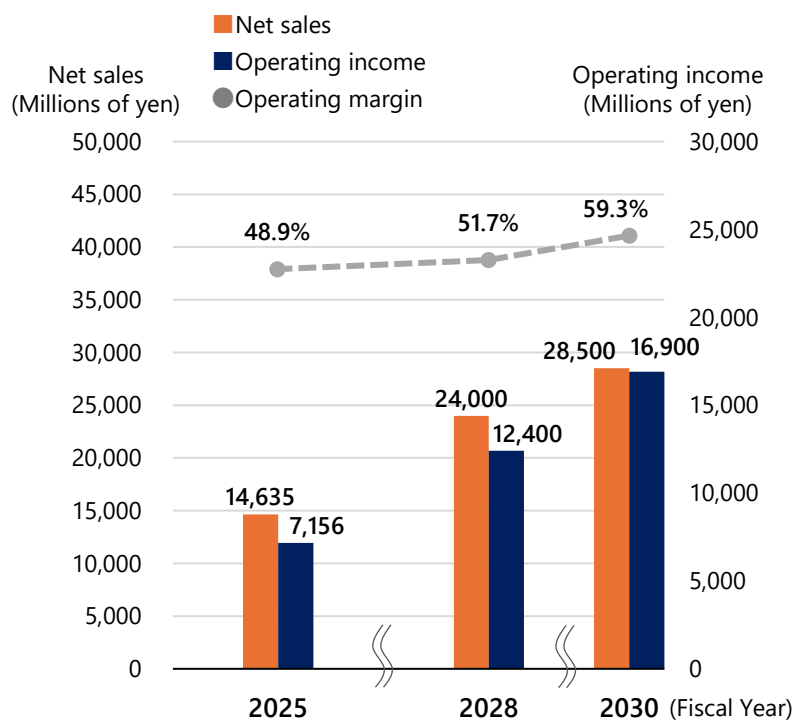
- Expand market share and capture substitution demand (Synthetic Rubber and Synthetic Resin)
- Expand into applications for high-voltage and high heat-resistant molding materials (Synthetic Resin)
- Expand capacity (Allyl Ethers)
- Promote improvement in unit consumption, yield enhancement, and process 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



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

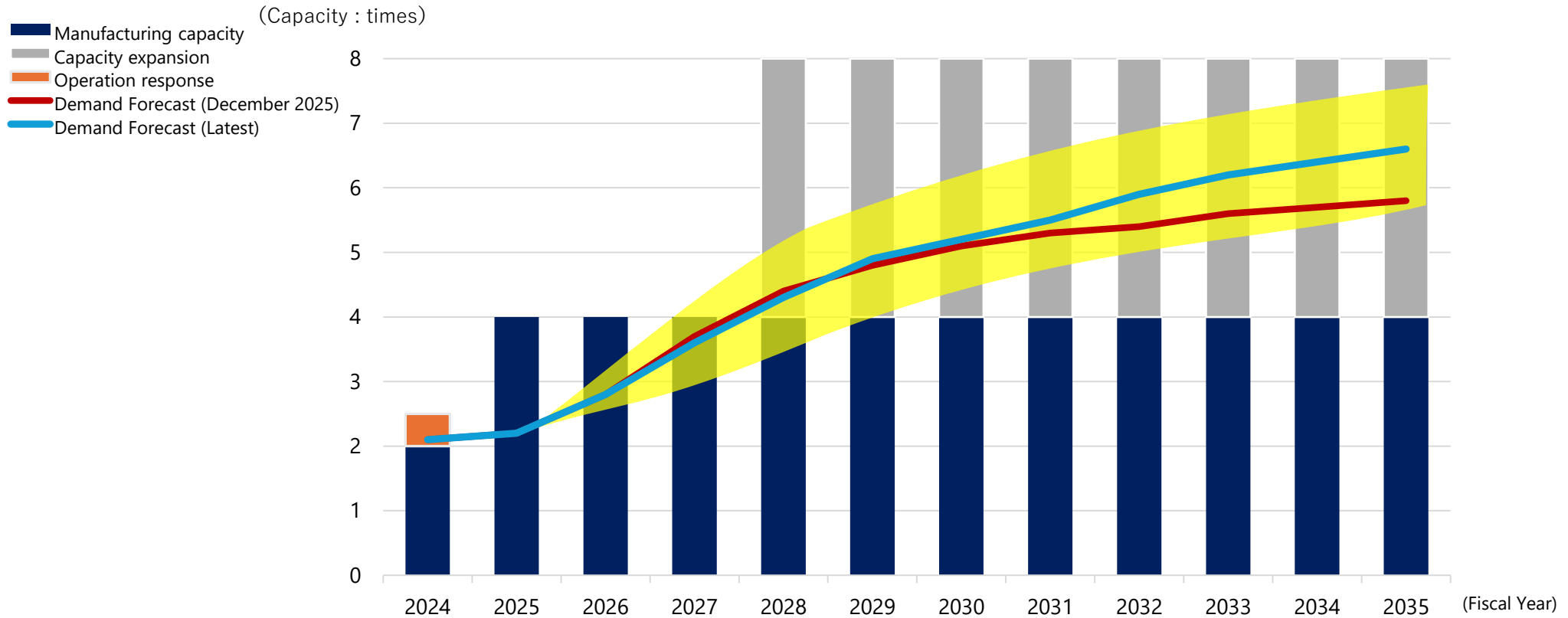
- Pharmaceutical purification silica gel
Expansion in diabetes and obesity treatment markets driving 15 – 20% annual growth
- APIs and their Intermediates
Small-molecule drugs grow at 3 – 5% annually
Peptide, nucleic acid, and antibody pharmaceuticals expected to grow at around 10% annually

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

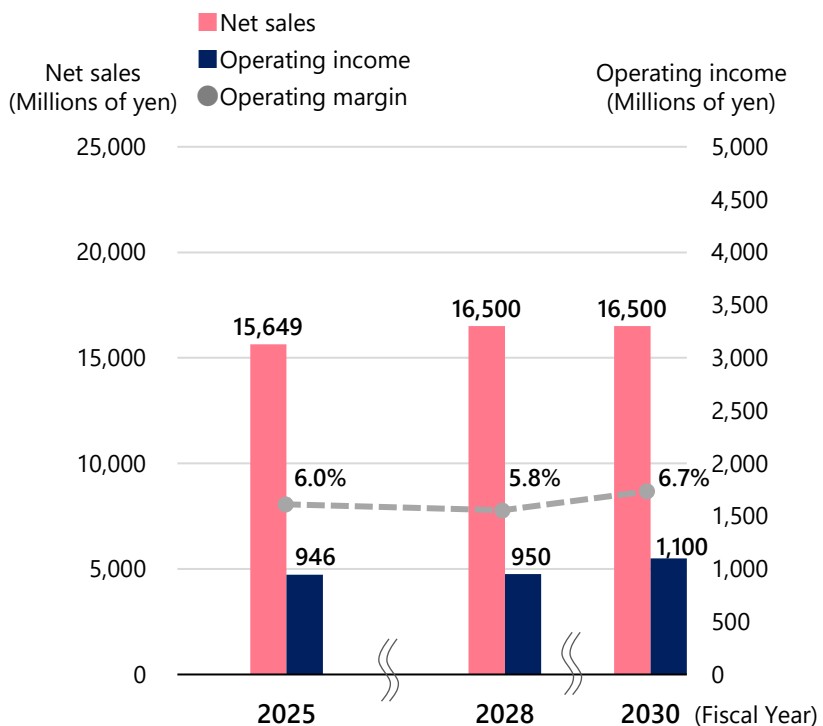


Trading and Others

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

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

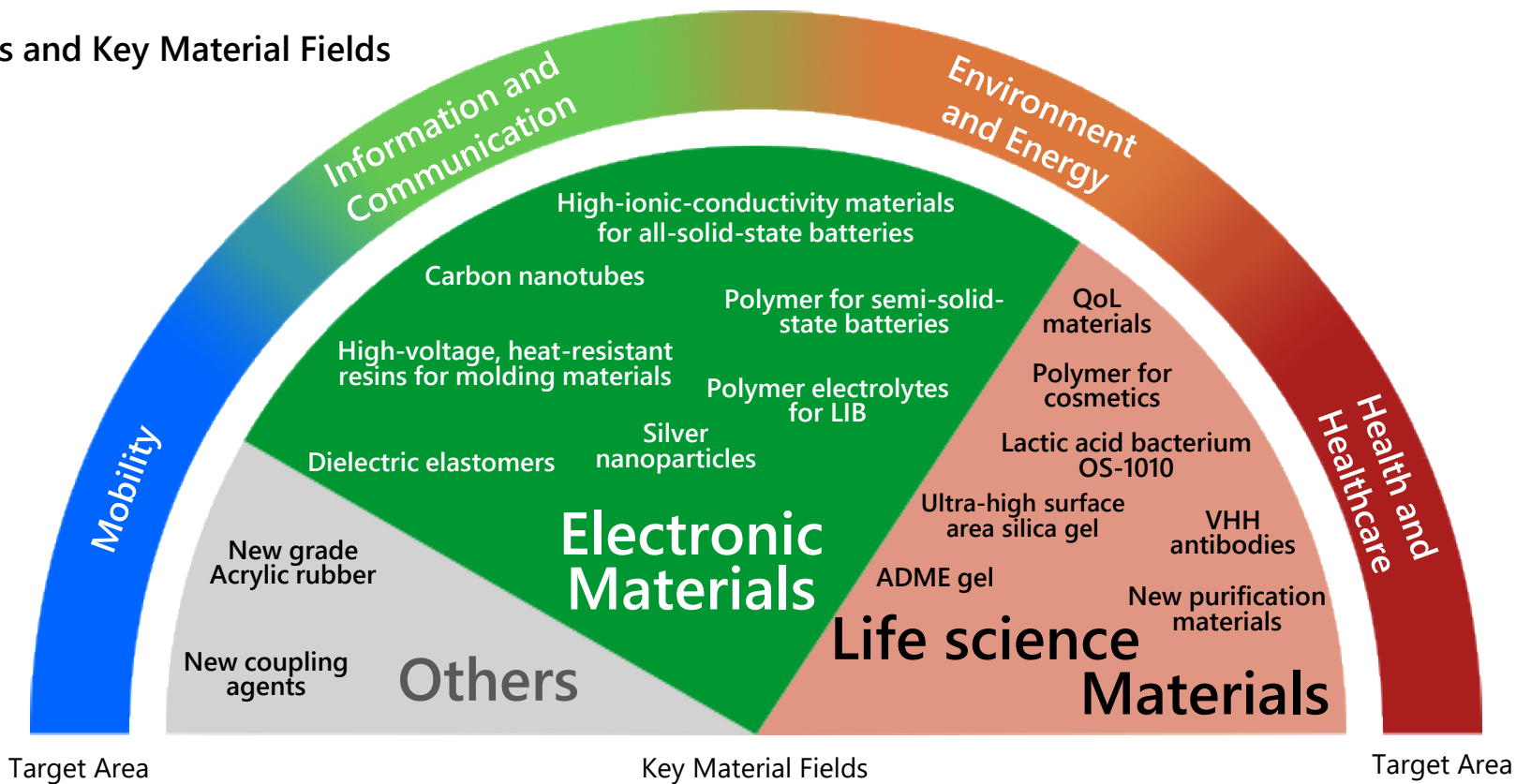
Creating New Businesses by Mobilizing Companywide Capabilities

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

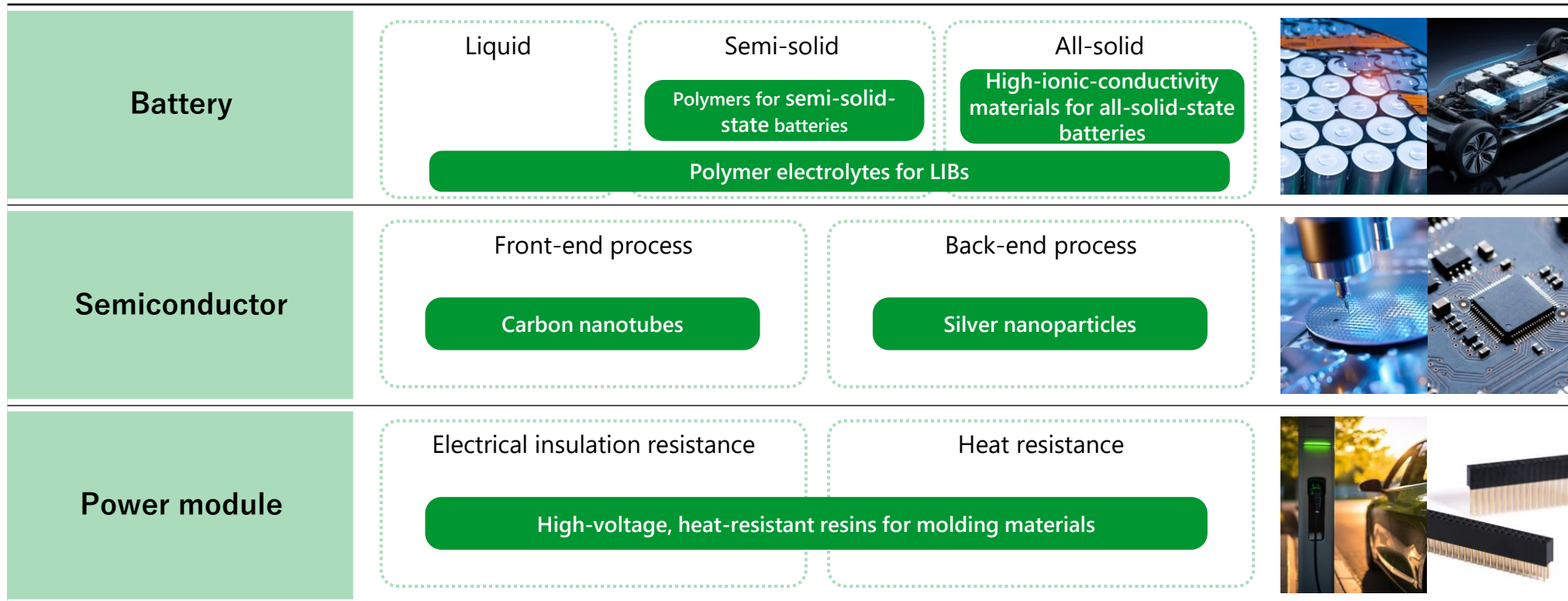


Osaka Soda Group Development Product Portfolio

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

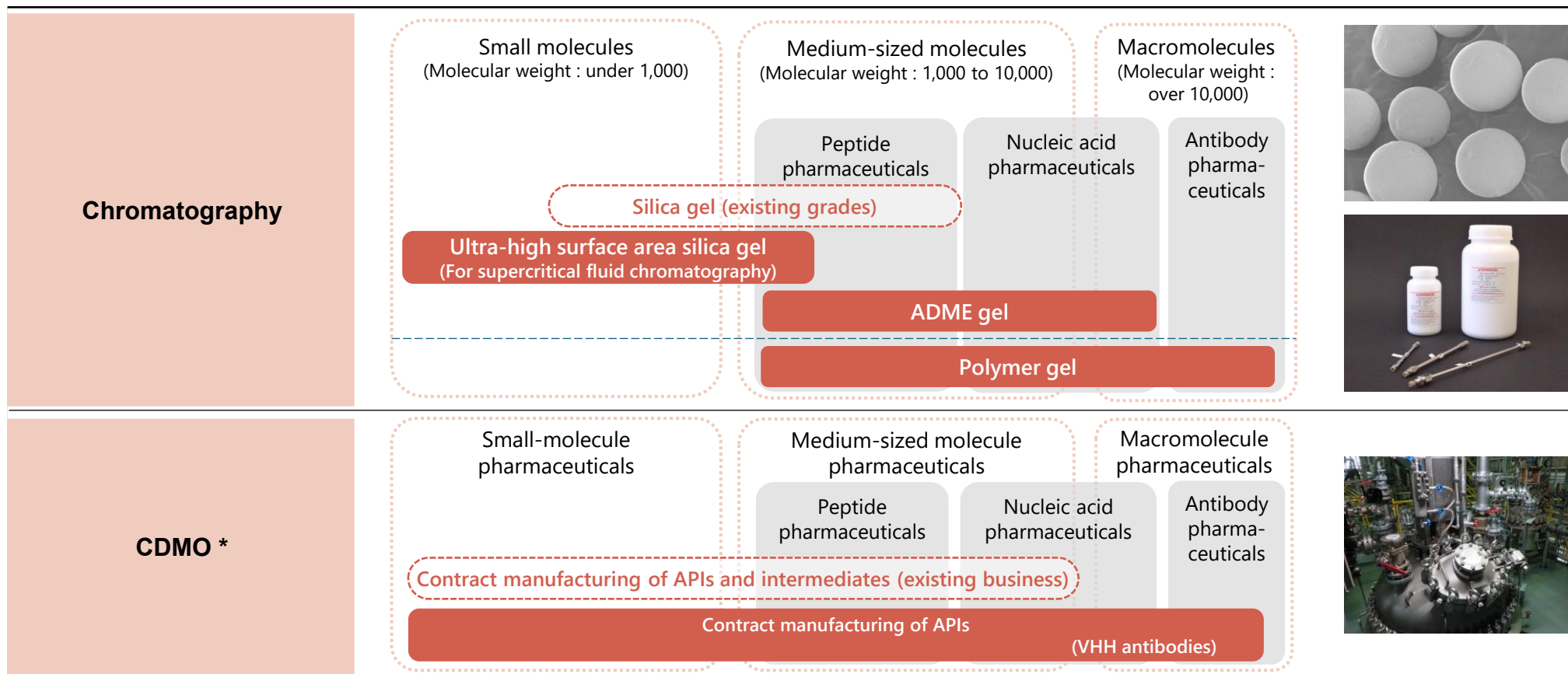


Osaka Soda Group Development Product Portfolio

Life science Materials

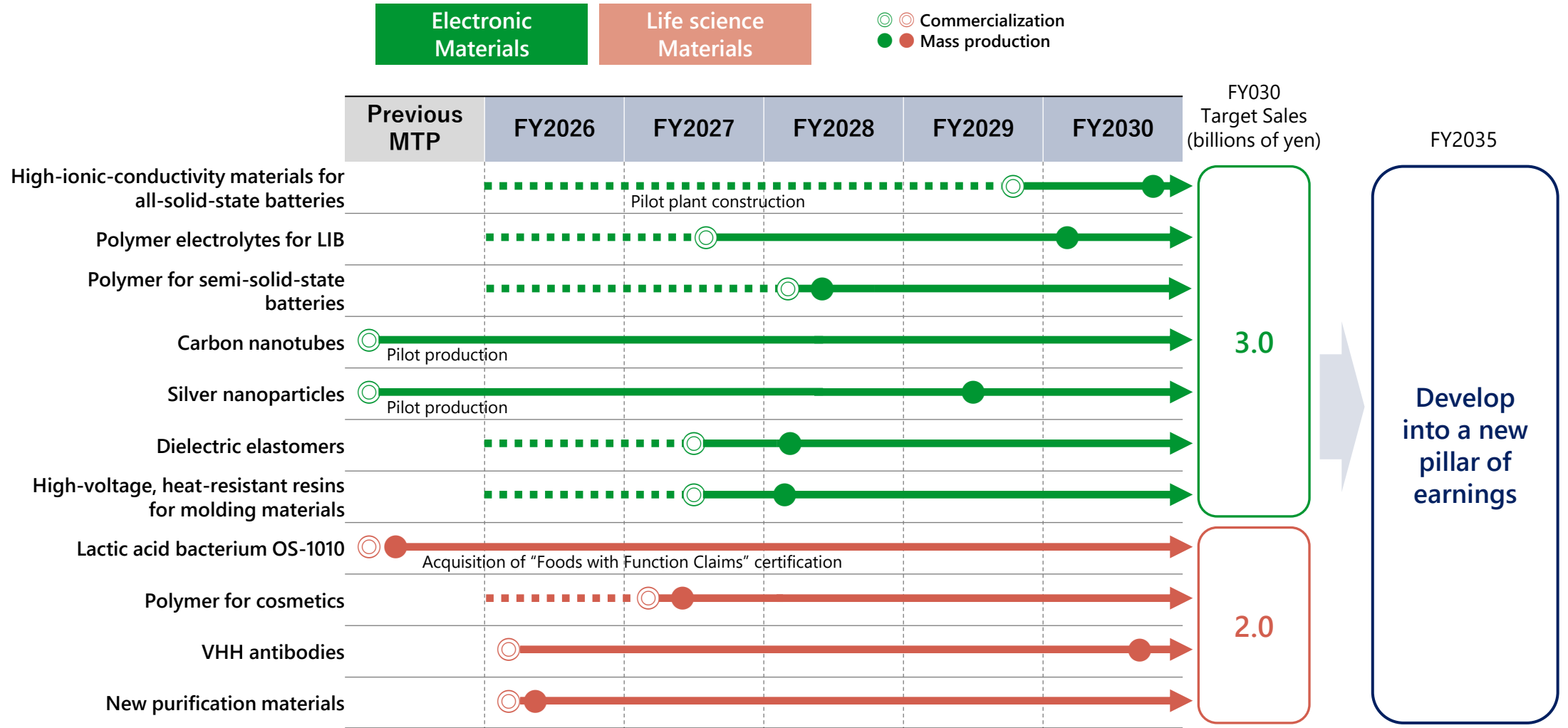
Materials that contribute to improving QoL by leveraging synthesis technologies and biotechnology

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



* Contract Development and Manufacturing Organization

New Product Pipeline



Basic Policy 3

Strengthening the Management Foundation to Adapt to Changes in the Business Environment

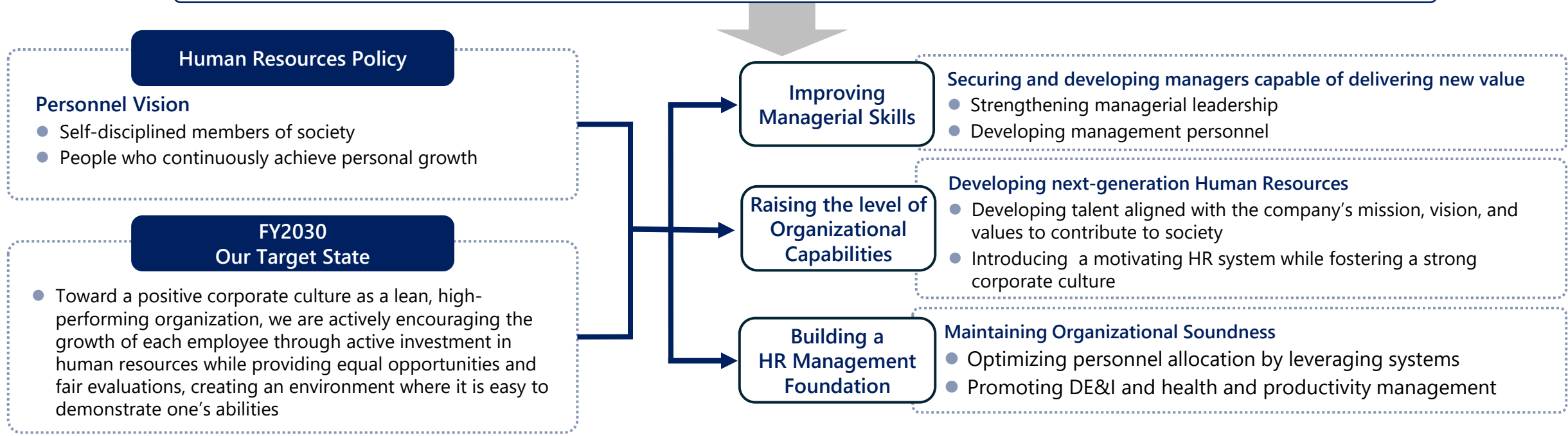
Build an organization that balances efficiency and adaptability, and advance sustainability management

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



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

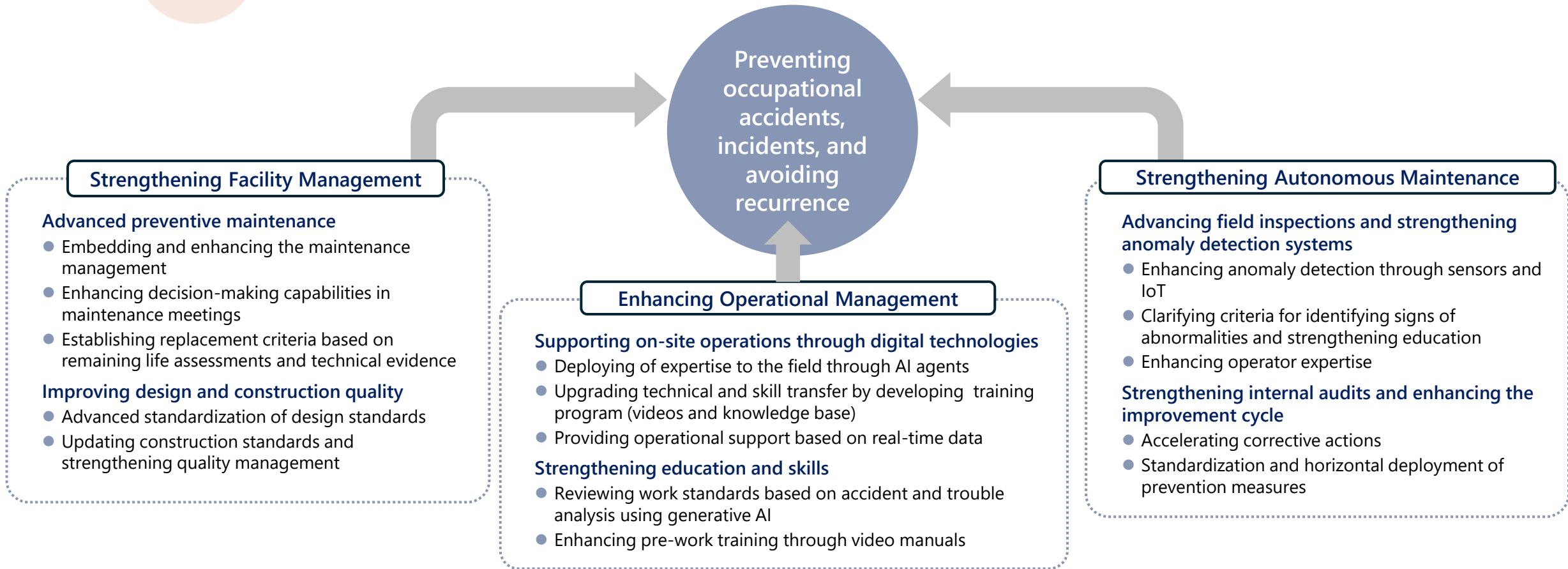
Improving Operational Efficiency

- 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

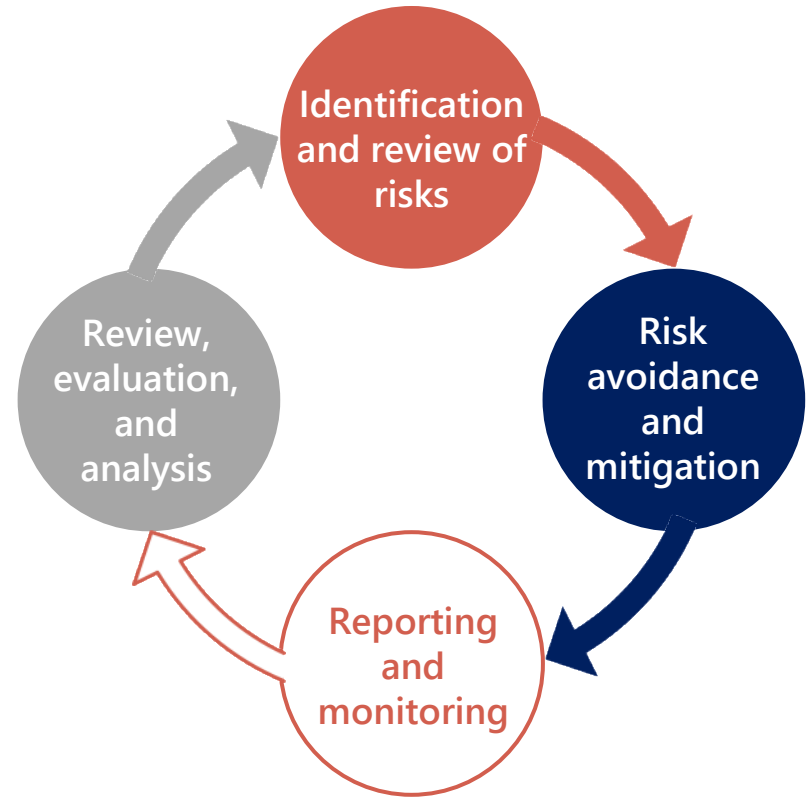


Risk Management

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



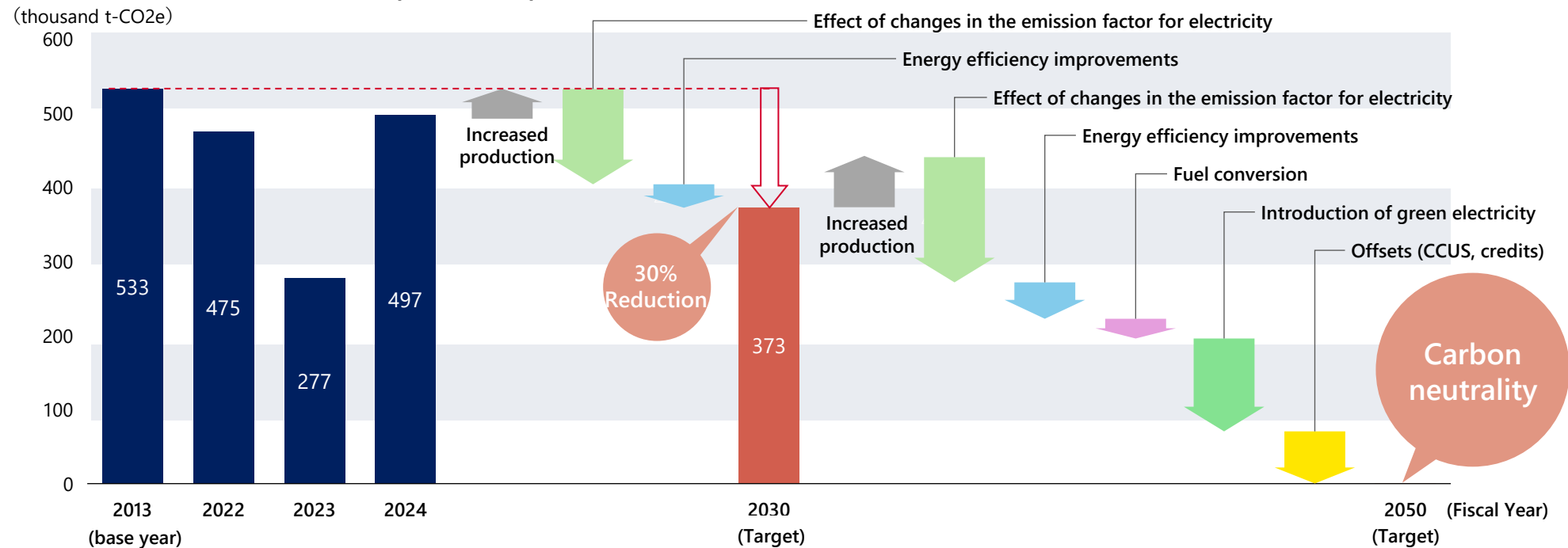
Carbon Neutrality

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) \geq **30%**
(Total Scope 1 & 2) (Compared to FY2013)
- GHG reduction (FY2050) **Carbon Neutrality**
(Total Scope 1 & 2)

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 \geq **7.0%**
- Ratio of female new graduates hired \geq **30%**
- Employment rate of persons with disabilities \geq **Statutory requirement**



Promoting work-life balance

- Annual paid leave use ratio \geq **90%**
- Childcare leave use ratio for male employees \geq **90%**

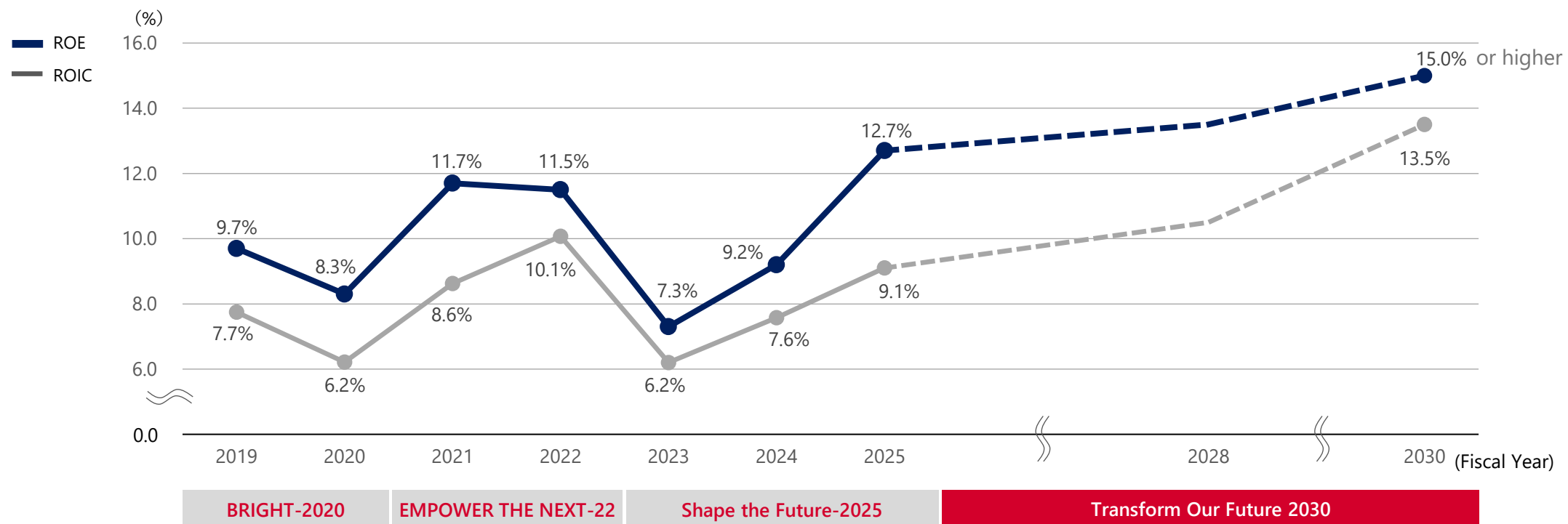
Capital Strategy

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

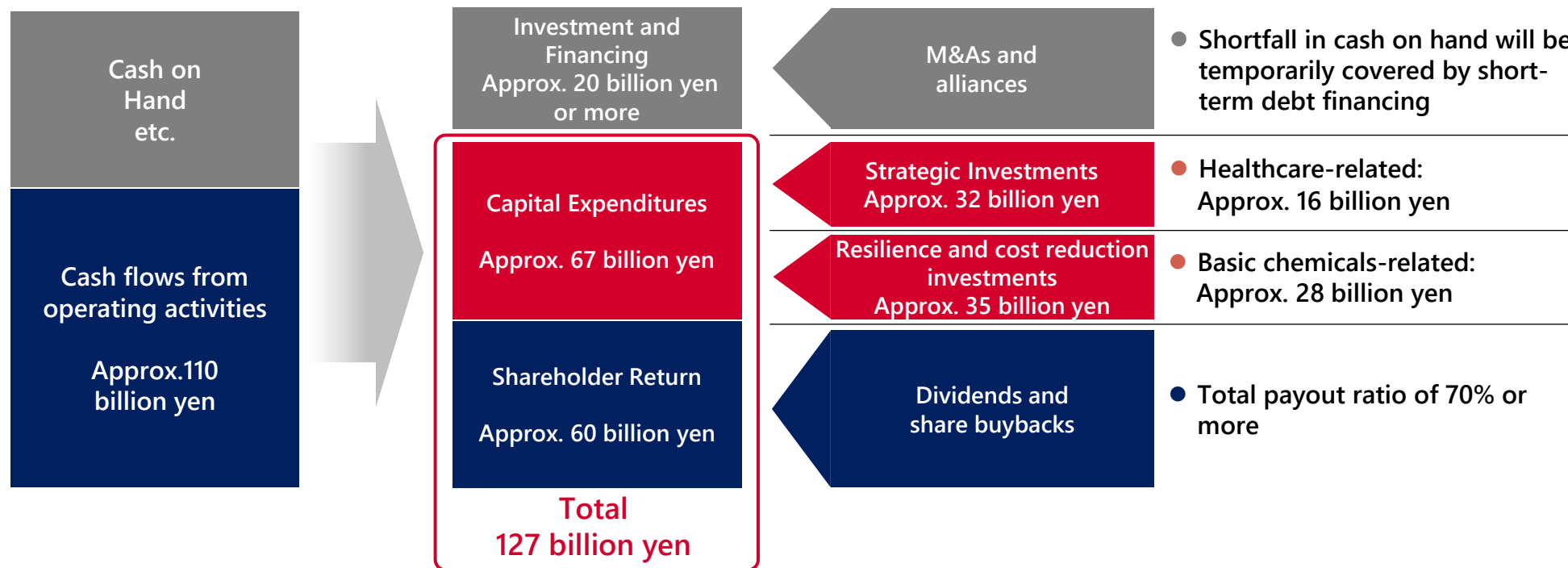
Trends in ROE and ROIC (FY2019~FY2030)



Cash Allocation

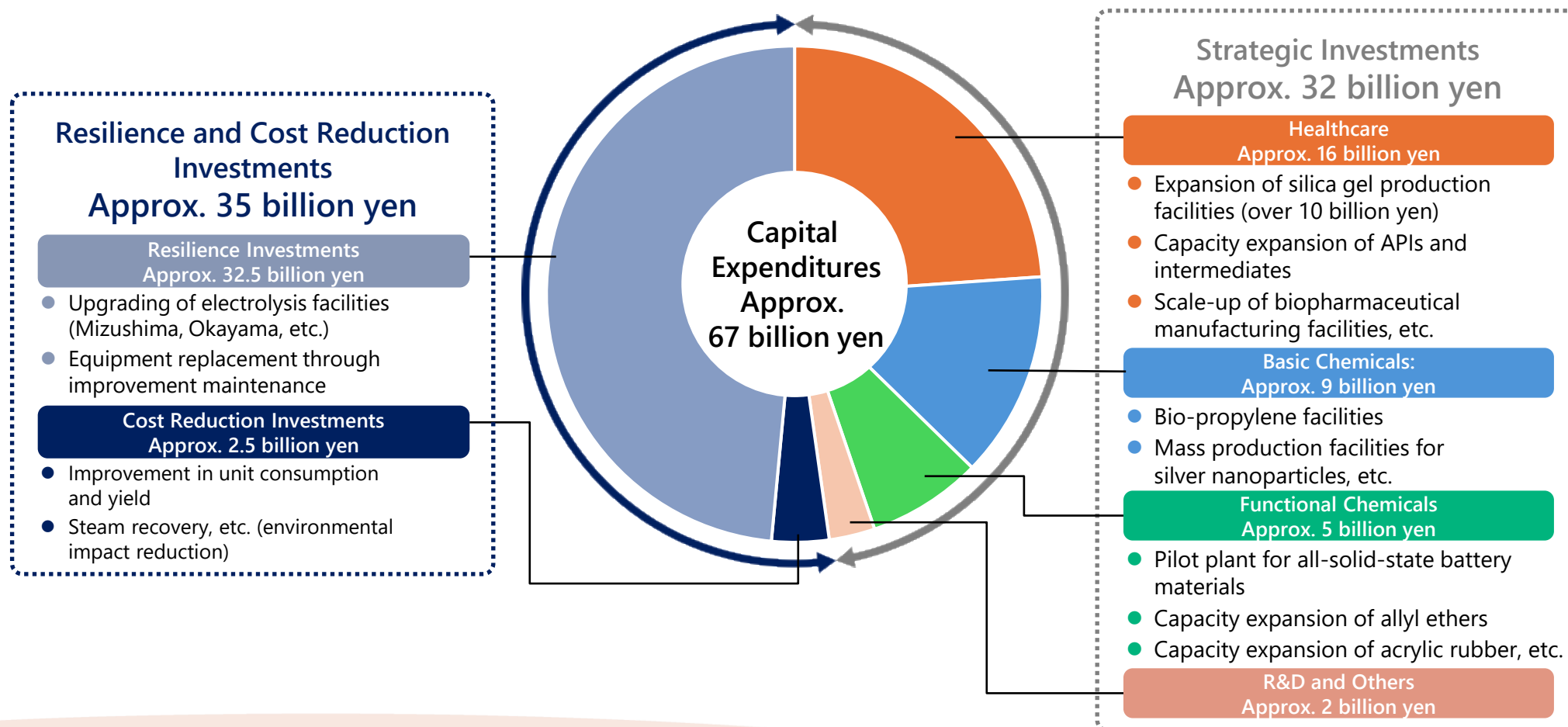
- Operating cash flow is expected to reach 110 billion yen cumulatively over five years, driven by significant growth in the healthcare segment
- Generated cash and available funds will be used for strategic investments as well as Resilience and cost reduction investments, while enhancing shareholder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

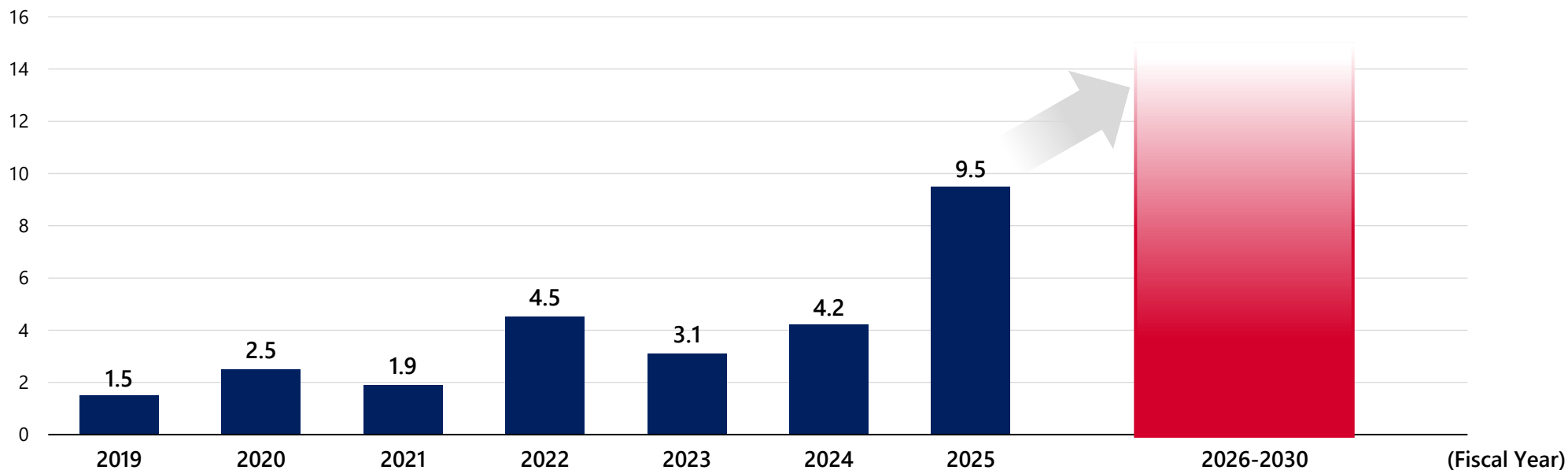


Shareholder Returns

- 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)

(billion yen)



BRIGHT-2020
EMPOWER THE NEXT-22
Shape the Future-2025
Transform Our Future 2030

Total payout ratio	2019	2020	2021	2022	2023	2024	2025	2026-2030 (Target)
	23.7%	41.6%	19.8%	43.0%	40.4%	40.7%	61.3%	70% or higher (Target)

**Contact : Osaka Soda Co., LTD.
Public Relations Group, Corporate Planning Department
TEL : +81-(0)6-7733-1005**

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