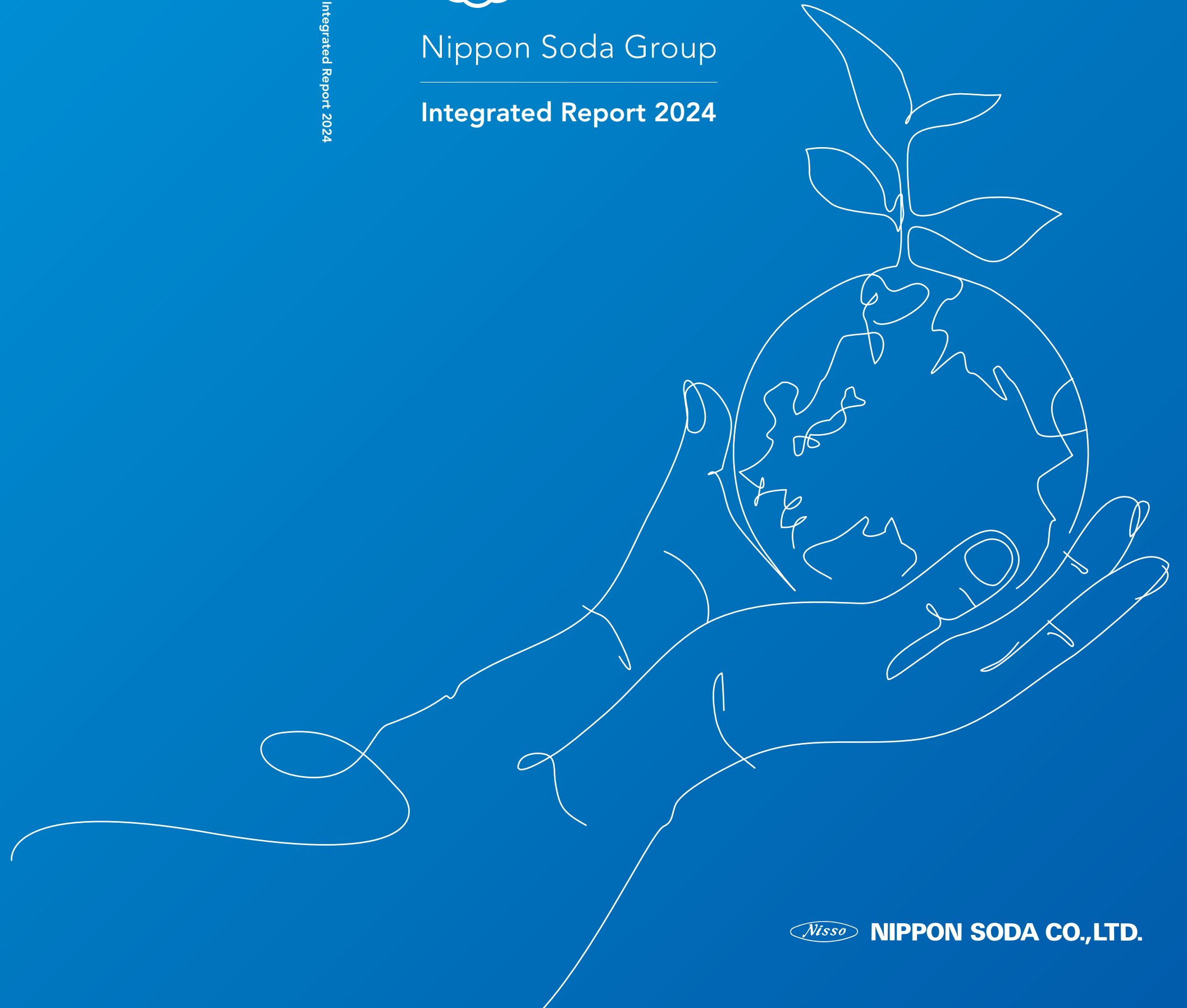




Nippon Soda Group

Integrated Report 2024



 **NIPPON SODA CO.,LTD.**

For inquiries, views, and comments regarding *Integrated Report 2024*, please contact us via the following website.  
<https://www.nippon-soda.co.jp/e/contact/>

Corporate Communication Section,  
General Affairs Department,  
Nippon Soda Co., Ltd.  
2-7-2, Marunouchi, Chiyoda-ku, Tokyo 100-7010, Japan  
Tel: +81-3-6366-1920 Fax: +81-3-4212-9664

 **NIPPON SODA CO.,LTD.**

## Mission of the Nippon Soda Group

# Create New Value through the Power of Chemistry and Increase Corporate Value by Contributing to Society

## Our Challenge

The daily challenges of each and every employee lead to the realization of our mission.



As we address challenges alongside our customers, in addition to finding mutual solutions we will continue working to reduce our environmental impact.

Advanced Materials Section  
Functional Chemicals  
Business Department  
Chemicals Business Division

We will ensure thorough compliance, continue with safe, stable, and secure operations, and strive to ensure zero accidents and zero disasters.

Fine Chemicals 2nd Section  
Manufacturing Department  
Nihongi Plant  
Production Division



I hope to extend the new agricultural technologies we develop worldwide and help to protect farmers' valuable crops.

Asia Pacific Section  
2nd. Overseas Business Department  
Agro Products Division



Through the creation of systems that enable employees to work with high motivation, I hope to brighten society as part of a Company that attracts brilliant talent.

Human Resources Department



We will create new value and new strengths that contribute to the future through innovative biotechnologies.

Synthesis Technology  
Research Department  
Research & Innovation Center  
Research & Development Division

By enhancing our chemical expertise and combining diverse fields, we will endeavor for innovative value creation for a sustainable society.

Chiba Research Department  
Production Technology Center  
Research & Development Division



## CONTENTS

### Value Creation at the Nippon Soda Group

- 01 Mission of the Nippon Soda Group
- 02 Mission Realization Stories
- 04 History of Value Creation
- 06 Value Creation Model
- 08 Technologies and Six Types of Capital for Value Creation
- 10 Source of Value Creation—The DNA of Nippon Soda
- 12 Message from the President

### The Path to Sustainable Growth

- 18 Toward a Realization of Our Long-term Vision: Brilliance through Chemistry 2030
- 20 Brilliance through Chemistry Stage II: Progress and Achievements
- 22 Materialities at the Nippon Soda Group
- 23 Course of Action for the Medium-term Business Plan
- 24 Feature: Research and Technology Strategy
- 28 The Nippon Soda Group's Businesses

### Promotion of Sustainability Management

- 36 Our Approach to Sustainability-focused Management
- 38 Environmental Strategy
- 41 Human Resources Strategy
- 45 Supply Chain Management
- 46 Process Safety and Disaster Prevention
- 47 Occupational Safety and Health
- 48 Logistics Safety and Quality Assurance
- 48 Chemical and Product Safety
- 49 Engagement with Local Communities and Society
- 50 Outside Director Discussion
- 52 Directors and Executive Officers
- 54 Corporate Governance
- 59 Compliance
- 60 Internal Controls
- 61 Business and Other Risks

### Corporate Data

- 62 10-year Financial and Non-financial Highlights
- 64 Financial Review
- 68 Consolidated Financial Statements
- 70 Consolidated Statements of Changes in Equity
- 71 Consolidated Statements of Cash Flows
- 72 Company Information / Shareholder and Investor Information

Note: Unless otherwise indicated, values are rounded to the nearest increment.

#### Editorial Policy

*Integrated Report 2024* comprehensively conveys the activities of the Nippon Soda Group to increase its corporate value, and achieve its medium- to long-term targets, in both financial and non-financial terms. When producing this *Integrated Report*, we strove to provide an easy-to-understand overview of our value creation process by referring to the *Guidance for Collaborative Value Creation 2.0* of the Ministry of Economy, Trade and Industry. Moreover, to ensure transparency and accountability, the contents of this *Integrated Report 2024* and our *ESG Data Book 2024* have been approved by the Corporate Social Responsibility Administration Meeting, which includes all Nippon Soda directors as members.



#### Period of This Report

April 1, 2023–March 31, 2024 (FY 2024)  
Also contains some information from beyond this period.

#### Scope of This Report

Nippon Soda Co., Ltd. and Nippon Soda Group companies.

#### Third-party Verification

In the interest of ensuring the transparency and reliability of the information contained in *Integrated Report 2024* and *ESG Data Book 2024*, third-party verification has been performed by the Japan Chemical Industry Association. *ESG Data Book 2024* contains a statement regarding third-party verification.

#### Forward-looking Statements

*Integrated Report 2024* includes forward-looking plans and strategies, as well as forecasts and outlooks for business performance. Please note that various factors may cause actual results to differ from these forecasts and outlooks.

## Mission Realization Stories

Since its founding, the Nippon Soda Group has strived to fulfill its mission to create new value through the power of chemistry and increase corporate value by contributing to society. Here we introduce examples of how we have accumulated value together with our stakeholders.

### NISSO HPC—A Product That Continues to Meet Market Needs

Although Japan previously relied on overseas imports for the pharmaceutical additive hydroxypropyl cellulose (HPC), there was increasing demand from pharmaceutical companies for domestically produced HPC to ensure quality and stability of supplies. In line with this need, we began development of NISSO HPC and released it to market in 1969. In 1985, NISSO HPC was adopted as the standard formulation for wet granulation, becoming our leading binding agent in the process. Through careful communication with our customers and consistent responses to sophisticated quality requirements, sales of NISSO HPC continue to grow. Currently, we are working alongside employees from our overseas sites to build a global technological support system. In addition, we are collaborating with universities and other external institutions to provide technological data from advanced fields and maximize our value proposition.

### Technological Capabilities to Ensure High Quality and Stable Supply

#### 1 Providing diverse brands with differing viscosity and molecular weight through high-precision synthesis

NISSO HPC is one of the few additives that dissolves both in water and alcohol, and is mainly used as a binder to form tablets for pharmaceuticals. It provides outstanding functions such as binding force to increase tablet hardness and the ability to facilitate the sustained release of active ingredients. We offer a diverse lineup of brands with differing viscosity and molecular weight to cater to customers' various applications.

#### 2 Production technology for continuous production in a safe and secure manner

As pharmaceuticals are directly linked to people's health and life, appropriate management of the manufacturing process is essential. As such, in the pharmaceutical manufacturing process, there are predetermined standards for production management and quality control (GMP). At our NISSO HPC manufacturing locations, products are made based on strict production management and quality control in line with GMP standards, which are in accordance with the Japanese Pharmacopoeia, the US Pharmacopoeia, and the European Pharmacopoeia.

### Co-Creation with Stakeholders



**Naochika Asai**  
Executive Officer  
General Manager  
Development & Technology  
Management Department  
Powder Machinery  
Business Division  
Dalton Corporation

#### NISSO HPC's thorough market penetration is supporting the development of formulation technologies

My relationship with Nippon Soda began around 22 years ago when I took over as a member of the planning committee at the Standard Formulation Research Forum.\* At the time, HPC-L had already been incorporated in standard formulations for pharmaceuticals, and was the natural choice of additive in performance evaluations for formulation equipment. As NISSO HPC has such an overwhelming presence in the industry, when showcasing the performance of our equipment, we use HPC-L to make it easier for customers to understand operating conditions and compare performance. My association with Nippon Soda was reinforced around 14 years ago when the pharmaceutical industry began investigating the use of continuous production systems. We also discussed this development at the Forum, and after several years Nippon Soda proposed different grades from HPC-L. After some trials, we found that there were improvements in the physical properties of granules and tablets. As a result, we were able to introduce our machinery with these findings as an objective assessment by a public organization, which greatly expanded the range of proposals we could offer to our customers.

I have a strong impression that Nippon Soda is a company that challenges itself with various possibilities and conducts extensive in-house research. In addition to pharmaceutical additives, the company also produces agrochemicals and other products that are essential to people's lives. I hope that the company will continue to thrive as a leader in the industry, while maintaining its current approach. I look forward to the company helping to maintain safe and secure environments through the stable supply of high-quality products.

\* A non-profit research organization for industry personnel, such as those from pharmaceutical companies, additive manufacturers, and formulation equipment manufacturers. The Forum's aim is to improve industry-wide technologies and efficiency through R&D on standard pharmaceutical formulations and manufacturing methods. The Forum's achievements are widely recognized within the industry and often seen as industry standards, with a role similar to that of public organizations.

#### The potential of NISSO HPC and its ability to reduce the burden on patients taking medicine

My association with NISSO HPC began in the early 1990s when I was researching particulate coating agents for pharmaceuticals. While technologies for the coating of tablets and granules had already been established, at the fine particulate level there were issues with how to prevent agglomeration. In response, we began investigating use of the new, low-viscosity HPC-SSL, and were able to establish a fine particle coating technology. This technology has been applied to various easy-to-drink tablets and is helping to improve medication adherence\* for patients struggling to drink bitter medications, for example. Today, using Nippon Soda's enhanced product lineup, including an even lower viscosity HPC, as well as additives that we are developing together, we are examining applications in dispersion stabilizers for nanosuspensions, which improve medicine dissolvability, and conducting research and development on fine particle coating formulations that control the release of active ingredients depending on humidity levels.

Nippon Soda provides us with thorough support with everything from quick response to research results to poster presentations at academic conferences. Moreover, through the provision of technology information in joint research and the hosting of in-depth meetings for patent applications, the company's careful support shows its strong dedication to fulfilling its corporate social responsibility. In the future, I look forward to Nippon Soda's advanced technological capabilities contributing to the development of new additives and formulation technologies that are suited to next-generation active ingredients, with properties that cannot be found in existing additives.

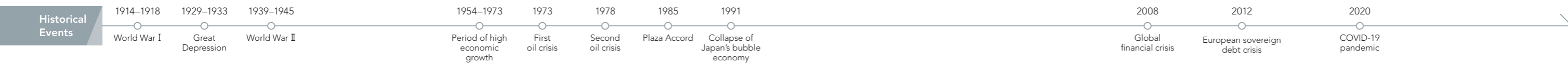
\* Patients' ability to actively undergo treatment using medicines based on a thorough understanding and agreement with treatment plans.



**Hideki Ichikawa**  
Vice President  
Professor  
Faculty of Pharmaceutical  
Sciences  
Kobe Gakuin University

# History of Value Creation

Since its founding in 1920, the Nippon Soda Group has diversified into business fields such as agriculture, healthcare, the environment, and information. Furthermore, we have successively created products that meet the needs of the times. By using the power of chemistry to solve the issues facing society and by creating value with an eye on the future, we will continue to contribute to the creation of a society in which every person can live with peace of mind.



**Changes at the Nippon Soda Group**

**Founding Period (1920–1944)**

As demand for domestic manufacture of chemical products increased in Japan, Nippon Soda adopted a proactive management stance to overcome market uncertainties, leading to the research and commercialization of new products through technological innovations.

**Early Period (1945–1969)**

In order to respond to post-war shortages of daily necessities and social changes during the period of high economic growth, Nippon Soda embraced the challenge of development and commercialization in various new and existing fields. As a result, Nippon Soda was able to both contribute to improved lifestyles and achieve business growth.

**Growth Period (1970–1994)**


Even in uncertain times, Nippon Soda was able to open up new growth areas through new product development that utilized the wide-ranging technologies developed since its founding. And, by enhancing its overseas hubs, the Company was able to build a foundation from which to spread its technologies worldwide.

**Development Period (1995–2024)**

As globalization advances and environmental awareness grows, Nippon Soda will look to grow its business through proactive global expansion and new product development. By applying its technologies to the advanced material and environmental fields, the Company is working to create new value and solutions to achieve further globalization.

**1913** Production R&D  
 Founder Tomonori Nakano received a patent for the Nakano method of salt electrolysis

**1920** Production  
 Established Nippon Soda Co., Ltd. for business activities related to the manufacture of caustic soda and bleaching powder  
 Started operations at the Nihongi Plant (Joetsu City, Niigata Prefecture)



Nihongi Plant

**1934** Production  
 Started operations at the Takaoka Plant (Takaoka City, Toyama Prefecture)

**1959** R&D  
 Established the Biology Research Laboratory<sup>1</sup> (Oiso, Naka-gun, Kanagawa Prefecture; integrated into the Odawara Research Center in 1984) Point 1



Biology Research Laboratory

**1969** Production R&D Sales  
 Started production of the fungicide TOPSIN (thiophanate) Point 2  
 Started production of the pharmaceutical additive NISSO HPC Point 3

**1969** Production R&D  
 Started operations at the Mizushima Plant (Kurashiki City, Okayama Prefecture)  
 Established the Agrochemical Synthesis Research Laboratory<sup>1</sup> (Odawara City, Kanagawa Prefecture)

**1970** Production R&D Sales  
 Started production of the resin additive NISSO-PB

**1970** Production  
 Started operations at the Nisso Kasei Chiba Plant (currently the Chiba Plant; Ichihara City, Chiba Prefecture)

**1972** Sales  
 Began capital participation in IHARABRAS S/A Indústrias Químicas (Brazil)

**1974** R&D  
 Established the Fine Chemicals Research Laboratory<sup>1</sup> (Odawara City, Kanagawa Prefecture; developed into the Odawara Research Center in 1984)

**1984** R&D  
 Established the R&D Laboratory for Functional Materials<sup>2</sup> (Ichihara City, Chiba Prefecture)  
 Established the Odawara Research Center<sup>1</sup> (Odawara City, Kanagawa Prefecture) Point 4

**1991** Sales  
 Participated in the establishment of Novus International, Inc. (US)

**1995** Production R&D Sales  
 Started production of the insecticide MOSPILAN (acetamiprid) Point 5

**2004** Sales  
 Acquired the agrichemical business of Dainippon Ink and Chemicals, Inc. (currently DIC Corporation)

**2010** R&D  
 Established the Chiba Research Center<sup>2</sup> (Ichihara City, Chiba Prefecture) (Integrated the R&D Laboratory for High-Functional Materials and the Production Technology Department of the Chiba Plant)

**2011** Production  
 Established Nisso Namhae Agro Co., Ltd., a joint venture manufacturing company for active agrochemical ingredients, in South Korea


**2011** Production Sales  
 Acquired Alkaline S.A.S.,<sup>3</sup> a French chemical manufacturer

**2017** Production R&D Sales  
 Started sales of the fungicide PYTHILOCK (picarbutrazox)

**2018** Sales  
 Acquired the plant health business of Zoetis Japan Corporation

**2020** Production R&D Sales  
 Started sales of the acaricide DANYOTE (acynonapyr)

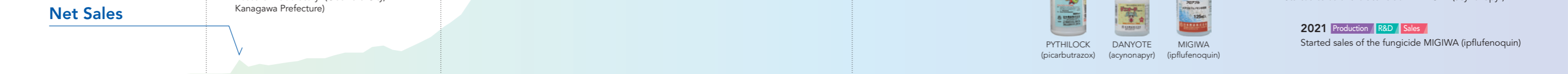
**2021** Production R&D Sales  
 Started sales of the fungicide MIGIWA (ipflufenquin)



PYTHILOCK (picarbutrazox)    DANYOTE (acynonapyr)    MIGIWA (ipflufenquin)

(Note) Due to a change in accounting standards, reporting of net sales changed from a non-consolidated basis (Nippon Soda Co., Ltd.) to a consolidated basis as of FY 2000.

**Net Sales in FY 2024**  
**¥154.4 billion**



**Production** Production technology capabilities to continue the stable, safe supply of leading niche products

**R&D** Research and development capabilities for continued enhancement of highly effective products

**Sales** Full understanding of market needs

**Point 1**

We were the first organization in Japan to build a private facility to assess the efficacy and toxicity of agrochemicals, and the facility garnered much industry attention. This facility later developed into the launch pad for many of our major agrochemicals, including the acaricides MIKAJIN and MILBEX and the fungicide TOPSIN.

**Point 2**

As society's interest in lower toxicity agrochemicals grew, we developed the low-toxicity fungicide TOPSIN. Moreover, the chemical analog TOPSIN M became the first Japanese-produced agrochemical to be registered under the especially strict standards of the United States Environmental Protection Agency. This success helped to drive the increase in our export of agrochemicals.

**Point 3**

Since its featuring in the Japanese Pharmacopoeia, uses of our pharmaceutical additive NISSO HPC have continued to increase, with it now being used as a raw material for cosmetics and a food additive. Today, we continue to reinforce our production capacity in line with increasing demand.

**Point 4**

For the development of new agrochemicals, we have built a highly efficient system that brings together three research processes—compound synthesis, efficacy assessment, and safety research—at one location.

**Point 5**

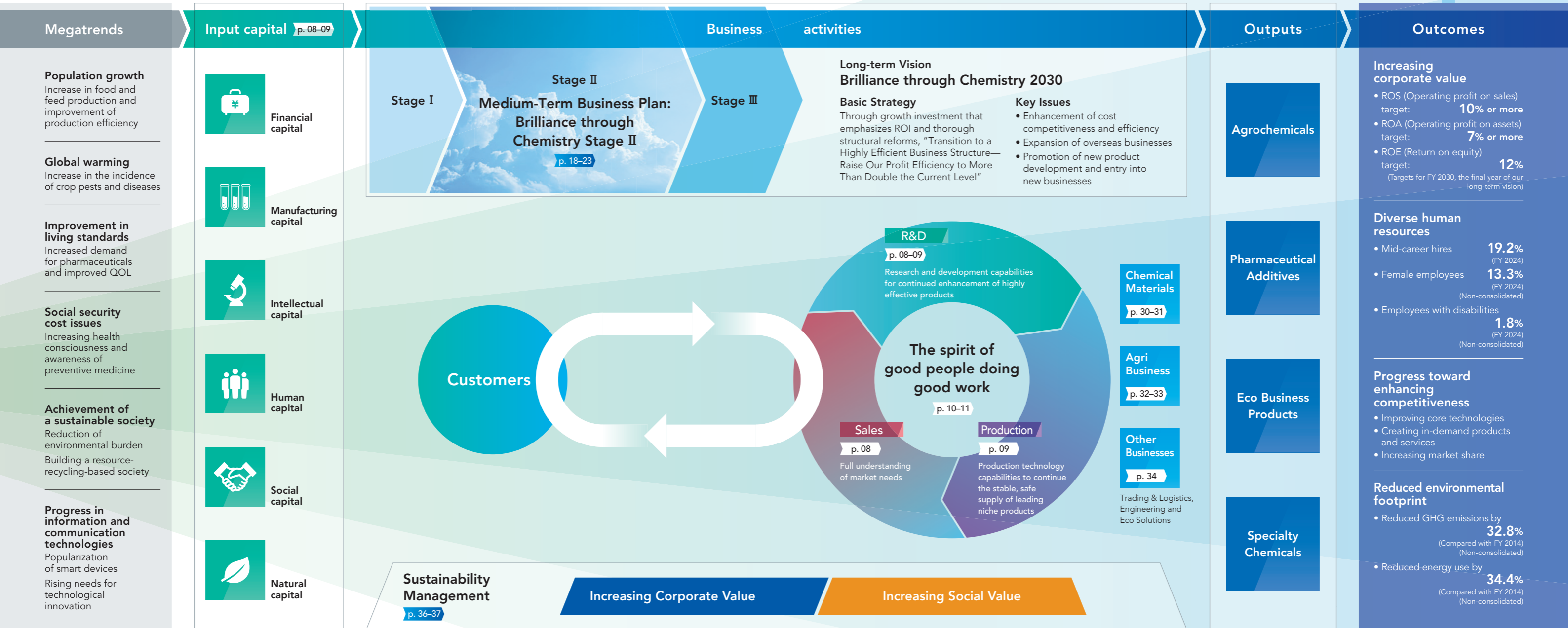
As a result of our proactive efforts to make improvements to cater to frontline requests and acquire registration for use for minor crops, our insecticide MOSPILAN (acetamiprid) has grown into a major product that can be used against the main pests for a wide variety of crops. Due to its minimal impact on the environment, MOSPILAN (acetamiprid) is the only agrochemical of its kind whose active ingredient has been registered in the EU, and sales continue to grow.

# Value Creation Model

Based on our mission, "Create new value through the power of chemistry and increase corporate value by contributing to society," we at the Nippon Soda Group will endeavor to solve social issues, increase our corporate value and social value by providing chemicals and related services, and build value creation processes that achieve sustainable growth.

Creating value together with our stakeholders

## Create new value through the power of chemistry



**Materialities**

p. 22

**Agriculture**  
Securing food and achieving sustainable agriculture



**Healthcare**  
Healthy lives to all people



**Environment**  
Toward a resource recycling society



**ICT**  
Applying the functionality of chemicals to IT devices



# Technologies and Six Types of Capital for Value Creation

## Creating Value through the Constant Enhancement of

## Technologies and Understanding of Market Needs

**Understanding Market Needs**

By effective utilization of the underlying and core technologies we have accumulated over a century, and a thorough understanding of market needs, we have made further progress in product development, technological improvement, and market development

Use of our core technologies and our understanding of market needs has enabled our products to continue evolving. As a result of this constant evolution, we have developed new products, improved technologies for our existing products, and developed new peripheral markets.

Our research centers, which serve as the base for R&D, have been organizationally integrated into the Research & Innovation Center, combining the Odawara and Chiba sites. This integration aims to foster innovation by promoting the fusion of knowledge and fusion of technologies between agrochemical R&D at the Odawara site and chemical product R&D at the Chiba site.

For the development of agrochemicals, we have a research structure in place to advance every process from basic research to field trials. One of our major strengths is our ability to carry out highly efficient and swift R&D, and product development that combines research and evaluation. For chemical development, we have created a structure that enables us to undertake everything from the development and commercialization of functional chemical products using our proprietary technologies, to research on improvements and optimizations.

Looking ahead, we will reinforce collaboration between our marketing, technology, service, manufacturing, and other departments to further improve our R&D structure.

**Capabilities in Research & Development and Production Technology**

Through improvement of the research and development and production technology capabilities we have accumulated over a century, we have created a safe, secure, stable production system that is highly efficient

In April 2024, we integrated four production technology research departments from our plants and research centers to newly establish the Production Technology Center. In addition to quickly gauging research themes and ensuring the optimal distribution of research-related resources such as technologies, equipment, and human resources, through stronger collaboration with the Research & Innovation Center we will accelerate the development of highly productive manufacturing technologies. Moreover, on top of the creation of production systems with integrated instrumentation facilities and optimal supply chains, we will promote faster digital transformations and work to improve productivity through the use of AI and data.

To respond to market needs, it is essential that we combine the research and development capabilities that allow us to continuously improve on our effective products with the production technology capabilities that supply leading niche products to our customers safely. With safety and security our foremost priority, we are working to make continuous improvements to our production technologies and in turn build an even better production structure.

## Six Types of Capital for Value Creation

<div style="text-align: center; margin-bottom: 10px;"> <p><b>Financial Capital</b></p> </div> <p><b>Capital Traits</b> Implementing financial capital strategies that emphasize investment efficiency</p> <ul style="list-style-type: none"> <li>Through growth investments that prioritize ROI and thorough structural reform, we are promoting the transition to a business portfolio that is resilient to environmental changes and that produces stable earnings.</li> <li>We are driving capital policies that consider financial soundness while prioritizing a balance between growth investments and shareholder returns.</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Investments in products and businesses that can enhance our ability to generate cash flows.</li> <li>Thorough implementation of appropriate investment risk assessments. Liquidation of products and businesses with inferior investment efficiency.</li> <li>Implementation of timely and appropriate shareholder returns.</li> </ul> <p><b>Capital Reinforcement Policy</b> In addition to improving capital efficiency through the liquidation of unprofitable businesses, we will promote the expansion of high-added-value businesses, implement growth investments, and move forward with the transition to a highly efficient business structure. Moreover, in our medium-term business plan we are targeting a total return ratio of more than 50%, and so while providing stable dividends, we will flexibly implement share buybacks.</p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>ROS (Operating profit on sales)</td> <td style="text-align: right;"><b>10% or more</b></td> </tr> <tr> <td>ROA (Operating profit on assets)</td> <td style="text-align: right;"><b>7% or more</b></td> </tr> <tr> <td>ROE (Return on equity)</td> <td style="text-align: right;"><b>12%</b></td> </tr> </table> <p><small>(Long-term vision KPI [FY 2030])</small></p>	ROS (Operating profit on sales)	<b>10% or more</b>	ROA (Operating profit on assets)	<b>7% or more</b>	ROE (Return on equity)	<b>12%</b>	<div style="text-align: center; margin-bottom: 10px;"> <p><b>Manufacturing Capital</b></p> </div> <p><b>Capital Traits</b> Creating a business foundation using our advanced technologies and expertise</p> <ul style="list-style-type: none"> <li>Based on our sophisticated, proprietary production technologies including polymerization and powder handling technologies, in advanced fields such as pharmaceutical additives and semiconductor materials, we are promoting the differentiation of our products to satisfy increasingly sophisticated and complex quality and customer requirements on an even higher level.</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Planned progression of construction work to increase production capacity of growth driver products (Semiconductor photoresist material VP-POLYMER and pharmaceutical additive NISSO HPC).</li> <li>Streamlining of production processes and creation of optimal production systems ahead of the decline in Japan's working age population.</li> </ul> <p><b>Capital Reinforcement Policy</b> Through technological alliances with Group companies that own sophisticated plant engineering technologies and with other companies, we will aim to reinforce our manufacturing technologies. Moreover, through use of generative AI, manufacturing data, and IoT technologies, we will build a highly efficient production system through improved frontline operations, optimal production, and preventive maintenance.</p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Capital investments</td> <td style="text-align: right;"><b>¥40.0 billion</b></td> </tr> </table> <p><small>(In the three years of our medium-term business plan Brilliance through Chemistry Stage II)</small></p>	Capital investments	<b>¥40.0 billion</b>	<div style="text-align: center; margin-bottom: 10px;"> <p><b>Intellectual Capital</b></p> </div> <p><b>Capital Traits</b> Advancing core technologies</p> <ul style="list-style-type: none"> <li>Our strengths lie in synthesis technologies, biological research, safety research, and formulation technologies for agrochemicals; polymer technologies that support the increased sophistication of ICT; and production technologies that support efficient production activities.</li> <li>We are working to create new value through the reinforcement and expansion of our platform technologies and the introduction of external technologies.</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Advancement of core technologies through introduction of external technologies and promotion of digital transformations.</li> <li>Expansion into new domains in line with needs and reinforcement of technology marketing.</li> <li>Streamlining of patent portfolio to improve quality.</li> </ul> <p><b>Capital Reinforcement Policy</b> We have set Food, Healthcare, and Advanced Materials as our new target domains. Through open innovation with external institutions in industry and academia, the establishment of co-creation research facilities with our customers, and collaborative initiatives through investment in material technology startups, we will promote the advancement of our core technologies.</p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Owned patents</td> <td style="text-align: right;"><b>1,961</b></td> </tr> </table> <p><small>(FY 2024) *Non-consolidated</small></p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>R&amp;D costs</td> <td style="text-align: right;"><b>¥6.42 billion</b></td> </tr> </table> <p><small>(FY 2024)</small></p>	Owned patents	<b>1,961</b>	R&D costs	<b>¥6.42 billion</b>	<div style="text-align: center; margin-bottom: 10px;"> <p><b>Human Capital</b></p> </div> <p><b>Capital Traits</b> Good people doing good work</p> <ul style="list-style-type: none"> <li>The source of our value creation is an unwavering passion to solve difficult challenges one by one. Our Company DNA has remained unchanged since our founding—Good people doing good work.</li> <li>We are promoting the creation of workplaces where personnel with diverse values and strengths can flourish and maximize their capabilities.</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Improvement of employee motivation assuming the increasing difficulty in personnel acquisition due to declining birthrates and aging populations.</li> <li>Development of personnel who can support safe and stable production.</li> <li>Creation of a training system to transfer technologies and expertise to future generations.</li> </ul> <p><b>Capital Reinforcement Policy</b> We promote employees' autonomy and growth, and by providing them with flexible, efficient workstyles, we hope to maximize their capabilities and in turn create a positive cycle of value creation and employee fulfillment. Elsewhere, through our unique experiential training facilities, we will work to transfer manufacturing technologies and expertise and develop personnel who can operate safe and highly productive manufacturing sites.</p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Employees</td> <td style="text-align: right;"><b>2,402</b></td> </tr> </table> <p><small>(FY 2024)</small></p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Average length of service</td> <td style="text-align: right;"><b>20.0 years</b></td> </tr> </table> <p><small>(FY 2024) *Non-consolidated</small></p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Paid leave usage rate</td> <td style="text-align: right;"><b>83.9%</b></td> </tr> </table> <p><small>(FY 2024) *Non-consolidated</small></p>	Employees	<b>2,402</b>	Average length of service	<b>20.0 years</b>	Paid leave usage rate	<b>83.9%</b>	<div style="text-align: center; margin-bottom: 10px;"> <p><b>Social Capital</b></p> </div> <p><b>Capital Traits</b> Sustainable development through co-creation with society</p> <ul style="list-style-type: none"> <li>By creating partnerships across the world and collaborating with industry and academia, we are developing innovative technologies.</li> <li>We are striving for coexistence with local communities around our business hubs.</li> <li>We are building an environment- and society-friendly sustainable supply chain.</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Global business expansion through collaboration between our global hubs.</li> <li>Promotion of social contribution activities aimed at coexistence with and the development of our local communities.</li> <li>Promotion of environment- and society-friendly business activities through constructive dialogue with our partners.</li> </ul> <p><b>Capital Reinforcement Policy</b> In addition to collaborating with overseas hubs to ascertain market trends in each region, we are working to enhance our technical services through additional deployment of technical staff. We will also promote joint research with research organizations in industry and academia across the world. For the procurement of raw materials, we will work to build an environment- and society-friendly supply chain.</p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Overseas sales ratio</td> <td style="text-align: right;"><b>34.3%</b></td> </tr> </table> <p><small>(FY 2024)</small></p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Joint research projects with universities</td> <td style="text-align: right;"><b>17 projects</b></td> </tr> </table> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Global hubs</td> <td style="text-align: right;"><b>17 sites</b></td> </tr> </table>	Overseas sales ratio	<b>34.3%</b>	Joint research projects with universities	<b>17 projects</b>	Global hubs	<b>17 sites</b>	<div style="text-align: center; margin-bottom: 10px;"> <p><b>Natural Capital</b></p> </div> <p><b>Capital Traits</b> Environmentally friendly, sustainable business activities</p> <ul style="list-style-type: none"> <li>We are promoting our business activities with a focus on Responsible Care, which ensures consideration for the environment, safety, and health.</li> <li>While minimizing environmental risks in our manufacturing processes and throughout our supply chain, we are striving to reduce our GHG emissions.</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Continuous promotion of energy-saving measures to fulfill our responsibility as a company that consumes energy in the manufacture of chemical products.</li> <li>Increase in burden on personnel and costs so as to ensure compliance with stricter laws and ordinances in line with rising environmental awareness.</li> <li>Carbon neutrality initiatives.</li> </ul> <p><b>Capital Reinforcement Policy</b> We will strive to minimize the impact that we have on the environment in every process from development and manufacture to distribution, use, final consumption, waste, and recycling. Furthermore, alongside the development of manufacturing technologies for hydrogen as a next-generation energy source, we will also promote the creation of a decarbonized society through the protection of forests, which function as carbon sinks.</p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Energy consumption (crude oil equivalent)</td> <td style="text-align: right;"><b>63.3 ML</b></td> </tr> </table> <p><small>(FY 2024) *Non-consolidated</small></p> <table style="width: 100%; margin-top: 10px;"> <tr> <td>Water usage</td> <td style="text-align: right;"><b>16.9 million metric tons</b></td> </tr> </table> <p><small>(FY 2024; four domestic Nippon Soda plants)</small></p>	Energy consumption (crude oil equivalent)	<b>63.3 ML</b>	Water usage	<b>16.9 million metric tons</b>
ROS (Operating profit on sales)	<b>10% or more</b>																																
ROA (Operating profit on assets)	<b>7% or more</b>																																
ROE (Return on equity)	<b>12%</b>																																
Capital investments	<b>¥40.0 billion</b>																																
Owned patents	<b>1,961</b>																																
R&D costs	<b>¥6.42 billion</b>																																
Employees	<b>2,402</b>																																
Average length of service	<b>20.0 years</b>																																
Paid leave usage rate	<b>83.9%</b>																																
Overseas sales ratio	<b>34.3%</b>																																
Joint research projects with universities	<b>17 projects</b>																																
Global hubs	<b>17 sites</b>																																
Energy consumption (crude oil equivalent)	<b>63.3 ML</b>																																
Water usage	<b>16.9 million metric tons</b>																																

## Source of Value Creation—The DNA of Nippon Soda

### Nippon Soda's Unchanging DNA—The Spirit of Good People Doing Good Work

The source of value creation at Nippon Soda can be found in the Company's unceasing efforts in R&D, the technological capabilities that have responded to market changes in each era, and the people that have upheld these activities. Looking back, the strengths and ideas of our founding spirit have been carried forward to today and continue to flourish. In today's era of diverse change and constant challenges, company growth is supported by our DNA—a confidence that we will choose the correct path without wavering from our convictions, and a passion for research and technology that can solve difficult problems one by one.



### Origin of the Company Emblem



The Company emblem for Nippon Soda is a snow rabbit. Specifically, it is a white hare surrounded by a hexagonal snowflake. The emblem is based on the following episode. In the winter of 1920, shortly after the Company's founding, a meeting was being held at the Nihongi Plant in Niigata Prefecture in regard to the logo to be used on product containers. Suddenly, a pure white rabbit jumped into the room, ran around, and then disappeared outside.

At that time, our Company's main products were caustic soda and bleaching powder. In the case of these products, a higher purity results in a purer white color. Therefore, the pure white rabbit represented the high quality of our products. Furthermore, rabbits excel at running up mountains but not running down. This was a perfect symbol of Nippon Soda at that time, in terms of how we were striving to become a growth company with high-quality chemical products that are not affected by recessions. The six sides of the hexagonal snowflake represent the following ideals: honesty, industriousness, originality & ingenuity, cooperation, service, and gratitude.

This is a perfect anecdote for Nihongi City, Niigata Prefecture, which receives some of the heaviest snowfall in Japan. Furthermore, this episode is linked to the world of chemistry, where facts, chance and ideas are all linked together.

### Although favorable conditions did not exist at the time of our founding, we were able to overcome adversity with the spirit of "Good people doing good work."

Nippon Soda was founded in 1920, a period of great recession after World War I. Furthermore, many more difficulties were lying ahead. Conversely, it was also an era when Japanese industry was heading for development. The unceasing efforts for improvement, innovation, and research and development led to the development of today's Nippon Soda Group. These efforts were supported by valued employees. The spirit of "Good people doing good work" is still alive today.

#### Words from our founder Tomonori Nakano

In no way does the Nihongi area present any advantages for industry in terms of transportation, terrain, or supply and demand. Furthermore, during one-third of the year, the area suffers from heavy snow that completely buries homes. Shortly after our founding, Nippon Soda faced the Great Depression after World War I. There was no conglomerate backing our company. Indeed, Nippon Soda was founded in a very disadvantageous era. Nevertheless, we were blessed with one thing—the human element. Our employees joined together and worked with great devotion. Even though I was a managing director, together with the factory manager, we would don dirty clothes and crawl under the machines. We worked both day and night. Thanks to these efforts, we were able to build outstanding products and launch them on the market. It was also fortunate that we worked in the chemical industry, which had the highest demand of any industry in Japan. It can also be said that we possessed an exceptional spirit toward business and policy toward management.

The chemical industry must constantly adapt to advances in science and evolve into more efficient methods. We have always maintained our commitment to improving and innovating our equipment and operation, and to researching and industrializing new products. In some areas, our business moved ahead of the scientific principles. Even when the existence of our company was in danger due to extreme financial difficulties, we actively encouraged these kinds of technological advancements. "Good people doing good work." This was the greatest strength of Nippon Soda. As a result, we were able to overcome our inconvenient location, damage from snow, and industry stagnation.

"Celebrating the 20th Anniversary of Our Company" (Nippon Soda Company Newsletter; May 1940)

## The DNA of Nippon Soda

From our founding to the present, a large number of outstanding engineers have supported the growth of Nippon Soda and driven our recovery from difficult predicaments. During World War II, we were placed under military supervision and forced to respond to development requests in different fields. There is an anecdote that says when the German airship Zeppelin flew to Japan, Nippon Soda was responsible for the emergency supply of depleted high-purity hydrogen. At that time, only Nippon Soda was able to supply such a large amount of high-purity hydrogen.

After the war, the Company continued to face difficulties as it was unable to settle upon its products and business fields. However, even under these circumstances, the Company was committed to launching new businesses. In 1950, we submitted Japan's first petrochemical business plan to the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry). However, due to the pioneering nature of the plan, we were unable to receive financing from banks and were forced to abandon the plan. The plan was ahead of its time and was eventually recognized and highly evaluated as having played a leading and enlightening role in the petrochemical industry.

After that, Japan entered a period of high economic growth. Even though Nippon Soda's sales grew, we continually failed to secure profits due to the interest burden associated with large capital investments. Under these circumstances, engineers focused their research and development in a new direction, namely on fine chemicals such as pesticides and polymer fields centered on urethane. We promoted a shift from quantity to quality. These efforts eventually led to the creation of high-added-value products.

The Nippon Soda Group has been willing to invest in technology even in difficult times, and our engineers have worked hard to develop new products, strengthen cost competitiveness, establish overseas production technology, and reduce our environmental burden. This spirit has been inherited as the DNA of the Group and is the driving force behind all that we have accomplished. The Nippon Soda Group will continue to "contribute to society through the power of chemistry" and realize a future of Brilliance through Chemistry based on technological capability and passion.

### Passing On the Company's DNA through Digital Transformations (DX)

Due to the declining birthrate and aging population, labor shortages are becoming a major social problem in Japan. At Nippon Soda, too, we were seeing an imbalance between the number of experienced employees who could guide our junior employees and the number of new employees, and transferring our expertise to the next generation was becoming an issue. Some elements of field technologies can only be taught on the spot. For example, at the Chiba Plant, we provide learning opportunities during our annual maintenance, however, missing these opportunities would lead to a lack of understanding. Moreover, although senior employees could help out when junior employees came up against issues in implementing the techniques they had learned, it was not an efficient process. In response, we added videos to our procedure manuals, which previously comprised text and photos alone, enabling users to visualize on-site situations and learn through on-screen instructions. To date, we have created 80 different videos. The idea to create these videos came from a discussion among field personnel on operational improvements at a time when smartphones were introduced for company use. Although at the Chiba Plant we were already actively promoting DX, for this project, junior employees predominantly in their 20s took the lead through a collaborative project. We now have QR codes on each piece of equipment, and scanning these as and when necessary brings up videos showing procedures and key points. As the manufacturing workforce is expected to shrink, using DX to smoothly transfer expertise is essential. With this project as a springboard, we will enhance our site-led DX initiatives, actively work on further improvements, and accelerate companywide DX by deploying our successes horizontally across the organization.



We will strive for the accurate transfer of our accumulated expertise to the next generation.

Riku Wada  
FC2 Unit,  
Manufacturing 2nd Section,  
Manufacturing Dept., Chiba Plant

Shun Taki  
DX Kaizen Promotion,  
Production Management Section,  
Manufacturing Dept., Chiba Plant

# Message from the President



**To Contribute to Society and Improve Corporate Value, We Will Promote a Transition to a Highly Efficient Organization by Deepening Our Technologies and Implementing Portfolio Reforms**

**Eiji Aga**  
Representative Director, President

**Our mission is to create value through the power of chemistry and to contribute to the resolution of social issues**

At the Nippon Soda Group, our mission is to create new value through the power of chemistry and increase corporate value by contributing to society. In this message, I would like to explain the intent behind this mission and introduce some of the Group's specific initiatives aimed at fulfilling it.

In terms of our contribution to society, I would first like to touch upon the links between the social issues we have identified and our businesses. In 2050, the global population is forecast to exceed 10 billion, which will require vast amounts of food and feed. On the other hand, there is only limited land available for production, and so it will be important to produce food in a more stable and efficient manner than ever before. In this area, the agrochemicals we produce will lead to solid solutions. Moreover, mainly in advanced nations, interest in preventive medicine is leading to a rise in the number of health-conscious people, and as such there is increasing focus on healthcare for both people and pets. Since commencing sales of our pharmaceutical additive NISSO HPC in 1969, we have been improving quality and contributing to greater health and quality of life for people around the world. Elsewhere, the worsening of environmental problems such as global warming and resource depletion requires little introduction. In Japan, average temperatures between June and August 2024 reached record highs, and it was said to be the hottest summer for 126 years since statistical calculations began. At Nippon Soda Group, we are supporting the creation of a sound material-cycle society through technologies to make industrial

waste harmless and safe to minimize environmental impact, promote resource recycling, and remove heavy metals. Meanwhile, technological advancements in ICT, and the creation and spread of related services, are progressing at a rapid pace. The chemicals that support these technologies and services must have excellent functionality and reliability, and as such our functional polymers are playing an important role in supporting the IT society.

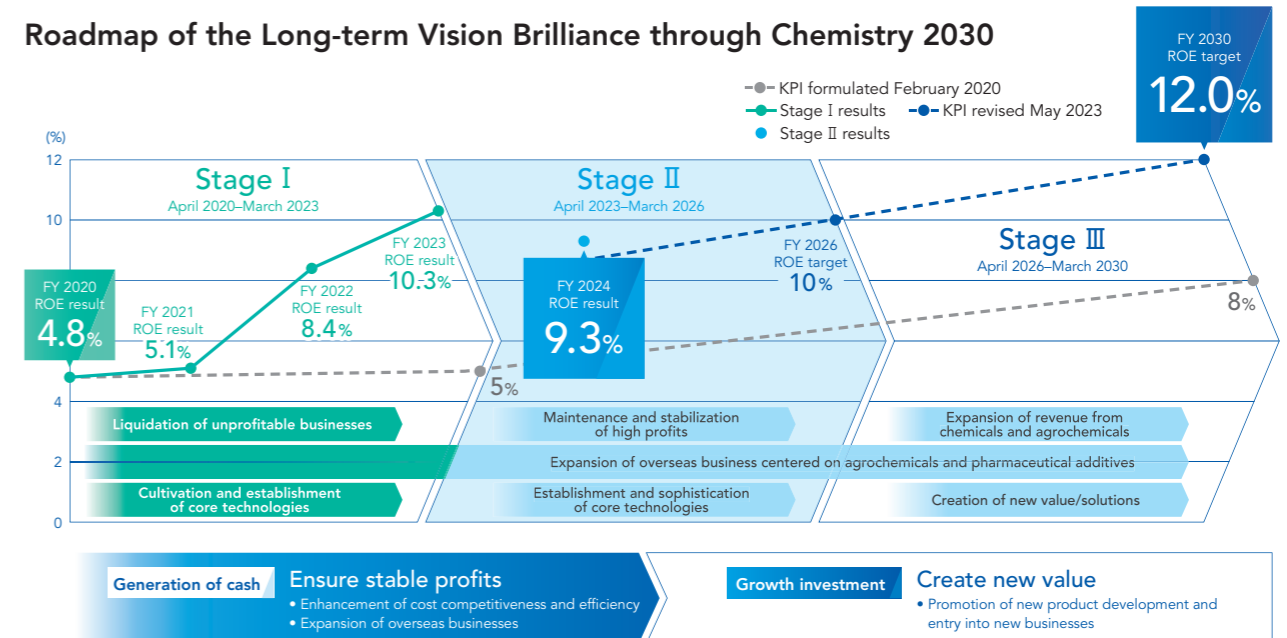
Chemicals create new value and contribute to social development. While our products and services may operate behind the scenes from society's perspective, we can make significant contributions to addressing common global challenges. Both our long-term vision and medium-term business plan proclaim "Brilliance through Chemistry." We have no doubt that we can flourish by creating new value for society using the power of chemistry.

**Achieving solutions to social issues in our four target fields and further strengthening our position in global niche domains**

In our long-term vision Brilliance through Chemistry 2030, we have identified four materialities (important issues) that will enable us to contribute to the development of a sustainable society and improve our corporate value: Agriculture, Healthcare, Environment, and ICT.

In agriculture, in line with the MIDORI Strategy for Sustainable Food Systems<sup>1</sup> in Japan and the Farm to Fork Strategy<sup>2</sup> in Europe, the reduction in use of agrochemicals and the switch to low-risk agrochemicals is progressing to ensure the creation of sustainable food systems. Moreover, the market for biostimulants,<sup>3</sup> which increase resistance to non-biological stresses such as drought and high-temperature damage, is growing on a global scale. On the other hand, in developing nations where populations are rising, there is a need for highly effective agrochemicals to secure access to food. To cater to these differing circumstances, we are accelerating development of safer, more effective agrochemicals, as well as biopesticides and biostimulants. The three new proprietary agrochemicals we recently released to market are environmentally friendly products that demonstrate highly effective pest

## Roadmap of the Long-term Vision Brilliance through Chemistry 2030



**We will generate stable cash flows in existing businesses and create new value through growth investment.**

control with low doses. As safe and secure agrochemicals, we are currently working on their registration in different countries worldwide. Our mission is to develop and provide agrochemicals that are required by countries and regions across the world. Making full use of our technologies, we will continue to contribute to sustainable food security.

In healthcare field, the global pharmaceuticals market is expected to grow over the medium to long term due to growing demand in emerging nations such as India and China, and the development of new technologies. Demand for our pharmaceutical additive NISSO HPC, which is used as a binder to form tablets, is growing on a global scale due to its adoption in new pharmaceuticals. To respond to this soaring demand, we are currently moving forward with construction work to reinforce our production capacity by 50%, and we are putting systems in place to ensure we can begin full-scale operations upon the work's completion in the first half of FY 2027. While previously low-molecular-weight medicines were the mainstream, recently there has been a rise in protein and nucleic acid medicines. New formulation technologies are essential to ensure that these new active ingredients are thoroughly absorbed by the body. At Nippon Soda, we are currently engaged in open innovation to develop a new formulation technology using nanoparticulation technology, and personally I am very much looking forward to being able to announce our achievements. In the future, the increase in number of senior citizens is expected to lead to a rise in number of daily medicines to counter lifestyle-related diseases. The development of new formulation technologies has the potential to reduce the number of tablets that must be taken in a single sitting from ten to just one or two, for example. By refining the formulation technologies we have been developing through NISSO HPC for the creation of efficient drug delivery systems, we will contribute to the improvement of people's health and quality of life.

In the environment field, we are providing various environmental solutions using the different technologies we have accumulated throughout our long history. For example, we have fluorocarbon treatment technologies to make industrial waste harmless and safe, resource recycling technologies for zinc and sulfuric acid, and water treatment technologies to disinfect and sterilize water. With changes in the social environment, there is expected to be an increase in difficult-to-treat waste and further requirements for lower environmental impact. Applying the expertise and experience we have gained to date, we will contribute to realizing sound resource recycling with the power of chemistry.

In ICT field, sales of VP-POLYMER, a KrF photoresist material for semiconductors, NISSO-PB, a resin additive for electronic materials, and other functional polymers have increased since the beginning of FY 2025. This increase can be attributed to rapid progress with electrification and automated driving in the automotive industry, with even low-priced compact cars being equipped with driving support devices such as adaptive cruise control. This growth in number of semiconductors used in vehicles and the increase in production of 3D-NAND flash memories is driving demand for VP-POLYMER. To ensure stable supplies in this environment, in the second half of 2024 we will complete work to double our current production capacity. In Japan, the decline in working populations will undoubtedly lead to further corporate use of AI. Already, we are seeing an increase in demand for NISSO-PB for use in AI servers.

1. A strategy put together by the Ministry of Agriculture, Forestry and Fisheries to achieve both productivity improvement and sustainability through innovation in the food industry and the agriculture, forestry, and fishery industries. The Act to Promote Environmental Burden Reduction Activities for Establishment of Environmentally Harmonized Food System was implemented in July 2022
2. A strategy formulated by the European Commission in 2020 to build sustainable food systems. The aim is to create fair and healthy food systems through the combined efforts of farmers, companies, consumers, and the natural environment
3. Agricultural materials made from various substances and microorganisms that promote better physiological conditions in plants and soil

**Formulating a research and technology strategy and proactively investing in the enhancement of in-house technologies and co-creation with external organizations**

Our long-term vision is not simply an extension of our existing businesses. Rather, to create new core businesses for 2030 onwards, we will reinforce our research and development capabilities and proactively engage in open innovation and form alliances.

In April 2021, we integrated the Odawara Research Center and the Chiba Research Center, which previously conducted R&D in different fields, to form the Research & Innovation Center, to promote the fusion of knowledge and fusion of technologies through greater communication. Moreover, in April 2024, we have integrated the production technology research departments from four business sites to form the Production Technology Center, reorganizing structures to promote interaction among our technical personnel. There can be no doubt that our core domains from 2030 onwards will be Chemical Materials and the Agri Business. We have therefore formulated the research and technology strategy Brilliance through Chemistry 2030 to establish and advance our core technologies, respond to social changes and technological advancements, and ensure continuous innovation. By the end of 2030, the final year of our long-term vision, our plan is to create new businesses that become pillars for further growth, and we have identified three target domains in which to set up these new businesses: Food, Healthcare, and Advanced Materials. While our chemical technologies can cater to various social needs, offering solutions to a broad range of issues is not the optimal approach for us. Rather, we believe that for us, it is important to target niche markets that align with the scale and strengths of the Group.

As measures to establish and advance our core technologies, we are working to reinforce our platform technologies and establish technologies to strengthen as a matter of priority. We have defined our platform technologies as agrochemical creation technologies, bioresource utilization technologies, and functional material creation technologies, and will work on the strengthening and development of these areas using in-house resources and technologies. To do so, using information on our in-house technologies, we will aim to create new value by combining in-house technologies or fusing them with external expertise. Elsewhere, we have set cultivation technologies, peptide application technologies, organic metal application technologies, flow synthesis technologies, and AI/ML (materials informatics<sup>4</sup>) technologies as those to strengthen as a matter of priority. Here, by proactively introducing external technologies, our aim is to acquire and reinforce new technologies. Our engineers take great pride in their own technologies. Perhaps because of this, our research and development to date has relied on internal capabilities alone. However, with this approach, we will not be able to keep up with technological trends and will ultimately be left behind. As such, we are currently accelerating collaborations with startups, universities, and other research institutions. Combining the attractive technologies of each of these partners with the synthesis technologies we have accumulated through the development of agrochemicals and materials, our scaling expertise, and various evaluation technologies will facilitate the creation of new businesses.

Our research and development using external technologies is progressing smoothly. With flow synthesis technologies, for example, we are working with the University of Tokyo and a pharmaceutical company to develop and acquire a continuous flow technology. Mechanical components for cars, for example, are mainly produced using continuous flow methods, but pharmaceuticals, agrochemicals, functional chemicals, and other chemical products are made using the batch production method.<sup>5</sup> While this batch method is suited to high-mix, low-volume production, its disadvantages includes the need for significant manpower and large volumes of waste. With the continuous flow method, on the other hand, everything from the input of raw materials to the removal of the final product is done in a single, continuous operation. As such, the method boasts excellent energy efficiency and safety and generates little waste. That said, previously there were significant technological challenges with the use of the continuous flow method for pharmaceuticals and other chemicals due to their complex structures, but the University of Tokyo discovered a solution. Introducing the continuous flow method can make equipment, heat sources, and other utilities more compact, improve efficiency, reduce the required manpower, cut environmental impact, and reduce raw material costs. Our Research & Innovation Center and Production Technology Center have identified targets and are currently moving forward with research on improving efficiency. Based on the results of this research, we will examine use of the continuous flow method in future new products.

In advanced materials, we are entering the final stage of joint development with Kyulux, Inc. related to organic electroluminescence materials. Using our expertise in

organic synthesis and our scaling technologies, this initiative was launched to support the commercialization of Kyulux, Inc.'s high-performance TADF<sup>6</sup> material. Since April 2024, the former manager of our New Business Planning & Development Department has been assigned near Kyulux Inc., aiming for early mass-production.

We are also accelerating open innovation in other ways. For example, we are participating in collaborative material development projects, including investments in material tech startups, and research and development projects such as the conversion of carbon dioxide into valuable substances based on the solid solution alloy nanoparticle technology cultivated through joint research with Kyoto University.

4. A field of study for discovering new materials through large amounts of data by applying informatics methods, such as statistical analysis
5. A production method in which each individual process, including the input of raw materials, reaction, suspension, and the removal of the final product, is conducted in repeat cycles
6. Thermally Activated Delayed Fluorescence: TADF materials are expected to be the third generation of organic electroluminescence materials for the luminous layer

**Aiming for sustainable corporate development through portfolio reforms, DX promotion, and human capital management**

We understand that it is essential to thoroughly improve management efficiency and implement flexible business portfolio reforms if we are to achieve our long-term vision and, beyond that, ensure sustainable corporate development. For our business portfolio reforms, in addition to expanding our high-added-value businesses, we have liquidated our unprofitable businesses in response to changes in the business environment. We will continue to push forward with portfolio reviews, and alongside each department we are carefully examining the profitability of each product and discussing future reviews and measures. Meanwhile, the liquidation of unprofitable businesses is not as simple as just withdrawing from the business. For example, in the manufacture of chemicals, waste such as gases that affect the environment is generated. While of course we use incinerators and other means to render this waste harmless, if we stop manufacturing several unprofitable products, the remaining products must bear the indirect fixed costs for incineration, which worsens the profitability of these products. As a result, the profitability for these other products deteriorates. We are therefore engaging in various discussions to find an optimal solution, such as the introduction of more compact and efficient incinerators.

Meanwhile, as working populations continue to decline, DX promotion will be essential to achieving greater production efficiency, advancing manufacturing and research technologies, and improving efficiency in various other operations. As part of our research and technology strategy, we have identified AI/ML as technologies to strengthen as a matter of priority. Five years ago we set up the AI Working Group, mainly comprising junior employees, tasking its members with freely exploring what can be done with AI and promoting DX through a bottom-up approach. Our development of AI-proficient personnel is progressing smoothly, and a project led by junior employees to develop a generative-AI-based in-house app has proceeded at remarkable speed, and the app has already been patented. Currently, we are developing various tools. In the future, using generative AI, we will aim to match the Group's technological information with future needs and reflect the results into our business plans.

Another important theme for the future is human capital management. At Nippon Soda, we have set up the Free Talk Square and the President's Announcement to boost communication between management and employees. Free Talk Square activities involve directors exchanging opinions with employees from each worksite. The President's Announcement, meanwhile, is something that has been continued through generations of presidents, and involves me visiting each worksite twice a year to explain our management conditions and measures to achieve our long-term vision in an easy-to-understand manner using different charts and diagrams. Directly communicating what needs to be done during certain periods is incredibly important, and I have a real sense that employees are beginning to understand the significance of our long-term vision, our future course of action, and our reasons for profit-focused management. I also regularly communicate the strong need for safety and compliance to take precedence over the achievement of production plans. As a chemical manufacturer we handle dangerous substances at our plants. No matter how hard we work to achieve results that exceed our targets, a single major accident or scandal can lead to the suspension of operations and put the company's survival at risk. We are

using specific examples to explain the importance of appropriate action and employees are responding in a sensitive manner. On the other hand, although I have the opportunity to meet with Group company presidents and key officers through the President's Announcement and other regular meetings, one issue is the lack of opportunities in place for me to speak with Group company employees.

In FY 2025, we are focusing on personnel system reforms including in areas such as working environments, employee treatment, and employee welfare programs. According to one recruitment website, "Nippon Soda has a seniority-based system, and people who are not competent enough are becoming managers." While this is the opinion from a single individual who left the Company, I interpret it as a sign of low satisfaction with our personnel systems. Realizing the difficulty in fundamental reforms, including for evaluation systems, using only internal capabilities, we have solicited the help of external consultants for inspections and advice on system reforms. In FY 2026, our plan is to implement new personnel systems that are more in line with changing times, ensuring that those who work hard are recognized accordingly and that they are quickly promoted. Alongside these evaluation systems, another hot topic in discussions we hold with junior employees is job transfers. With our withdrawal from unprofitable businesses and the decline in working populations, to ensure optimal personnel deployment it is impossible not to transfer our employees on occasion. However, to respond to the opinions of employees and their families, we are currently examining ways to reduce the number of job transfers. We are also working to create workplaces where diverse human resources can work in safety and with peace of mind through the creation of systems that enable employees to play active roles regardless of their gender, age, nationality, ability or disability, or any other attribute.

**Valuing tradition while driving reforms to continue as a Group that is essential to society for the next 100 years**

In FY 2024, the first year of Stage II of our medium-term business plan, the expansion of high-added-value businesses and work to increase production capacity for our growth driver products progressed as planned. However, during the 2024 Noto Peninsula earthquake in January 2024, the Takaoka Plant in Toyama Prefecture suffered major damage which led to repair costs and a loss in sales opportunities. Unfortunately, the impact from this incident has continued into FY 2025. Meanwhile, the Mizushima Plant in Okayama Prefecture is the only factory in Japan producing sodium cyanide and potassium cyanide. However, with a drastic drop in production of key raw materials by our neighboring supplier, it has become impossible to source the raw materials required for stable plant operations. As such, we made the agonizing decision to close the Mizushima Plant in FY 2026. Despite these two unforeseen occurrences in 2024, we will strive to make steady forward progress to ensure we achieve the KPIs in Stage II as promised to our shareholders and investors. Moreover, aiming to enhance our financial efficiency, we will continue to optimize our assets, including through the reduction of cross-held shares.

Nippon Soda was founded in 1920 and boasts more than a century of history. In addition to responding to the expectations and trust placed in us by customers, shareholders, investors, business partners, employees, local communities, and other stakeholders, we have developed our businesses to contribute to society. Ahead of the next 100 years, while valuing our traditions we will strive for innovation with a constant eye on the future, and do everything we can to continue to develop as a Group that is required and trusted by society. Today, sustainability is a key theme for global society, but at Nippon Soda we have engaged in Responsible Care activities for many years and a CSR-focused approach is firmly rooted in our business activities. Moving forward, using chemistry to provide various products, we will continue to offer solutions to challenges facing global society over the long term. I look forward to your continued support.



**Eiji Aga**

Representative Director, President

# Toward a Realization of Our Long-term Vision: Brilliance through Chemistry 2030



We will generate stable cash flows in existing businesses and create new value through growth investment.

## Basic Strategy

Through growth investment that emphasizes ROI and thorough structural reforms, **“Transition to a Highly Efficient Business Structure—Raise Our Profit Efficiency to More Than Double the Current Level”**

### Enhancement of cost competitiveness and efficiency

- ▶ Move forward with the expansion of high-added-value businesses and liquidation of our unprofitable businesses
- ▶ Thoroughly enhance management efficiency (management, research, production, sales, supply chain)

### Expansion of overseas businesses

- ▶ Promote the expansion of existing businesses and market development for new products and businesses  
- Overseas sales ratio: FY 2024 result: 34.3%
- ▶ Examine partnerships with other companies

### Promotion of new product development and entry into new businesses

- ▶ Work to increase the sophistication of our core technologies by enhancing and combining our proprietary technologies and creating synergy with external technologies, and actively invest resources
- ▶ Create new businesses for customers in the 2020s and beyond

We will aim for management that prioritizes capital efficiency as we strive to improve our corporate value.

<b>ROS</b> (Operating profit on sales)	<b>More than 10%</b> (FY 2020: 5.6%)
<b>ROA</b> (Operating profit on assets)	<b>More than 7%</b> (FY 2020: 3.8%) → <b>Improve profit ratio and total asset turnover ratio</b>
<b>ROE*</b> (Return on equity)	<b>12%</b> (FY 2020: 4.8%) → <b>Appropriate balance sheet control</b>

\* Revised the “more than 8%” target formulated and announced in February 2020.

## Our Vision 10 Years in the Future

### Mission

Create new value through the power of chemistry and increase corporate value by contributing to society.

### Basic Strategy

Through growth investment that emphasizes ROI and thorough structural reforms, “Transition to a Highly Efficient Business Structure—Raise Our Profit Efficiency to More Than Double the Current Level”

### Capital Policy

Actively implement capital policies that consider financial soundness while prioritizing a balance between growth investments and shareholder returns.

### Sustainability-focused Management

Contribute to society through products and services that meet the needs of customers and social environments in the 2020s.

At the Nippon Soda Group, to fulfill our mission and achieve sustainable growth, we will implement management that aims to balance improvements both in corporate value and social value.



# Brilliance through Chemistry Stage II: Progress and Achievements

## A Message from the Officer in Charge of Corporate Strategy

We Will Progress with Reforms so that All Members of the Nippon Soda Group Can See a New Landscape

### Osamu Sasabe

Director  
Executive Managing Officer  
Corporate Planning Dept., DX Promotion Dept.,  
Secretariat Dept., and Human Resources Dept.  
General Manager, Purchasing & Logistics Dept.



### Focus on ROI for a highly efficient business structure

The formulation of our current long-term vision Brilliance through Chemistry 2030, was based on a strong desire to overcome the various overlapping challenges of the 2010s. Through extensive management-level discussions, we set ourselves the targets of transitioning to a highly efficient business structure and more than doubling our profit efficiency. In terms of our KPIs, we scrapped net sales, which up until then had been an important indicator, instead, setting new targets for ROS (more than 10%), ROA (more than 7%), and ROE (more than 8%; revised to 12% in May 2023), marking a major switch to ROI-oriented management. Ahead of our vision for 2030, we set out to transform our business portfolio into one that is resistant to environmental changes and that generates stable earnings, and to improve our capital efficiency while balancing growth investments and shareholder returns. In the medium-term business plan Brilliance through Chemistry Stage I, which was the first step towards our long-term vision, we were able to expand our high-added-value businesses and liquidate our unprofitable businesses as planned. Moreover, in terms of performance, figures far exceeded our targets due to various external factors including a weak yen and a greater-than-expected increase in sales of the insecticide MOSPILAN (acetamiprid) in Europe. The cash we generated as a result is being used for growth investments and shareholder and employee returns. Since the first year of Stage I, we have implemented shareholder returns at an unprecedented level. While promoting a change in mindset among our employees, we began Brilliance through Chemistry Stage II (FY 2024–FY 2026), which is the mid-point towards the achievement of our long-term vision.

We have positioned Stage II as the core stage in our transition to a highly efficient business structure. Our basic targets are to improve corporate value through the expansion of high-value-added businesses and further investment, including M&As, in products and businesses that enhance our ability to generate cash flows, and to drive the creation of new businesses through the establishment and advancement of core technologies promoting our research and technology strategy. In the expansion of high-added-value businesses, by expanding the growth-driver businesses in Chemical Materials we are steadily improving our profit ratio. In the Agri Business, we are seeing a steady increase in sales of our three new proprietary agrochemicals. In terms of investments, we are progressing as planned with work to improve our production capacity for two growth-driver products: the pharmaceutical additive NISSO HPC and the semiconductor photoresist material VP-POLYMER. In our efforts to improve asset efficiency, we have ended production and sales of phenol-based color developers for thermal paper, which were products with low investment efficiency, and have been

continuing to reduce our cross-held shares. Specifically, we reduced the number of listed stocks from 31 at the end of March 2023 to 26 as of the end of March 2024. For shareholder returns, we purchased and cancelled 2.0 billion yen in treasury shares, and achieved our total payout ratio target of more than 50%.

One unexpected occurrence was the closure of the Mizushima Plant, which has been responsible for the supply of sodium cyanide and potassium cyanide, as announced in March 2024. Following this decision, the president set up opportunities for dialogue with company officers and frontline employees about withdrawing from business at the Mizushima Plant. With none of the current generation having experienced a plant closure, there were of course voices of concern from frontline employees. In response, we explained that being told by customers, ‘Nippon Soda maintained quantity and quality right until the end’ would greatly impact our future relationships of trust, and that withdrawing from a business is just as important a task as maintaining profitable operations. We were able to hear many different opinions from our employees and feel greatly encouraged by the dedication of our frontline employees in these challenging circumstances. Moving forward, we will steadily execute our plans and work to overcome the challenges that have emerged along the way. By doing so, we believe the achievement of our long-term vision will be well within range.

### Reforms driven by capital cost and stock price awareness and environmental changes

With rising awareness of the importance of sustainability and the expansion of digital applications due to the spread of generative AI, our external environment is undergoing diverse change. It is paramount that we gauge both risks and opportunities in these changes and decisively seize the chances they present. Moreover, in response to these environmental changes, all employees, including executives, need to reset their mindsets to a blank slate and implement new measures that ensure they are not constrained by conventional methods. We are communicating to our employees, using examples such as the structural reforms at the Nihongi Plant and the relocation of our head office, how the landscape that we see has significantly changed. We are encouraging them to have confidence in the Company's potential, to continue pushing forward with reforms without letting up, to achieve our long-term vision, and to see a new, unprecedented landscape together as a group.

In our long-term vision, we are prioritizing improvements to our capital cost and balance sheet, including PBR and stock price. For our shareholders, in addition to ensuring returns, we aim to foster expectations for the businesses we invest in. In the

research and technology strategy we refined during Stage I, based on our four materialities, we will deeply cultivate three target domains for new businesses—Food, Healthcare, and Advanced Materials—including peripheral businesses related to these materialities. Although we are aiming to expand our business fields, rather than immediately targeting completely unrelated fields, we will first aim for steady, tenacious, and aggressive expansion into areas where we can utilize our strengths. To do so, we have identified cultivation, peptide application, organic metal application, flow synthesis, and AI/ML technologies as those to acquire in order to further advance our core technologies in agrochemical creation, bio resource use, and functional material creation. As such, we are actively forming technical alliances, introducing technologies, and implementing growth investments such as M&As to combine external expertise with our in-house technologies.

To chart a course for growth, investment in our human capital will be essential. For our employees, while providing wide-ranging learning opportunities, we will aim to improve overall literacy levels through the Information Technology Passport

Examination and improve their skills in using generative AI. At the same time, we will work to improve financial literacy so employees can understand the aims of our long-term vision from each KPI. We have used ROIC as a management indicator since before the formulation of our long-term vision. In addition to regularly gauging trends in ROIC, we compare and verify our business efficiency against the benchmark, sharing our results with management and the frontlines to formulate measures to improve asset efficiency. Moreover, alongside financial literacy improvements, we have created a set of in-house rules for more systematic judgements on investments that generate returns that exceed WACC. Through appropriate judgements on profitability and proactive growth investments, we will strive to meet the expectations of our shareholders through a virtuous cycle between investment and return.

## Brilliance through Chemistry Stage II Progress

### Numerical Targets and Results

	Medium-term Business Plan Stage I	Medium-term Business Plan Stage II		Long-term Vision KPI
	FY 2023 results	FY 2024 results	FY 2026 targets	FY 2030
Net profit (Billions of yen)	16.69	16.61	17.0	
Capital investment (Billions of yen)	13.26 (34.08/over three years)	7.48	40.0/over three years	
Shareholder returns	Dividends (yen)	240	240	
	Dividend ratio (%)	40.1	40.2	
	Purchase of treasury shares (Billions of yen)	0.0	2.0	
	Total return ratio (%)	40.1	52.1	50% or more
ROE (%)	10.3	9.3	10%	12%
ROS (%)	9.8	9.0		10% or more
ROA* (%)	6.8	5.1		7% or more

\* ROA: Operating profit on assets

### ROIC

(Billions of yen)	FY 2020 results	FY 2021 results	FY 2022 results	FY 2023 results	FY 2024 results	FY 2024 Notes
Net sales	144.74	139.36	152.54	172.81	154.43	
Cost of sales	106.82 73.8%	100.59 72.2%	110.43 72.4%	123.53 71.5%	111.73 72.3%	Increased raw materials and fuel price was offset by increasing sales price and exchange rate.
Selling, general and administrative expenses	29.79 20.6%	28.79 20.7%	30.17 19.8%	32.38 18.7%	28.83 18.7%	
<b>Operating profit</b>	<b>8.14</b> <b>5.6%</b>	<b>9.98</b> <b>7.2%</b>	<b>11.93</b> <b>7.8%</b>	<b>16.89</b> <b>9.8%</b>	<b>13.87</b> <b>9.0%</b>	
Notes and accounts receivable-trade	43.58 3.1 times	45.26 3.1 times	52.51 3.1 times	48.78 3.4 times	55.02 3.0 times	Seasonality of Agri Business sales returned to normal (4Q sales increased).
Inventories	30.64 3.7 times	32.12 3.2 times	34.86 3.3 times	43.97 3.1 times	51.73 2.3 times	Raw material prices increased. Raw material inventory for new agrochemicals increased temporarily. Semi-finished products increased temporarily due to an earthquake.
Notes and account payable-trade	17.51 5.2 times	16.71 5.9 times	21.32 5.8 times	19.40 6.1 times	22.55 5.3 times	
Working capital	56.71 2.6 times	60.67 2.4 times	66.05 2.4 times	73.35 2.5 times	84.20 2.0 times	
Non-current assets	114.44 1.2 times	127.62 1.2 times	136.57 1.2 times	136.61 1.3 times	156.37 1.1 times	IHARABRAS share value increased: 10.05 Retirement benefit assets increased: 4.06
Invested capital	171.15 0.8 times	188.29 0.8 times	202.62 0.8 times	209.97 0.8 times	240.57 0.7 times	
<b>Pre-tax ROIC</b>	<b>4.8%</b>	<b>5.3%</b>	<b>5.9%</b>	<b>8.0%</b>	<b>5.8%</b>	

# Materialities at the Nippon Soda Group



## Securing food and achieving sustainable agriculture



### Social Challenges

The world population is expected to reach ten billion in 2050, and a large amount of food and feed will be required. Also, the global warming megatrend will increase the outbreak of agricultural pests.

### Response Policy

The Nippon Soda Group supplies safe and effective agrochemicals that are highly rated around the world. We expect needs for higher levels of safety to continue increasing, so we will create new agrochemicals that are safer and more effective by using advanced expertise to contribute to the world's food supply. Additionally, we will utilize information and communication technologies (ICT) and other technologies to support labor-saving pest control work and the production of high-quality crops.



## Healthy lives to all people



### Social Challenges

In advanced economies, health consciousness and awareness of preventive medicine are increasing due to social security cost issues and the sustainability of healthcare systems. In emerging economies, meanwhile, the demand for pharmaceuticals is increasing in tandem with improvements in living standards.

### Response Policy

The cellulose derivative supplied by the Nippon Soda Group is widely used domestically and abroad as a binder for pharmaceutical tablets that make medicine easier to take, and it is also being developed for use in food processing for supplements, etc. In the future, we will continue to develop support services for high-performance products and formulation technologies and actively research and develop products that contribute to improving people's health and life.



## Toward a resource recycling society



### Social Challenges

Achieving a sustainable society is a goal shared around the world. Tackling environmental problems such as global warming and resource depletion will help achieve this goal, and corporations are increasingly expected to lead those efforts.

### Response Policy

The Nippon Soda Group utilizes industrial waste harmless treatment technologies, resource recycling technologies, technologies for removing heavy metals, water treatment technologies, and other technologies developed over its long history, to come up with various environmental solutions and develop business. For sustainable plant protection, we are also contributing to the protection of the pine forests that are a feature of Japan's natural heritage.



## Applying the functionality of chemicals to ICT devices



### Social Challenges

Smart devices are becoming more popular around the world as the progress in information and communication technologies accelerates. This market is expected to grow significantly in the future.

### Response Policy

There are growing needs for new semiconductor and circuit board materials in line with higher speed, larger capacity data centers and smart devices and the emergence of electric vehicles and autonomous driving technologies. The Nippon Soda Group uses its precision polymerization technology and organic synthesis technology to provide high-performance polymers for use in photoresists for semiconductors and copper clad laminates (CCL).

# Course of Action for the Medium-term Business Plan

## Chemical Materials



### Healthcare

Our pharmaceutical additive NISSO HPC is a binder that is used to form tablets for pharmaceuticals and supplements. It boasts a range of outstanding functionalities that help to form tablets, including binding force, moisture resistance, and sustained release properties. Due to a significant rise in demand, we are making progress with work to increase capacity by a further 50%, and are aiming for completion in the first half of FY 2027. Moreover, in addition to launching a new NISSO HPC to be used as a coating agent, we are working to increase sales of NISSO SSF, a lubricating agent that prevents tableting issues. In doing so, we will aim for further sales expansion and peripheral business growth in the ever-growing pharmaceutical and supplement markets.

### ICT

Demand for our semiconductor KrF photoresist material VP-POLYMER is expected to grow over the medium term in line with rising production volumes of 3D-NAND flash memories and the increasing number of semiconductors being used in electric vehicles and autonomous driving technologies. We are currently making progress with work to double our existing production capacity and expect the work to be completed in the second half of FY 2025. We will also aim to increase sales of our resin additive NISSO-PB and 1,2-SBS (launched in 2022) in 5G telecommunications materials, AI servers, high-speed servers, and other products in next-generation low-dielectric polymer markets. The former boasts high heat resistance and low dielectric properties in high frequency domains, while the latter offers excellent low dielectric constant properties and outstanding heat-, water-, and oil-resistant properties.

## Agri Business



### Expansion of new proprietary agrochemical sales

Sales of our fungicide PYTHILOCK (picarbutrazox) are increasing in Japan, South Korea, and as a seed treatment agent in the US. We are also progressing with developments for its use in vegetables in China, Indonesia, and Europe. For our acaricide DANYOTE (acynonapyr), while aiming to increase sales in Japan and South Korea, we are also progressing with development in the US, Southeast Asia, and other countries overseas. Elsewhere, based on its efficacy against a wide range of pests, we expect MIGIWA (ipflufenquin) to become a leading fungicide. Having completed work on mass-production facilities and begun full sales in Japan, we will now work to increase sales in South Korea and the US, where the product has been registered, and promote development for Europe, Brazil, and other markets. By FY 2027, we are aiming for a combined ¥10 billion in net sales for these three products.

### Maintenance and expansion of sales for existing products

In addition to sales in the fruit and vegetable sector, we will also aim to expand application of our existing products to the grain market. At the same time, we will work to grow sales in Brazil and other South and Central American countries, as well as countries in Asia, where demand is expected to grow. For our leading fungicide TOPSIN-M (thiophanate-methyl), while expanding its scope of application, we will look to differentiate the product from generic products through the development of mix formulations and aim for further increases in sales. Meanwhile, our leading insecticide MOSPILAN (acetamiprid) has been re-registered in Europe due to its high efficacy and low environmental impact, and the registration's validity has been extended to 2033. While sales opportunities are increasing in line with the expiration of registrations of our competitors' products in Europe, with the expected entry of generic agrochemicals in the medium term, we will aim to maintain our market share through increased sales of differentiated products such as high-value-added formulations and region-specific formulations.

## Other Businesses

### Trading & Logistics

In trading, by enhancing our global procurement and sales networks and increasing the value we can offer, we will aim to strengthen our activities in the four strategic fields of Agriculture, Healthcare, Environment, and ICT, and at the same time create new businesses in unique fields that contribute to society and the environment. In logistics, we will increase our handling of high-value-added goods such as dangerous goods, toxic and deleterious substances, and pharmaceuticals, and provide high-quality, comprehensive logistics services through highly efficient operations.

### Engineering

We will aim to expand our business domains by strengthening our core technologies such as powder handling, pharmaceutical manufacturing, and reaction/distillation technologies, and by developing proprietary and new equipment and processes including milli-scale chemical reactors and anion adsorption. At the same time, by boosting our competitive advantage through stronger job processing and procurement capabilities and the promotion of digital transformations (DX), we will solidify our position as a fine chemical engineering company that can accurately respond to customers' increasingly sophisticated and diverse needs.

### Eco Solutions



Our Eco Solutions business has over many years accumulated a wide range of resource recycling technologies, including the collection of zinc from electric furnace dust, the production of anhydrous sulfuric acid and purified anhydrous sodium sulfite from used sulfuric acid, and the collection of valuable metals. We also have various unique industrial waste processing technologies including fluorocarbon treatment and high-difficulty waste treatment technologies. Through these technologies, we will aim to improve profit through efficient processing, and at the same time expand the business by adding and upgrading equipment. In doing so, we will contribute to a sound material-cycle society that is in harmony with the global environment.

### R&D / Production Technology

Based on our research and technology strategy Brilliance through Chemistry 2030, we are working to establish and increase the sophistication of our core technologies, reinforce and develop our platform technologies, and introduce external technologies. In doing so, we aim to create new businesses in the three target domains of Food, Healthcare, and Advanced Materials by 2030, which is the final year of our long-term vision. Moreover, we will also promote greater efficiency in our production processes through use of AI and other digital technologies, and examine optimal production systems taking into account declining working populations, climate change, and other factors.

Feature **Research and Technology Strategy**

**A Message from the General Manager of the Research & Development Division**



By enhancing in-house technologies and combining them with advanced external technologies, we will promote the establishment and improvement of our core technologies to drive high profits in our existing businesses and create new mainstay businesses

**Akira Mitani**

Executive Officer  
General Manager, Research & Development Division

**Steady progress in the creation of new mainstay businesses for future growth**

Brilliance through Chemistry 2030 is the research and technology strategy that we have laid out in the current medium-term business plan. The three target domains in the strategy are Food, Healthcare, and Advanced Materials, and it is in these areas that we are working to create new mainstay businesses for future growth.

In the Healthcare and Advanced Materials domains, we are currently making progress with promising themes for new businesses. In terms of the Healthcare domain, in addition to people we are also focusing on the rapidly growing pet and animal healthcare markets. Specifically, we are working with a global company that handles animal pharmaceuticals on the joint development of animal medicines. We will get closer to the commercialization of these products once we clear the final phase of efficacy testing, something we are working on now. With new modes of action not currently available on the market and longer lasting effects than current medicines, we believe these new products will differentiate us from our competitors. Moreover, in the future we are aiming to become a contract development and manufacturing organization (CDMO) for unique

pharmaceuticals. In the development of new drugs for the pharmaceuticals market, alongside new modalities,<sup>1</sup> examinations are also underway for corresponding formulation technologies. We have therefore invested in SENTAN Pharma, Inc. and begun development of a nanoparticle formulation technology. Further, there is also demand for materials for the synthesis of nucleic acids and peptides, both of which are seeing increasing use in healthcare applications. We have also begun examining commercialization projects in these peripheral areas.

In the Advanced Materials domain, developments are ongoing with organic electroluminescence materials. Kyulux, Inc., with whom we are conducting joint development, is at the commercialization stage with an organic electroluminescence material with high color purity that does not require rare metals. Our plan is to support manufacturing and we are further strengthening our collaborative structure to do so.

In the Food domain, with concerns about potential future supply shortages of protein, which is a vital nutrient, we are moving forward with investigations on how to acquire manufacturing technology for proteins and peptides through cultivation techniques such as using smart cells and other methods.

Meanwhile, we have newly established the Technology Strategy Section to further promote our technology strategies. Through this new organization, while gauging the latest technology trends and optimizing our technology strategies, we will proactively examine M&As and technological alliances aimed at acquiring new technologies. In terms of human resource development, to ensure the continuous creation of outstanding research themes, we are aiming to both enhance technological marketing capabilities and improve our research theme proposal program. To date, we have focused on the fusion of knowledge and fusion of technologies. From this fiscal year, we have renamed the Odawara Research Center as the Research & Innovation Center, seeking to enhance its functions as a hub for the creation of new products, technologies, and businesses both in name and in substance. At the same time, we have integrated the production technology research departments from each plant and research center to set up the Production Technology Center, placing it under the direct control of the Research & Development Division. Through stronger collaboration between the two centers, we will speed up the creation of new products and businesses.

1. Types of treatment method such as small-molecule drugs, antibody drugs, nucleic acid drugs, cell therapy, gene and cell therapy, and gene therapy

We have set cultivation, peptide application, organic metal application, flow synthesis, and AI/ML (materials informatics) technologies as those to strengthen as a matter of priority. In addition to promoting new value creation, these technologies will help to enhance our existing businesses. We have formulated a roadmap and are proactively and systematically introducing external technologies. Among the technologies to strengthen as a matter of priority, we have made particularly noteworthy advances in AI/ML technologies. With junior researchers taking the lead, bottom-up initiatives by the AI Working Group began five years ago. As a result, we have patented an app that was developed in-house and that promotes greater research efficiency. Currently, the working group is promoting use of generative AI, which is undergoing significant advancements. Due to its ability to improve efficiency in various operations, we have created a new generative AI system so that it can be used by the whole company, not just in research and development. In the future, we will look to raise overall standards in-house, such as by improving digital literacy.

**IP investment and optimal IP portfolios can unlock sustainable growth**

The Intellectual Property Department is the most important department in the corporate domain as it has an overarching view of everything from our patented technologies to information on technologies and knowhow that has not been disclosed. In addition to the reliable protection of our patents, the Intellectual Property Department has also set up a Patent Landscape<sup>2</sup> team to support the creation of new businesses from an early stage through analysis of intellectual property (IP) information, and in turn to increase the number of highly valuable patents. The department also conducts yearly reviews to ensure an optimal intellectual property portfolio. Further, on top of monthly attendance to companywide department meetings and meetings with specialists in each field, the Intellectual Property Department hosts patent consultations and intellectual property training sessions to improve knowledge on intellectual property throughout the Company.

2. A method that involved analyzing intellectual property information and using the results in management strategies and decisions

**Platform technologies to boost superiority in new and existing businesses**

Having taken stock of the Company's technologies, we have identified our agrochemical creation technologies, bioresource utilization technologies, and specialty chemical creation technologies as platform technologies that serve as our source of competitiveness, and are striving to strengthen and develop them further.

Among our technological traits are the strengths we have in design, synthesis, assessment, and analysis that we have developed through agrochemicals. Moreover, the drug discovery initiatives using computational chemistry that we implemented ahead of other companies have today become the source of our competitive advantage.

**Generating Innovation**

Taking a new name following a reorganization, the Research & Innovation Center is the Company's central research institute. To accelerate innovation amid environmental changes, corporate cultures must be reformed to energize the organization. Against this backdrop, a proposal from junior researchers has led to the launch of an operational reform project directly from the frontlines.



**Akemi Osawa**

Executive Officer  
General Manager of Research & Innovation Center, Research & Development Division, Manager of Research Management Department, Research & Innovation Center

**Kei Suzuki**

Research & Innovation Center  
Synthesis Technology Research Department and Research Management Department

**An operational reform project led by junior researchers to transform frontline mindsets and promote cultural reforms for innovations**

**Accelerating innovation from the frontlines**

**Osawa:** Nippon Soda is now entering a phase from which it can accelerate innovation. In April 2021, we integrated the Odawara Research Center and the Chiba Research Center to create a structure that aims to foster synergy between the research and development fields of agrochemicals and chemical materials, including functional materials and electronic materials. To further promote this fusion, in 2024 the above organization was renamed the Research & Innovation (RI) Center, marking our transition to a new phase. Amid these changes, Kei Suzuki presented his idea for operational reforms.

**Suzuki:** I joined the in-house AI Working Group in 2020, where I had the opportunity to learn about and implement AI-related technologies. This experience made me realize that AI-based solutions would have an essential role to play in future operations. However, there were more challenges than expected when we actually tried to put AI into practice. Specifically, it was clear to see that even when employees learned new skills, they were so busy with their day-to-day responsibilities that they had

no time to implement them. We realized that before promoting full-scale digital transformations, it would first be important to review the nature of our current operations. I therefore gave a presentation to Akemi Osawa, Director of the RI Center, in which I summarized our current issues and provided concrete proposals for future operational reforms.

**Osawa:** I was very happy that Suzuki approached me for help. It was the sense of crisis felt by junior employees on the frontlines that helped to kickstart this project.

**Suzuki:** My plan has always been to stay at Nippon Soda until retirement, but the more I learn about DX and see examples of DX at other companies, the more I worry whether the Company can survive as it is. When I thought about the future, I realized that even if we don't make use of the most advanced methods, we must keep up with current trends. To build a creative research structure using DX, I knew it would be important to examine our operations and thoroughly remove any wasteful processes. That said, although I had the idea, I didn't know what to do to make the change.

**Questioning conventional approaches for positive impacts throughout the R&I Center**

**Suzuki:** A major turning point was when we met a consultant who was an expert in operational reforms. Using their advice, we were

able to solidify our plans and ideas and basically lead the project by ourselves. We began by conducting a survey to identify the issues facing all our departments, and we received nearly 600 responses. After organizing and separating these issues, we identified the common issues that should be addressed as a priority: meetings, documents, center rules, and approval processes. We then formulated a set of plans and used them to begin improvement measures. We reported and shared our progress monthly, and communicated our initiatives throughout the center to raise awareness of the project. Thus far, we have successfully reduced the number of meetings, digitalized approval processes, and promoted the use of automated tools at each department.

**Osawa:** While we are only half-way through these initiatives, we are gradually developing a culture in which employees can independently conceptualize and implement operational improvements. I believe that continuing with activities like this will help to create an organization that can make the best decisions, and in turn lead to the development of new products and businesses. The experience that Suzuki has gained will be an invaluable advantage and I look forward to him developing into a quality manager. It is very promising to see the growth of young researchers like this. Moving forward, we will continue our evolution into an organization that can generate innovation and develop new products.

Feature Research and Technology Strategy

New Business Target Domains

**Food**

With impacts from a growing global population and climate change, in the future there is expected to be increasing pressure on food supplies. To address this problem, at Nippon Soda we are focusing on the supply of protein, which is an essential nutrient. To date, we have worked to sophisticate our core bioresource utilization technologies using cultivation technologies, and in turn improve production technologies for plant-based protein and progress with research on production technologies for cultured meat and other similar areas. Using the smart-cell-based cultivation technologies we develop in this area, we will propose new solutions for the food domain. These technologies can also be applied to the development of natural products, various protein sources, and vaccines that protect plants and animals from diseases. To accelerate these initiatives, we are working with universities, research institutes, and startups, and we will also look to extend our solutions to livestock and aquaculture.

**Healthcare**

In Healthcare, our main development targets are additives and raw materials for biopharmaceuticals and nucleic acid medicines, markets for which have grown rapidly in recent years. In this area, we are forming technological alliances with startups who have a strong presence in healthcare, and have joined the JMTC Health Care Fund to uncover new market needs. Moreover, we have invested in SENTAN Pharma Inc. to acquire new formulation technologies for diverse modalities and are aiming to develop a unique contract development and manufacturing organization (CDMO) business by leveraging their technologies.

We have defined healthcare as both for people and animals. For animal medicines, we can apply the synthesis and assessment technologies that we have accumulated through agrochemicals. One new pet medicine under development using these technologies boasts a new mechanism of action and long-lasting efficacy, and expectations are growing for its commercialization.

**Advanced Materials**

In line with the spread of generative AI and automated vehicle technologies, there have been remarkable advancements in the miniaturization of semiconductors and higher speed, larger capacity telecommunications technologies. As such, there is rising demand for the high-quality semiconductor and telecommunications materials that make these advancements possible. At Nippon Soda, over many years we have accumulated extensive expertise on organic synthesis, polymerization reaction, process design, purification, and other manufacturing technologies. We are using this expertise for new developments in advanced fields, including copper clad laminate (CCL) materials for the high frequency range, which facilitates next-generation communications, and materials for semiconductors and related areas. Meanwhile, devices continue to evolve in line with advanced semiconductor and communications technologies, pursuing foldability, flexibility, and high visibility some of the more drastic changes. In line with these technological trends, we have strengthened our collaborative structure with Kyulux, Inc., a startup from Kyushu University, and are steadily moving forward with the commercialization of next-generation organic electroluminescence materials. Moreover, to address the SDGs and achieve carbon neutrality, we are promoting alternative compounds with low environmental impact, promoting alternative measures that meet PFAS regulations, and developing peripheral materials related to the use of hydrogen, which is garnering attention as a next-generation energy source.

Policy for Investing in Intellectual Property

**Proactively acquiring IP rights to maintain and strengthen the superiority of our products**

At Nippon Soda we have continued to develop new products since our founding, and so our current lineup comprises products of varying ages. Generally, a product's patent protection expires after 20 years. To continue to protect our products after patents expire, based on our intellectual property strategy we carefully manage important technological knowhow as a trade secret. At the same time, we look at technology from a multifaceted perspective, protecting products by patenting improved technologies to strengthen business continuity and our competitive advantage.

In Chemical Materials, we are constantly working to maintain our competitive advantage by patenting improved manufacturing processes for lower cost operations and patenting new applications. In the Agri Business, while we have many established long-selling brands, the substance patents for some of these products have already expired, making it important to maintain and improve brand value. Moreover, by submitting patent applications for mix formulations that combine existing active ingredients with other medicines and for further crop applications, we are aiming to acquire intellectual property rights for newly created product value. Through initiatives like this we

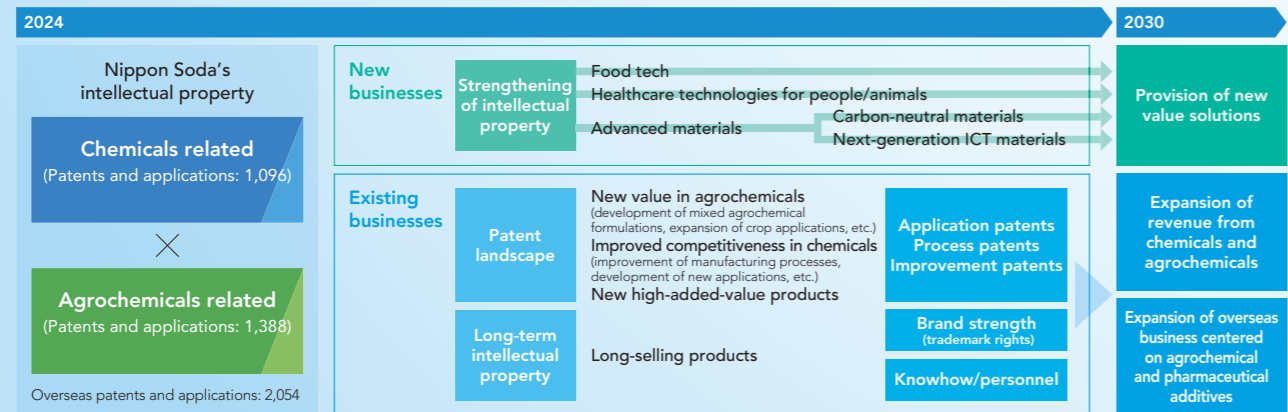
are maintaining our brand strength and supporting the stability of our businesses.

**Promoting our research and technology strategy to ensure sustainable growth and improve corporate value**

To achieve our long-term vision Brilliance through Chemistry 2030, we are focusing on the development of new products and the creation of new businesses. Based on the knowledge that high-quality intellectual property rights are essential for us to enter new business areas, we are proactively submitting patent applications for the results of our research and development activities and building an optimal intellectual property portfolio.

As part of our research and technology strategy, we have identified three target domains for new business creation—Food, Healthcare, and Advanced Materials—and are strengthening our intellectual property investments in these areas. Moreover, within the Intellectual Property Department we have set up an IP landscape team to support the creation of new businesses through the analysis of intellectual property information. The Intellectual Property Department also creates regular investment reports for senior management that provide visual information on progress with intellectual property investments.

Overview of Intellectual Property Investment



Enhancement of Production Technologies



Quickly streamlining research and production systems by bringing together human resources, technologies, and equipment and sharing issues and expertise

**Hirokazu Yamada**  
Executive Officer  
General Manager of Production Technology Center  
Research & Development Division

**Organizational integration to streamline R&D and production systems**

The Production Technology Center was newly established in April 2024 after the integration of four production technology research departments previously at each plant and research center. The aim is to share issues unique to each worksite and companywide issues from a management perspective, and at the same time streamline and optimize our various resources including human resources, technologies, and equipment. In addition, we will also aim for a uniform organizational culture in production technology research.

In R&D, we are working to build a collaborative structure with the Research & Innovation Center. Our aim is to create a new phase management structure in which we can make decisions on our courses of action from the pre-development research phase, taking into account substance safety and dangers, manufacturing locations and costs, and other factors. Moreover, we are also examining the introduction of the continuous flow method to establish next-generation production technologies. This method is very important to our environmental measures as it makes equipment more compact and uses less energy.

It will also be important to rebuild our production system in consideration of the whole supply chain. Although we have production sites across the country, as our product groups change, so do the raw materials we require. As such, we will work to ensure greater efficiency across the supply chain through diverse approaches including the management of flow lines from the procurement of materials to the delivery of products and business continuity planning.

**Improvements through DX and awareness reforms on the frontlines**

It is said that Japan's working population will fall by around 20% by 2040, and so there is an urgent need to build production systems that can cope with this decline. In our production department, therefore, we are aiming to increase efficiency and in turn reduce the manpower required. Specifically, we are aiming for a 10–20% reduction in production personnel by integrating our instrumentation equipment and in turn centralizing control. We are also focusing on human resource development and

technology transfers. Junior employees learn from experienced engineers about handling equipment that often depends on individual expertise and traditional assessment methods. While these activities are taking place, junior employees simultaneously record them on video, creating materials that are easy to use for those taking over the roles in the future. Further, to develop multi-skilled workers, we are implementing workstyle reforms and other comprehensive measures so that we can create systems for the systematic and smooth operation of educational rotation systems between workplaces, including at our Group companies.

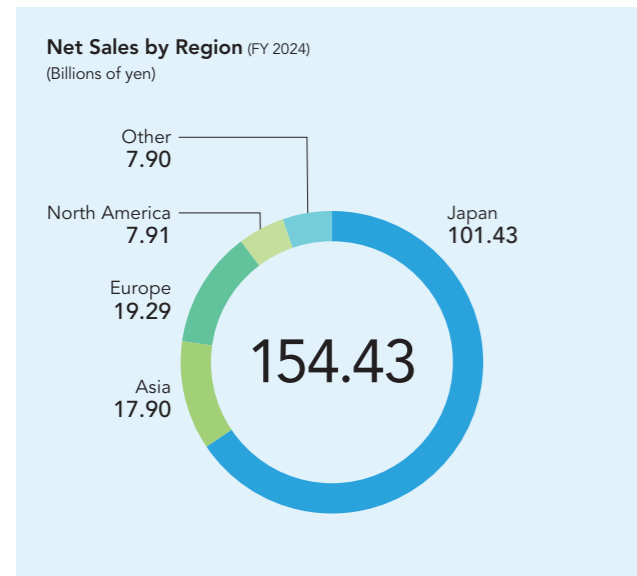
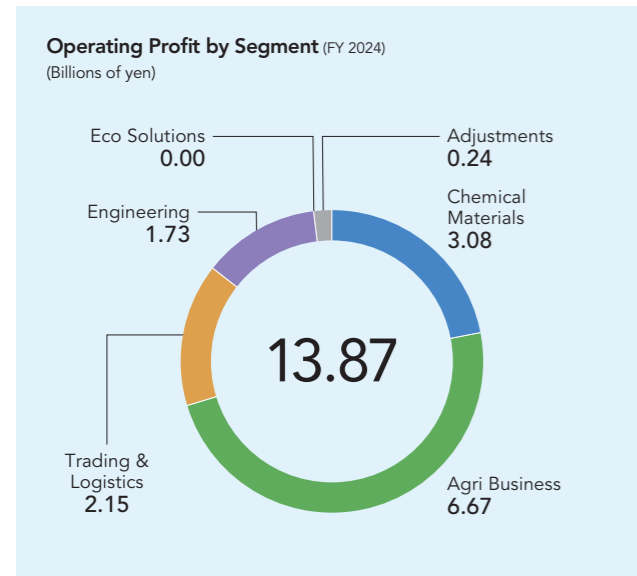
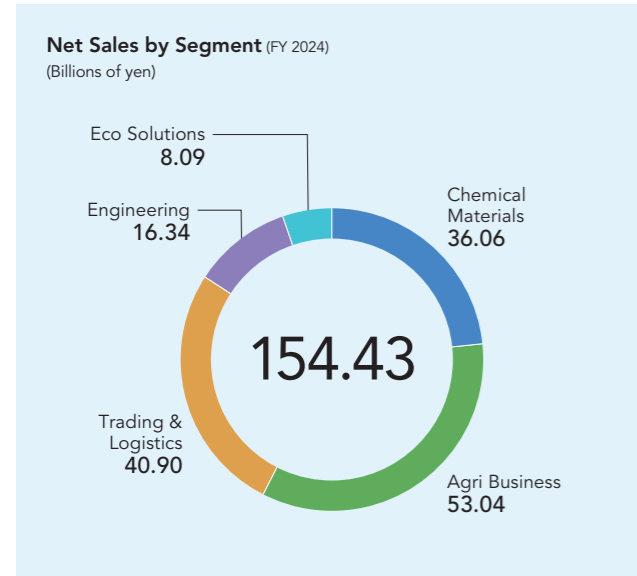
Digital transformations will also be key to improving efficiency. We are promoting digitalization in various operations, including the use of electronic lab notebooks that record research records as data. Elsewhere, measurement data from various manufacturing processes is incredibly useful for preventive and safety measures, and so we are enhancing the accuracy of our data analysis for better equipment maintenance. Moreover, through use of soft sensors,<sup>1</sup> we have begun initiatives to replace operations dependent on sight and manual work with digital methods and manage them accordingly. We are also working with the Research & Innovation Center on the examination of manufacturing processes for new products, and are using MI to select materials, catalysts, and other testing conditions.

Reforming frontlines mindsets is essential to building efficient research and production systems. By promoting the systematization of our educational systems (use of generative AI, experiential education at the Nisso Technical Training Center,<sup>2</sup> creation of digital educational materials) and enhancing our sharing of information (communication from senior management, setting up of platforms for dialogue, reinforcement of horizontal connections between workplaces and business sites, use of DX for information sharing), we will work to create an environment in which employees recognize the importance of both the Company's and their own evolution, and in which they can demonstrate their individual capabilities to maximum effect.

1. Virtual instruments and technologies that are used to estimate physical quantities, quality characteristics, and other variables that are difficult or expensive to measure directly using other related measurement variables  
2. A training center next to the Takaoka Plant used for systematic safety education on manufacturing frontlines

# The Nippon Soda Group's Businesses

The Nippon Soda Group is a corporate group that uses chemistry to create superior products and services around the world and in turn contribute to the achievement of a sound society. Chemical Materials and Agri Business are the core of the Group. They primarily involve the manufacture and sale of chemicals, and the provision of services.



## Chemical Materials

See p. 30-31

## Healthcare

Pharmaceuticals and pharmaceutical intermediates

— Main Products —  
Pharmaceutical additive  
NISSO HPC  
NISSO SSF

## ICT

Specialty chemicals

— Main Products —  
Resin additive  
NISSO-PB  
Semiconductor photoresist material  
VP-POLYMER

## Environment

Eco business products

— Main Products —  
Heavy metal fixative  
HIDION  
Water treatment agent  
NISSO HI-CHLON

## Core businesses

Industrial chemicals

Caustic soda  
Cyanide  
Phosphorus oxychloride, etc.

Fine chemicals

Color developers for thermal paper  
Secondary battery materials  
Specialty isocyanates, etc.

### Net Sales

(Billions of yen)

### Operating Profit / Operating Margin

(Billions of yen)

### Net Sales Ratio

(FY 2024, non-consolidated basis)

## Agri Business

See p. 32-33

## Agriculture

Product development specializing in Expanding the applications of existing

fruit and vegetables agrochemicals for use with grains

Promoting development for lawns and non-agricultural fields in addition to crops

### Fungicides

— Main Products —  
TOPSIN-M (thiophanate-methyl)  
PANCHO TF (cyflufenamid-triflumizole)  
PYTHILOCK (picarbutrazox)  
MIGIWA (ipflufenquin)

### Insecticides and acaricides

— Main Products —  
MOSPILAN (acetamiprid)  
NISSORUN (hexythiazox)  
DANYOTE (acynonapyr)

### Herbicides

— Main Products —  
NABU (sethoxydim)  
CONCLUDE (flupoxam)  
ALPHARD (topramezone)

### Net Sales

(Billions of yen)

### Operating Profit / Operating Margin

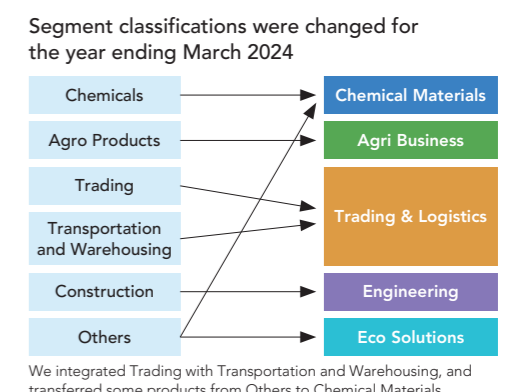
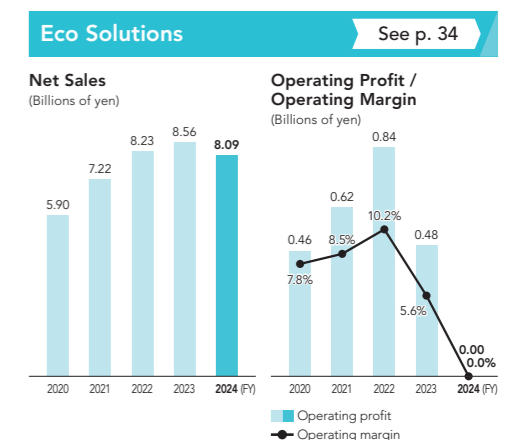
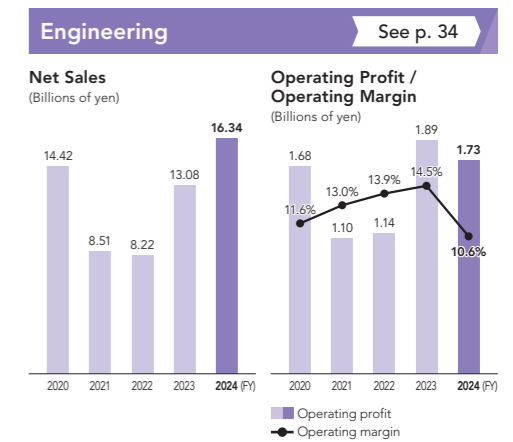
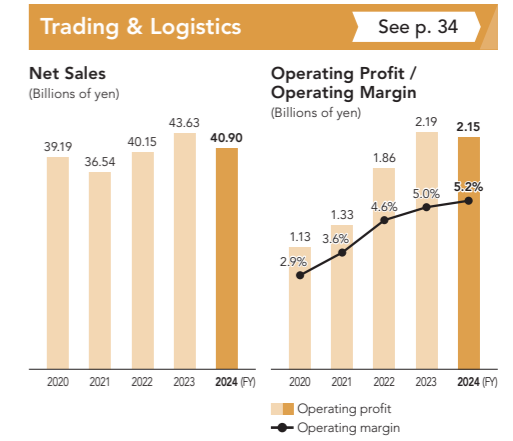
(Billions of yen)

### Sales Ratio by Product Category

(FY 2024, non-consolidated basis)

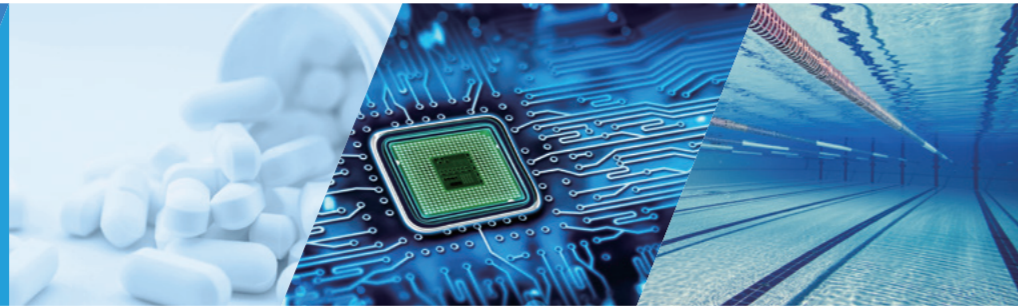
### Overseas Sales Ratio

(FY 2024, non-consolidated basis)




The Nippon Soda Group's Businesses

# Chemical Materials



**Makoto Kato**  
Executive Officer,  
General Manager,  
Chemicals Business  
Division

Rising health consciousness and interest in preventive healthcare, progress in information and communication technologies that support the popularization of smart devices, and the achievement of a sustainable society through lower environmental impact and the creation of a sound material-cycle society are becoming worldwide trends. In light of these trends, in Chemical Materials we have identified three materialities (important issues): Healthcare, ICT, and Environment. By focusing the technologies and services that we have developed over many years in these fields, we can contribute to healthy living, technological innovations in information and communication, environmental protection, and improved safety and health. Elsewhere, in line with robust demand for our growth-driver products—the pharmaceutical additive NISSO HPC and semiconductor photoresist material VP-POLYMER—we are moving forward with work to significantly increase our production capacity for both products. Through the global expansion of products that can tackle social issues, we will promote sustainable growth.

 Healthcare	High functionality and advanced quality control	Domestic top-level industry penetration rate	Established system for global sales expansion
<b>Risks and opportunities</b> - Rising health consciousness and interest in preventive healthcare in line with concerns surrounding social security costs and the sustainability of medical systems, and growing demand for pharmaceuticals and health foods in line with improving living standards in emerging economies	<b>Competitive advantages</b> - Extremely high quality control requirements preventing market entry by newcomers - Provision of support services for formulation technologies that uphold our top-level industry penetration rate in Japan - Differentiation through development and launch of original brands	<b>Challenges</b> - Creation of production systems to cope with rising demand - Provision of technological support services for advanced formulation technologies - Shift to higher performance products, development of new pharmaceutical additives, and expansion of peripheral business domains	

## NISSO HPC

Our pharmaceutical additive NISSO HPC is a growth-driver product that is used as a binder to form tablets primarily for pharmaceuticals. As one of the few additives that dissolves both in water and alcohol, it boasts outstanding binding force to reduce tablet size, the ability to reduce dose frequency due to its sustained release of active ingredients, while it can also maintain the concentration of active ingredients in blood. Due to these excellent properties and functions, it has been widely recognized as an essential additive for the manufacture of pharmaceuticals. The Nippon Soda Group possesses manufacturing facilities and management systems that conform to very high quality control standards. Customer trust in our quality is the brand power of NISSO HPC.

In the growing global pharmaceuticals market, NISSO HPC boasts the highest market penetration rate in Japan, while demand is also growing in Europe and North America, as well as in India and China where living standards continue to rise. Due to its high functionality, NISSO HPC is also seeing increased use in supplements and other health food domains. We are accelerating product growth in Europe, the US, and India through technical support services courtesy of local staff. Elsewhere, in line with soaring demand, at the Nihongi Plant (Joetsu City, Niigata Prefecture) we are moving forward with work to enhance production capacity, with completion scheduled for the first half of FY 2027.

Meanwhile, we have positioned the Cellulose Technical Application Center (CTAC) (Ichihara City, Chiba Prefecture) as a hands-on collaborative facility where we can work with customers to create new value for NISSO HPC, and we are focusing on investigations to expand its applications. We have also been enhancing the application data for a coating agent with entirely new properties and begun offering samples. Also, in advanced areas such as pharmaceutical formulation technology—which involves 3D printing and continuous production—we are promoting joint development to standardize NISSO HPC processes.



Cellulose Technical Application Center (CTAC)

 ICT	Proprietary living anionic polymerization technology	Supply capabilities that respond to increasing demand
<b>Risks and opportunities</b> - Expansion of semiconductor demand in line with the spread of electric vehicles and autonomous cars - Expansion of demand for materials that can respond to increasingly sophisticated quality requirements in line with higher speed and larger capacity communication and information & electronic equipment	<b>Competitive advantages</b> - Product development using proprietary living anionic polymerization technology - Various properties including low dielectric constant, heat resistance, water resistance, and chemical resistance - Proprietary manufacturing methods that meet the increasingly sophisticated quality requirements in electronic materials	<b>Challenges</b> - Accurate understanding of needs in electronic materials, which are experiencing rapid technological innovations, and product development aimed at having our materials adopted for new applications and as the industry standard

## Semiconductor Photoresist Material VP-POLYMER

VP-POLYMER is predominantly used as a KrF photoresist material for semiconductors. Manufactured using our proprietary living anionic polymerization technology, VP-POLYMER has a narrow molecular weight distribution and its high quality meets the increasingly sophisticated quality requirements of semiconductors. As such, it is highly trusted by photoresist manufacturers.

Production volumes of 3D-NAND flash memory are increasing in line

with advancements in communication technologies, while demand for automotive and industrial semiconductors is expected to grow over the medium to long term due to the spread of electric vehicles and autonomous driving technologies. At the Chiba Plant (Ichihara City, Chiba Prefecture), we are moving forward with work to double our production capacity for VP-POLYMER, with completion scheduled for the second half of FY 2025.

## Resin Additive NISSO-PB

Our resin additive NISSO-PB, which is a functional polymer, is a unique liquid polymer that was developed from our living anionic polymerization technology. It shows limited deterioration with age, and has various outstanding characteristics such as electrical properties, high heat resistance, chemical resistance, and water resistance. As such, it is used in adhesives, resin modifiers, and paints and coatings.

Robust demand continues for its use as a modifier for printing plates used in flexographic printing, a low environmental impact printing method growing in popularity worldwide. Additionally, demand has recently been increasing for its use in ICT. Specifically, it is being used as a material for smartphone and tablet touch panels and as an additive in copper clad laminates used in AI servers and base stations for wireless 5G communications.

## Functional Polymer 1,2-SBS

1,2-SBS is a polymer made using our living anionic polymerization technology. It has a higher 1,2 vinyl content than regular SBS, and boasts excellent cross-linking properties, low dielectric constant properties, and heat-, water-, and oil-resistant properties. We are actively expanding its sales for applications in 5G communication

equipment, AI servers, and high-speed servers.

In addition to its use in electronic materials, the product has received wide acclaim in a broad range of other applications, including synthetic rubber and adhesives.

 Environment	Water treatment technologies and heavy metal removal technologies	Expansion of environmental solutions
<b>Risks and opportunities</b> - Expansion of demand for environmentally friendly products as a result of environmental issues such as pollution, waste treatment, and water resource protection - Expansion of demand for products that can support a sound material-cycle society in line with growing social interest in environmental protection	<b>Competitive advantages</b> - High market share in inorganic and organic chlorine agents, which are used to manage chlorine levels in pools and septic tank effluent water - Technologies for the fixation of harmful heavy metals found in fly ash from waste incinerators and industrial wastewater	<b>Challenges</b> - Provision of various environmental solutions through collaborations with partner companies

## Developments in the Water Treatment Field

The Nippon Soda Group offers a diverse range of water treatment products, including agents for disinfecting and sterilizing water. The technology we have cultivated in this field to control dissolution rates has become one of our strengths, which is also applicable to drug delivery systems (DDS)\* for pharmaceuticals. We have many examples of collaborative development with manufacturers, trading companies, and other partner companies. A representative example is a jointly developed kitchen product that removes slime from drains.

The market for MITAGEN, an enzyme-microbe preparation that

improves the treatment of industrial wastewater, has also been expanding, not only in Japan but also in countries such as China, where there is increasing awareness of the need to reduce environmental burden.

Looking ahead, we will position our ALM-S1 heavy metal fixative for wastewater as a strategic product, look to grow it into a core product that stands alongside HIDION, our heavy metal fixative for fly ash treatment, and in turn grow our environmental business.

\* Technology to control the delivery of drugs within the body and maximize the effect of the medicine while minimizing side effects

 Visit our website for more details on our main products.  
[https://www.nippon-soda.co.jp/e/fields\\_and\\_products/](https://www.nippon-soda.co.jp/e/fields_and_products/)

The Nippon Soda Group's Businesses

# Agri Business



As a result of the increase in food demand due to worldwide population growth and economic growth, the need to improve the efficiency of agricultural production has become an issue. At the same time, there are concerns about an increase in crop pests and diseases, as well as an increase in weeds, caused by global warming. The Nippon Soda Group considers contributions to ensuring food safety and security and sustainable agriculture using agrochemicals as materialities (important issues), and will contribute to solving agricultural and food-related problems under the themes of increasing production and ensuring stable supplies of food and feed worldwide, improving safety for users of agrochemicals and consumers, and reducing environmental impact. We have particular strengths in solutions for fruit, farming, and horticulture so with these as our main targets, we are focusing on the development of personnel who can cover both technical and sales operations, and this is helping to boost our competitive advantage in responding to customers' needs. Based on these advantages, we will seek to expand global sales of our three new proprietary agrochemicals—the fungicide PYTHILOCK (picarbutrazox), the acaricide DANYOTE (acynonapyr), and the fungicide MIGIWA (ipflufenquin)—to ensure we can support agricultural production sites across the world.

## Increasing sales in niche markets around the world, particularly fungicides, insecticides, and acaricides for fruit and vegetables

Risks and opportunities	Competitive advantages	Challenges
<ul style="list-style-type: none"> <li>- Rising needs for greater efficiency in food and feed production in line with growing populations and increasing meat consumption</li> <li>- Increase in crop pests and damage due to rising average temperatures</li> <li>- Expiration of registration of environmentally harmful agrochemicals, and expansion of demand for low-risk agrochemicals</li> </ul>	<ul style="list-style-type: none"> <li>- Accurate understanding of market needs through technology sales</li> <li>- An integrated Group system covering everything from R&amp;D to production</li> <li>- The expertise to accurately and quickly expand applications based on a knowledge of the different registration systems, safety standards, climates, and environmental issues in each country/region</li> </ul>	<ul style="list-style-type: none"> <li>- Development of agrochemicals with low environmental impact that can demonstrate highly effective pest control with a low dose</li> <li>- Development of agrochemicals that can reduce the required manpower in agriculture and reduce overall agricultural production costs</li> <li>- Efficient new drug discovery in response to rising development costs due to stricter safety standards, etc.</li> </ul>

### Market Environment for Agrochemicals

Although the demand for food will increase with population growth, the amount of arable land remaining worldwide is finite. Therefore, the demand for agrochemicals that make it possible to ensure crop yields and reduce the required manpower in agriculture is expected to grow over the medium to long term. However, the barrier is high to bring products to the market that are safe and environmentally friendly, and various considerations must be made from the research and development stage. As the development costs of new agrochemicals increase, one issue we must look at is how to compete or collaborate with ever-growing, major international agrochemical manufacturers that focus on the grain market.

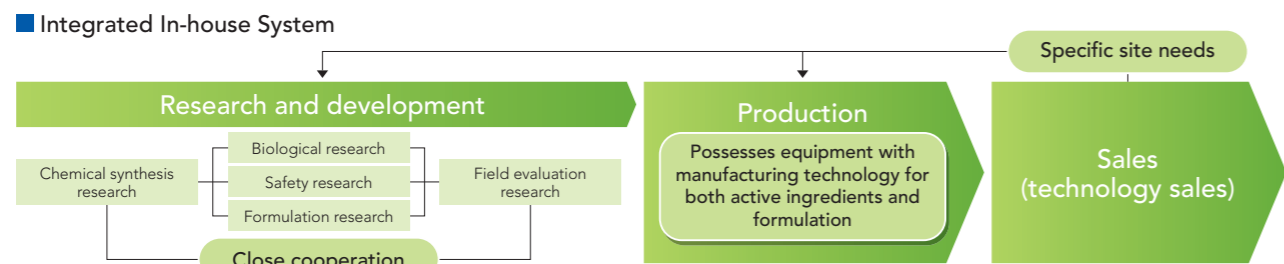
The Nippon Soda Group is developing specialized products for fruit and vegetables for which there is comparatively little competition with major overseas manufacturers and generic products, and for which there is no competition with genetically modified seed varieties. Moreover, by expanding the application of existing products to grains, we intend to improve cost competitiveness through increased sales volume and economies of scale. Additionally, by supplying agrochemical ingredients to major overseas manufacturers and developing mix formulations, we can expand globally while differentiating our products from generic agrochemicals.

### The Value Chain and Our Strengths

At the Nippon Soda Group, we have an integrated R&D structure that allows us to undertake chemical synthesis research, biological research, safety research, formulation research, and field evaluations within the Group. In terms of production, this structure enables us to perform all processes from the manufacture of active ingredients to the formulation of agrochemicals. Meanwhile, our sales staff are knowledgeable about agriculture-related technology, and they conduct awareness-raising activities and hold seminars domestically and abroad to give farmers and

community members an accurate understanding about the safety and usage of agrochemicals. They also exchange information with farmers and pay attention to even their smallest needs while providing feedback to the research and development department. In addition, they contribute to the improvement of existing products and the development of new agrochemicals through repeated evaluation and analysis.

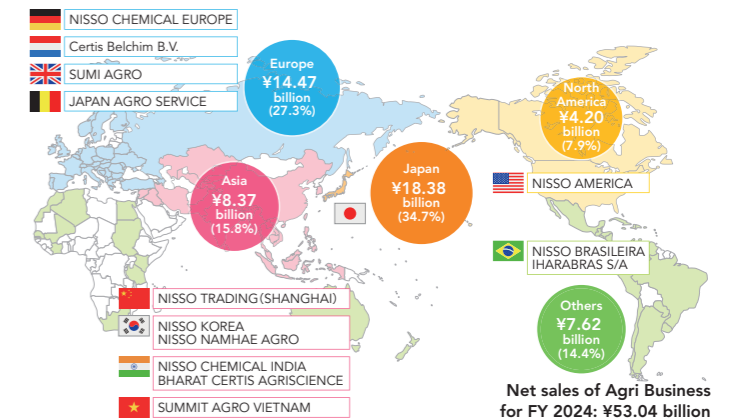
In this way, our strengths are in an integrated value chain that can be consistently managed within the Group.



### Promotion of Global Expansion

The Nippon Soda Group started expanding overseas early on, and in FY 2024 the overseas sales ratio for the Agri Products Business reached about 65%. Because we are developing products specifically for fruit and vegetables, our sales ratio in Japan and Europe is increasing, but as we are also expanding the application of our products for grains, our sales in North and South America have also been increasing recently. In particular, we see Brazil as a major market, and through our local distributor IHARABRAS S/A Industrias Químicas—in which we are the largest shareholder—we are collecting requests and information from customers to develop products and further expand sales.

Also, we are focusing on promotion and awareness-raising activities in China, South Korea, India, Vietnam and other countries in Asia as we aim to contribute to ensuring a higher food yield in the global market. In India, in 2020 we invested in Bharat Certis Agriscience Ltd., a local manufacturer and distributor of agrochemicals. Through this investment, in addition to promoting sales of existing agrochemicals, we are moving forward with preparations to begin sales of the new agrochemicals we have recently developed.



### Efforts to Bring New Agrochemicals to Market

Based on our "food safety and security" motto, we develop safe agrochemicals only after estimating and evaluating their effects on the human body, and investigating and analyzing the actions of metabolites and degradants in animals, plants, and the environment. We prioritize the selection of new pesticide candidate compounds that demonstrate excellent control efficacy against pests that are currently or will become problematic at food production sites, while also showing safety, low persistence, and low-dose activity against beneficial organisms.

As agrochemicals can only be registered for use with specific crops, for farmers who grow multiple crops within a narrow area, using the correct pesticides for the correct crops can be both an operational and financial burden. At the Nippon Soda Group, using our long experience in the development of agrochemicals, we are aiming to register agrochemicals for multiple crops with a single agent so as to reduce the burden on farmers.

We have recently commenced sales of the fungicide PYTHILOCK (picarbutrazox), the acaricide DANYOTE (acynonapyr), and the fungicide MIGIWA (ipflufenquin). We are working to expand sales globally and to achieve ¥10.0 billion in sales through these three agents by 2026.

Product name	Classification	State of development and characteristics	Launch
PYTHILOCK (picarbutrazox)	Fungicide	<ul style="list-style-type: none"> <li>· New modes of action, effective against fungi that are resistant to existing fungicides</li> <li>· On sale in Japan and other Asian countries</li> <li>· Under development for vegetables for Europe and the US</li> <li>· Conclusion of global licensing agreement with Syngenta, on sale in the US as a new seed treatment agent</li> <li>▶ Registered in Canada in 2021</li> <li>▶ Applications made for registration in the EU in 2021</li> </ul>	2017
DANYOTE (acynonapyr)	Acaricide	<ul style="list-style-type: none"> <li>· New modes of action, and effective against resistant spider mites</li> <li>· Immediate efficacy, and low impact on beneficial insects</li> <li>· On sale in Japan and South Korea, applications made for registration in the US in 2021</li> </ul>	2020
MIGIWA (ipflufenquin)	Fungicide	<ul style="list-style-type: none"> <li>· New modes of action, effective against fungi that are resistant to existing fungicides</li> <li>· Effective against a wide range of pests, expected to become a major fungicide</li> <li>· Acquired first domestic registration for priority review</li> <li>· On sale in Japan. Commenced sales in Korea and Australia</li> <li>· Registered in the US in 2022</li> <li>· Applications made for registration in the EU and Brazil</li> </ul>	2021

### Expanding Applications Based on Existing Agrochemicals

For our existing, main agrochemicals such as the fungicide TOPSIN-M (thiophanate-methyl) and insecticide MOSPILAN (acetamiprid), we are working to expand applications from fruits and vegetables to grains. However, the spread of generic agrochemicals has caused challenges in maintaining revenue.

In differentiating TOPSIN-M (thiophanate-methyl) from generic agrochemicals by developing a mix formulation, we will look to expand sales in the markets of emerging economies. Meanwhile, MOSPILAN (acetamiprid) has cleared strict usage standards in Europe, and as the registration of rival insecticides expires in the EU, opportunities for sales are increasing. By diversifying the methods of application and pests the product can be applied to, we will seek registration in various countries and move forward with measures to extend product lifecycles.

In addition to expanding our product portfolio through business acquisitions, we will work to expand into related fields such as greening businesses, while focusing on synergy with existing products. In response to increasing global awareness of environmental protection, we will also focus on expanding sales of biopesticides.

Product name	Classification	Sales and status of market penetration	Launch
TOPSIN-M (thiophanate-methyl)	Fungicide	<ul style="list-style-type: none"> <li>· Highly safe and used as a key ingredient</li> <li>· Expand sales in the markets of emerging economies, particularly for paddy rice in Asia</li> <li>· Achieve differentiation from generic products by developing mix formulations</li> </ul>	1971
NISSORUN (hexythiazox)	Acaricide	<ul style="list-style-type: none"> <li>· Consistent performance with corn and nuts in the US</li> <li>· Expand sales of fruit, vegetables, and tea in India</li> </ul>	1985
MOSPILAN (acetamiprid)	Insecticide	<ul style="list-style-type: none"> <li>· Highly effective while having minimal impact on beneficial insects</li> <li>· Expanding sales as an alternative to competitors' products in Europe</li> <li>▶ Passed re-registration assessment for active ingredients in the EU, extended registration until 2033</li> <li>· Promote sales strategies in anticipation of generic product trends</li> </ul>	1995
PANCHO TF (cyflufenamid-triflumizole)	Fungicide	<ul style="list-style-type: none"> <li>· Consistent performance in Europe for fruit, vegetables, and wheat</li> <li>· Expand application to fruit and vegetables in the US</li> </ul>	2003

The Nippon Soda Group's Businesses

# Expertise in Trading & Logistics, Engineering, and Eco Solutions

## Trading & Logistics

Nisso Shoji Co., Ltd. is a specialist trading company that handles functional chemicals, synthetic resins, industrial devices, and environment-related products. Since its founding, it has gone on to expand its business domains. Overseas, it is making progress with regional strategies suited to each market, predominantly in Asia and India. It has set agriculture, healthcare, the environment, and ICT as its strategic fields for growth, and is working to enhance its expertise and value propositions in these areas, and aims to become the expert in creating businesses that respond to environmental and social needs in local communities.

Sanwa Soko Co., Ltd. was established when the transportation and warehousing departments were spun off from Nippon Soda. With its accumulated knowledge in handling substances including particularly dangerous, toxic and hazardous chemicals and pharmaceuticals, the company boasts the latest logistics facilities, and is building logistics systems that can instantly respond to customers' needs. Based on its "safe and reliable" motto, the company provides high-quality, comprehensive logistics services that encompass everything from selecting logistics sites to delivery in and out of warehouses, storage, customs, distribution processing, and final delivery.



## Engineering

Nisso Engineering Co., Ltd. offers a comprehensive range of engineering services for various plants, systems, and equipment, as well as post-delivery maintenance and energy-saving measures. In particular, the company has extensive expertise in manufacturing equipment and engineering technology for handling specialty chemicals and pharmaceuticals, and has earned a high degree of trust with its powder handling technologies. Through these capabilities, it has established its position as a fine chemical engineering company that can accurately respond to customers' increasingly sophisticated and diverse needs.

Elsewhere, to differentiate its technologies and expand its business domains, in addition to increasing the sophistication of its milli-scale devices, anion adsorption, and other proprietary technologies, the company is working to improve its engineering capabilities and work productivity by utilizing AI and IoT.



## Eco Solutions

Nisso Metallochemical Co., Ltd. provides a wide range of environmental solutions using various technologies. These include high-difficulty waste treatment technologies for the treatment of specially controlled industrial waste and treatment to destroy fluorocarbons, and resource recycling technologies including those for the collection of zinc from electric furnace dust, the recycling of used sulfuric acid, and the collection of precious metals. By further increasing the sophistication of its technologies and enhancing its equipment, the company will contribute to the creation of a sound material-cycle society.



## Spotlight

### Measures to Counter the Increase in Harmful Insects Caused by Global Warming

Farms across the world are suffering from serious problems caused by the acceleration of global-warming-induced climate change. For example, the frequency and volume of crop pests and diseases are increasing, and the affected areas are also expanding. In Japan, fierce heat is leading to rice crop failures and lower quality yields. In 2024, rice distribution inventory reached its lowest level since statistics began in 1999.

Among these problems, there was a serious issue with the lack of effective methods for the prevention of harmful insects on rice bags in grain storage warehouses. Although our fumigation agents already hold a large share of the market for their ability to reduce the required manpower for pest control on agricultural production sites, to further protect Japan's rice-producing regions, as a material for the control of pests on stored grains we

have expanded applications for our Nisso Telstar Jet fumigation agent to include brown rice. To prevent insects from entering rice bags, grain storage warehouses are fumigated with Nisso Telstar Jet at the end of the cleaning process to exterminate maize weevils and other pests. In this way, our agrochemicals are playing an essential role in supporting the stable supply of food by exterminating various pests in agricultural production.



Maize weevil



### Formulation and Promotion of Our DX Vision: Brilliance through Digitalization

At the Nippon Soda Group, to achieve our long-term vision Brilliance through Chemistry 2030, we have positioned our transition to a highly efficient business structure as a key challenge. To address this challenge, we have formulated the Nippon Soda DX Vision as a strategy to help us promote digital transformation (DX).

Through this DX Vision, we have grouped our DX measures into three areas: measures for production reforms, measures for research reforms, and measures for operational reforms. As the three pillars of our DX strategy, we will promote and implement these three groups of measures in an integrated manner to achieve the long-term vision.

In terms of production reforms, ahead of a declining working population, we will aim to streamline our production processes and create optimal production systems. For research reforms, we will promote speedy research and development and the advancement of our technologies in line with customer needs. Finally, for operational reforms, we will engage in fundamental reforms through the use of digital technologies.

In terms of the promotion system, led by senior management and other management-level employees, the DX Promotion Department and Corporate Strategy

Department are responsible for the formulation of strategies for companywide DX measures. We have a system in place to plan and promote measures in all areas without exception, and employees are encouraged to embrace the idea that DX measures are much more than simply an extension of conventional operations. Moreover, to implement these DX measures, we are creating an environment for the effective use of digital technologies and are promoting the integration of our IT infrastructure and related operations.

As a result of these initiatives, on March 1, 2024, we were certified under the DX Certification led by the Ministry of Economy, Trade and Industry. This certification was in recognition of our DX promotion system, DX initiatives, and the appropriateness of our information disclosure. Moving forward, at the Nippon Soda Group we will continue promoting our transformation to a highly efficient business structure using DX, and proactively work to provide even greater value to society.



#### DX Vision: Details of Three Reforms

<b>Production reforms</b>	<p><b>Creation of environments toward the establishment of an integrated office for process control</b></p> <ul style="list-style-type: none"> <li>- Implement on-site operational reforms using digital technologies</li> <li>- Promote smooth technology transfers</li> </ul>	<p><b>Streamlining of production processes</b></p> <ul style="list-style-type: none"> <li>- Examine introduction of IoT equipment</li> <li>- Promote optimal production and preventive maintenance using big data</li> </ul>
<b>Research reforms</b>	<p><b>Initiatives for increasing the sophistication of core technologies</b></p> <ul style="list-style-type: none"> <li>- Steadily implement research and technology strategy*</li> <li>- Develop and advance AI/ML technologies</li> </ul>	<p><b>Reinforcement of data science initiatives</b></p> <ul style="list-style-type: none"> <li>- Thoroughly digitalize experimental records</li> <li>- Optimize research processes through innovative use of data</li> </ul>
<b>Operational reforms</b>	<p><b>Creation of DX foundations</b></p> <ul style="list-style-type: none"> <li>- Create digital information foundations, including the revamping of core systems</li> <li>- Create personnel foundations through DX education for all employees</li> <li>- Promote reinforcement of information security</li> </ul>	<p><b>Optimization of operations</b></p> <ul style="list-style-type: none"> <li>- Implement thorough structural reforms in all operations</li> <li>- Extend information sharing platform across the Group</li> <li>- Create an integrated center of operations</li> </ul>

\* Research and technology strategy: Brilliance through Chemistry 2030 [See p. 24-27](https://www.nippon-soda.co.jp/e/rd_production/strategy.html)  
[https://www.nippon-soda.co.jp/e/rd\\_production/strategy.html](https://www.nippon-soda.co.jp/e/rd_production/strategy.html)

# Our Approach to Sustainability-focused Management

Utilizing our Responsible Care activities as a foundation, we will promote sustainability-focused management to respond to society's trust and contribute to sustainable development.



**Osamu Shimizu**

Director, Executive Officer

Supervision of CSR, in charge of Internal Control & Audit Department, General Affairs Department, Legal Department, Finance & Accounting Department, Manager of Finance & Accounting Department

At the Nippon Soda Group, to achieve sustainable growth and respond to the expectations of the next generation, we promote sustainability-focused management through CSR Activities to Protect Corporate Value and CSR Activities to Improve Corporate Value. At the foundation of our sustainability-focused management is Responsible Care (RC) with respect to the environment and society, and we have continued to engage in RC activities since our Declaration on the Promotion of Responsible Care Activities in 1998. Responsible Care voluntarily promotes health, safety, and environmental activities in everything from development, manufacturing, logistics, and use, to post-use disposal and recycling of chemical substances. The results of these activities are disclosed, and social dialogue completes the PDCA cycle. In this way, Responsible Care activities are closely linked to the core elements of sustainability-focused management: ethical behavior; response to social needs and quick, continuous improvements; and proper information disclosure and communication with stakeholders. We believe these are prerequisites for continued business activity, and have termed them CSR Activities to Protect Corporate Value.

On the other hand, we regard CSR Activities to Improve Corporate Value as our way to contribute to the creation of a sustainable society through the Group's businesses. We have identified Agriculture, Healthcare, Environment, and ICT as materialities (important issues) and as domains through which we can tackle the issues facing society. In addition to tackling social issues through our existing products and services, we will also aim to do so through the establishment and advancement of core technologies and the creation of new businesses through our research and technology strategy, as well as the enhancement and expansion of our businesses through business partnerships and M&As. This is our definition of CSR Activities to Improve Corporate Value, while our activities are also linked to the achievement of the Sustainable Development Goals.

For us to continue with CSR Activities to Protect Corporate Value and CSR Activities to Improve Corporate Value, it is essential that we thoroughly share our philosophy across all Group companies using a top-down approach, and this is where excellent corporate governance plays a key role.

At the Nippon Soda Group, we have set up the Corporate Social Responsibility Administration Meeting, chaired by the President and Executive Officer, to serve as the chief decision-making body to promote CSR activities. Held twice a year, the meeting is attended by all Company directors, executive officers, plant managers, and officers from main domestic Group companies. Through these meetings, management sets CSR targets, assesses results, and revises the targets as necessary to spiral up the PDCA cycle.

Reducing greenhouse gas (GHG) emissions is a key theme of sustainability-focused management. At Nippon Soda, through the Japan Chemical Industry Association, in 1997 we participated in the Voluntary Action Plan on the Environment,\* in 2013 the Commitment to a Low Carbon Society,\* and in 2021 the Keidanren Carbon Neutrality Action Plan.\* Moreover, in April 2022 we set up a cross-organizational working group for the reduction of GHG emissions. Ahead of the achievement of carbon neutrality in 2050, by FY 2031 we are aiming to reduce GHG emissions by more than 30% compared with FY 2014.

As we aim for sustainability-focused management, the achievement of our long-term vision Brilliance through Chemistry 2030, is essential. In implementing strategies for our long-term vision, we recognize that human capital is our most important management resource. In our new human capital management vision, Make Employees Brilliant, we are promoting autonomy and growth of employees. Through flexible, efficient workstyles that enable employees to maximize their capabilities, we are aiming to create a virtuous cycle of value creation and greater employee fulfillment. Our ultimate aim is to create workplaces that fill employees with fulfillment and pride and that enable them to utilize their diverse values and strengths to maximum effect.

While we are working to achieve the KPIs and targets in our three consecutive medium-term business plan (Brilliance through Chemistry Stages I-III), we will work together as a group to drive a range of policies that will help us achieve the plans ahead of schedule.

\* Led by Keidanren (Japan Business Federation)

## Materiality Concept

In May 2020, Nippon Soda Group identified new materialities (important issues) in the four fields of Agriculture, Healthcare, Environment, and ICT to contribute to the creation of a sustainable society and increase corporate value in the Group's long-term vision Brilliance through Chemistry 2030, and its medium-term business plan 2020-2022 Brilliance through Chemistry Stage I. As a framework for increasing the effectiveness of the Group's materiality initiatives, we will utilize the monitoring functions of CSR Activities to Protect Corporate Value and CSR Activities to Improve Corporate Value.

## Materiality Identification Process

Sustainable growth and relevance in our long-term vision was discussed and materiality was identified through the following steps:

Step 1	Extracting megatrends, risks and opportunities
Step 2	Extracting materiality for sustainable social development and increasing corporate value
Step 3	Confirmation of conformity with management policy and business strategy for the extracted materiality
Step 4	Approval by the Management Council and Board of Directors

## Materiality

### CSR Activities to Protect Corporate Value\*

**As a corporate organization that lives up to the trust of society, we will address three key issues: Initiatives for the Environment, Social Activities, and Governance.**

Initiatives for the Environment	<ul style="list-style-type: none"> <li>Tackling climate change (participation in the Keidanren Carbon Neutrality Action Plan)</li> <li>Tackling the preservation of biodiversity (promoting activities to preserve forests and water sources)</li> </ul>
Social Activities	<ul style="list-style-type: none"> <li>Promoting dialogue with customers, business partners, employees, and local communities, and responding appropriately</li> <li>Promoting diversity, work-life balance and career development programs</li> <li>Conducting constructive dialogue with shareholders and investors and disclosing information in a timely and appropriate manner</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Enhancing corporate governance</li> <li>Promoting compliance management (enhance and properly operate systems and conduct training)</li> </ul>

\* As a manufacturer of chemical products, the Group's Responsible Care (RC) activities form the foundation of its CSR activities

p. 38-61

### CSR Activities to Improve Corporate Value

**Aiming for the realization of a sustainable society, we are working on material issues in four fields: Agriculture, Healthcare, Environment, and ICT.**

**Agriculture**  
Securing food and achieving sustainable agriculture

- Contribution to the global supply of food
- Diversification of crop protection
- Streamlining and improving labor efficiency in farming production

2 (SDG)

**Healthcare**  
Healthy lives to all people

- Support services for high-performance products and formulation technologies

3 (SDG)

**Environment**  
Toward a resource recycling society

- Steady supply of water resources
- Reduction of environmental burden caused by waste

**Achieving sustainable plant protection**

- Protection of precious trees, such as pines, from harmful insects

6 (SDG), 11 (SDG), 12 (SDG), 15 (SDG)

**ICT**  
Applying the functionality of chemicals to IT devices

- Supply of high-performance materials that are friendly to the environment and people

9 (SDG)

p. 22

### Responsible Care Activities

Management System and Organizational Governance	Environmental Protection	Process Safety and Disaster Prevention/BCP
Occupational Safety and Health	Logistics Safety and Quality Assurance	Chemical and Product Safety
Together with Our Customers (Consumer issues)	Together with Our Employees (Human rights and labor practices)	Together with Our Business Partners (Fair operating practices)
Together with Our Shareholders and Investors	Together with Our Local Communities (Community involvement and development, social dialogue)	

For more details, see ESG Data Book 2024 (p. 9-12, p. 27-71)

For more information on the Nippon Soda Group's CSR concept, please refer to the following website: <https://www.nippon-soda.co.jp/e/sustainability/>

### Increasing Corporate Value

Transformation of our business portfolio into one that is resilient to changes in the business environment and generates stable earnings

Capital policies that value financial soundness and emphasize a balance between growth investment and shareholder returns

Achievement of key performance indicators (KPI)

### Increasing Social Value

**CSR Activities to Protect Corporate Value**

- Responses to climate change issues and preservation of biodiversity
- Delivering deeper value to all stakeholders in society

**CSR Activities to Improve Corporate Value**

- Materialities in four fields (creation of new value) for realizing a sustainable society

## Stakeholders

The management philosophy of the Nippon Soda Group is to meet expectations from stakeholders, including customers, shareholders and investors, business partners, employees and local communities, and promote environmentally conscious business practices and activities. The Nippon Soda Group will continue to play a significant role in realizing the sustainable development of our society. At the same time, the Group is continuing to develop as a sought-after chemical group that meets 21st-century social needs by contributing to the creation of a prosperous society based on its desire to create new value through its unique technologies and products.





# Environmental Strategy

As work to tackle global issues such as global warming and resource depletion advances, shifts in the structure of industry are becoming more apparent. At the Nippon Soda Group, in addition to engaging in environmental protection activities to minimize the negative impact of our own business, by creating new value through the power of chemistry and ensuring the continuous development of our business, we are aiming to achieve a sustainable society and improve our corporate value.

For more details, see ESG Data Book 2024 (p. 27–32)

## Basic Policy

- Continuing efforts to prevent environmental pollution, complying with laws and regulations, and promoting other environmental activities.
- Reduction of environmental burden associated with business operations (prevention of global warming, and reduction in the amount of waste generated and amount of final disposal at landfill).
- Development of products and processes with less environmental burden.
- Implementation of an environmental management system. Reduction in energy consumption while maintaining productivity.
- Water resources conservation.
- Reduction of impact on biodiversity and ecosystems.

## Environmental Protection Targets of the Nippon Soda Group (Medium-term Activity Targets for FY 2024–FY 2026)

	Target	Initiatives
(1) Environmental abnormalities	Zero events	Implement measures for reducing risks by evaluating environmental impact Plan and implement measures to prevent problems caused by human error
(2) Energy		
1. Energy intensity	1. Annual improvement of 1%	1. With an eye to meeting the reduction target, focus on improving the energy intensity through setting, implementation, and evaluation of themes for improvement
2. Energy intensity in logistics	2. Annual improvement of 1%	2. With an eye to meeting energy-saving logistics targets, focus on improving the energy intensity in logistics through setting, implementation, and evaluation of themes for improvement
(3) Reduction of greenhouse gas emissions	Reduce GHG emissions of the Nippon Soda Group by 20% or more in FY 2026 and by 30% or more in FY 2031 (both compared with FY 2014) Eliminating fluorocarbon leakage issues in fluorocarbon equipment	With an eye to meeting the reduction target, implement improvement measures in conjunction with energy-saving activities; conduct periodic inspections and maintenance of fluorocarbon equipment
(4) Water resources conservation	Monitor water resources and promote efficient water use	Maintain and improve water quality in wastewater from business sites and consider reducing water consumption
(5) Industrial waste		
1. Amount of final disposal at landfill	1. Annual reduction of 3% in amount of final disposal at landfill	1. With an eye to meeting the reduction target, focus on improving the waste generation rate through the setting, implementation, and evaluation of themes for improvement
2. Zero emissions	2. Continuation of zero emissions	2. Continue to achieve zero emissions at all worksites by reducing the amount of final disposal at landfill and amount transported to industrial waste disposal facilities
3. Waste plastics	3. Reduction of emissions and promotion of recycling	3. Examine ways to reduce emissions and promote recycling
(6) Emissions of harmful substances into the atmosphere	Annual improvement of 1%	Plan and implement measures to reduce emissions of harmful substances
(7) Reduction of impact on biodiversity and ecosystems	Continue activities to reduce the impact on biodiversity and ecosystems	Contribute to the preservation of biodiversity by reducing environmental burden through environmental protection activities; strive to enhance, collaborate, and cooperate in the field of biodiversity through communication with relevant organizations

## Responses to Climate Change Issues

Efforts to prevent global warming are critical. Nippon Soda participates in the Keidanren Carbon Neutrality Action Plan, a voluntary action plan promoted by Keidanren (Japan Business Federation). Under the action plan, we are promoting energy saving to achieve the greenhouse gas (GHG) emissions reduction targets.

### Reduction of energy consumption and greenhouse gas emissions

We are engaged in a wide range of measures to reduce our energy intensity. These efforts include replacing our aging equipment with high-efficiency equipment, streamlining and increasing labor efficiency in our production processes, and implementing energy-saving measures. Furthermore, we use the Ministry of the Environment's Basic Guidelines on Accounting for Greenhouse Gas (GHG) Emissions Throughout the Supply Chain when calculating GHG emissions from our business activities (Scopes 1 and 2) as well as indirect emissions from outside our business activities (Scope 3). In this way, we work to reduce emissions throughout the supply chain.

### Use of renewable energy

At the Nihongi Plant, we draw industrial water from a nearby river and use the difference in elevation when returning it to the river for small-scale

hydroelectric power generation. Since its construction in 1940 the plant has been effectively using this energy in its production activities.

At the Takaoka Plant, we began introducing renewable electricity in FY 2024.

At the Chiba Plant, we are moving forward with capital investment plans to install solar panels within the plant grounds, aiming for completion in the second half of FY 2025.

In January 2024, the JP Tower, where our head office is located, introduced a new electricity plan that uses renewable energy-derived electricity.

Moving forward, we will accelerate our efforts for decarbonization through further introduction of renewable energy.

### Promotion of energy saving by the Logistics Department

Through the Logistics Department, we are currently working to reduce our energy intensity.

We have been making efforts to improve logistics efficiency and reduce environmental burden through measures such as modal shifts in transportation, reducing the frequency of trips by using larger transport containers, and adjusting distribution routes. In 2013, we were certified with the Eco Rail Mark from the Ministry of Land, Infrastructure, Transport and Tourism for our modal shift initiatives.

## Information Disclosure Based on the TCFD Recommendations

Reducing carbon dioxide and other greenhouse gas (GHG) emissions is a common challenge facing the whole of international society. Recognizing the importance of early action, at the Nippon Soda Group we will strive to engage in our own efforts to reduce GHG emissions as a member of international society. Furthermore, we will ascertain the medium- to long-term business risks and opportunities presented by global warming and other environmental changes, as well as by transformations in the structure of industry that seek to prevent these issues, and aim to achieve a sustainable society and improve our corporate value through continuous business development.

At the Nippon Soda Group, we have announced our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We have also established the GHG Emissions Reduction Working Group, which is responsible for setting numerical targets, examining countermeasures, and verifying the effectiveness of the countermeasures. Here we introduce our climate change initiatives in line with the TCFD's four recommended areas of disclosure: governance, strategy, risk management, and metrics and targets.



## Governance

We have set up the Corporate Social Responsibility Administration Meeting, chaired by the President and Executive Officer, to serve as the chief companywide decision-making body for promoting CSR activities, including response to climate change. Held twice a year, the meeting is attended by all Nippon Soda directors, executive officers, plant

managers, and officers from main domestic Group companies. Through these meetings, management sets CSR targets, assesses results, and revises the targets as necessary to ensure continuous improvement, and in turn improve the PDCA cycle.

## Strategy

We view the increase in costs required to comply with regulations, such as the carbon pricing system, as a major impact of climate change, and have thus set GHG emissions as a climate change performance indicator. Furthermore, to cater to demand for environmentally friendly products, we are engaged in the development of agrochemicals that

can counter the increase in pests caused by rising average temperatures; water treatment agents that can help conserve water resources; and hydrogen manufacturing technologies that can help achieve the hydrogen economy.

## Predicted Climate Change Risks and Opportunities

Category	Details	Period of emergence	Level of impact on business
Transitional risks	Policies/Laws and regulations	Increase in costs required to comply with regulations, such as carbon pricing	Medium term / Major
	Technology	Increase in investment and R&D costs for the transition to low-carbon technologies	Medium term / Moderate
	Market	Lower demand for existing products due to changes in user selection criteria	Medium term / Minimal
Physical risks	Acute risks	Negative impact on production caused by typhoons, floods, droughts, and other natural disasters	Short term / Moderate
	Chronic risks	Increase in pests due to rising average temperatures and lower harvest yields Difficulty in securing water resources	Medium to long term / Major Long term / Minimal
Opportunities	Resource efficiency	Reduced energy costs due to greater efficiency in production and transport	Long term / Moderate
	Products	Increase in demand for environmentally friendly products and agrochemicals that counter the increase in pests	Medium term / Major
	Market	Response to integrated pest management	Long term / Moderate

## Risk Management

Following discussions with the departments responsible for overseeing risks, once a year we specify risks, assess their level of impact, and identify major elements, and then formulate an action plan for the

specified risks. This plan is examined and reviewed by management through the Corporate Social Responsibility Administration Meeting, and incorporated into the management plan of the entire Company.

## Metrics and Targets

We have set GHG emissions as our climate change performance indicator. Furthermore, we also disclose the results of our Scope 1, 2, and 3 GHG emissions. For Scope 1 and 2, we aim to achieve a more than 20% reduction in groupwide GHG emissions by FY 2026 (compared

with FY 2014) and a more than 30% reduction by FY 2031 (compared with FY 2014). In FY 2024, Scope 1 and 2 GHG emissions fell 32.8% over FY 2014 (Nippon Soda, non-consolidated).

For more details, see ESG Data Book 2024 (p. 84)

## Effective Use of Resources and Reduction of Industrial Waste

We participate in the Voluntary Action Plan for Establishing a Sound Material-Cycle Society promoted by Keidanren (Japan Business Federation). Under the action plan, we promote industrial waste reduction to achieve the target amount of reduction in the final disposal of industrial waste at landfill.

### Proper management of industrial waste and reduction of the final disposal amount of industrial waste at landfill

As one of our efforts to help build a sound material-cycle society, we reduce the amount of industrial waste emissions from a long-term perspective and, at the same time, promote the recycling of industrial waste items and implements other measures to reduce the final disposal amount of industrial waste at landfill.

### Zero emissions

In FY 2024, Nippon Soda achieved zero emissions.\*

\* When the ratio of the amount of final disposal of industrial waste at landfill compared with the amount transported to the industrial waste disposal facility is small. We define "Zero emissions" to be when the ratio of landfill waste is 2% or less.

### PCB (polychlorinated biphenyl) waste

Each Nippon Soda site properly stores and manages condensers, transformers, mercury lamp ballasts, and other items which contain PCBs and disposes of them appropriately and systematically in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, which was revised in 2016. Moreover, we completed disposal of all equipment using high-concentration PCBs in January 2023.

## Atmosphere and Water Quality Conservation

Nippon Soda implements various measures to protect the atmosphere and water quality, such as reducing emissions of chemical substances subject to the PRTR system and reducing emissions of harmful substances into rivers and other bodies of water, in accordance with the Air Pollution Control Act, the Water Pollution Prevention Act, and the latest regulatory trends.

### Reduction of chemical substances specified by the PRTR System

We are making efforts to reduce emissions of Class I Designated Chemical Substances specified by the PRTR System, one of two sections contained in the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof.

### Reduction of emissions of harmful substances into the atmosphere

Twelve chemicals among those categorized as priority substances under the Air Pollution Control Act are designated as voluntarily controlled chemical substances by the Japan Chemical Industry Association (JCIA). Of the twelve chemicals, the Company currently handles the following six substances: chloroform, dichloromethane, 1,2-dichloroethane, ethylene oxide, 1,3-butadiene and benzene. We are implementing measures to reduce the emissions of these six substances.

### Reduction of air pollutant emissions

Nippon Soda promotes the reduction of emissions of sulfur oxide (SO<sub>x</sub>), nitrogen oxide (NO<sub>x</sub>), and soot and dust. Emissions of these substances from stationary sources are controlled under the Air Pollution Control Act.

### Actions to conform to the Fluorocarbons Emission Control Act

To comply with the Fluorocarbons Emission Control Act, we implement periodic inspections by those with expertise, simplified inspections by inspection managers, measures to prevent fluorocarbon emissions, and other required activities at one worksite at a time.

### Reduction of harmful substance emissions into rivers and other bodies of water

Nippon Soda has made its voluntary standards stricter than the national regulatory values and the standard values agreed with local municipalities. Based on these strict values, we manage water quality through the monitoring of pollutants and purification at wastewater treatment plants.

## Preservation of Biodiversity

Nippon Soda has been taking measures to reduce its environmental burden, use water resources effectively, and prevent pollution of air, water, and soil, mainly in areas where its production sites are located. In recent years, we have added conservation of biodiversity as a priority issue and have been carrying out viable activities that can be implemented at each of our worksites.

### Breeding of killifish originating from the Sakawa river system (Odawara Research Center)

Odawara City, Kanagawa Prefecture, has been promoting protection activities for killifish, which are listed as an Endangered Species

Category II by the Ministry of the Environment. In 1999, we conducted the Medaka-no Ootosan Okasan Sato-oya Seido ("Killifish Fosterparent Program"), which involves working to protect their habitat and helping to pass their genes down to the next generation.

### Supporting the protection of himekomatsu (Japanese white pine), a critically endangered species (Chiba Plant)

The Chiba Plant has continued with the Himekomatsu Supporter project it started in 2016 to protect himekomatsu, an endangered tree species in Chiba Prefecture.

## Environmental Protection Activities through the Nippon Soda Group Forest

On the occasion of the 100th anniversary of our establishment, we began initiatives to protect greenery and water sources as a contribution to the achievement of the SDGs. The Nippon Soda Group established the Nippon Soda Group Forest within the Joetsu KUWADORI Community Forest in Joetsu City, Niigata Prefecture, the location of the Company's origin, and continues to make donations to the National Land Afforestation Promotion Organization in order to contribute to the creation of a forest of biodiversity and environmental protection.



Nippon Soda Group Forest blueprint



Water level at the Suga Lake (July 18, 2023)



# Human Resources Strategy

Human resources are our most valuable management resource as we work to improve our corporate value ahead of our long-term vision Brilliance through Chemistry 2030. At the Nippon Soda Group, our human resources boast diverse values and strengths, and to ensure that they can maximize their capabilities, we are striving to promote diversity, human resource development, and the creation of workplaces where they can work with a sense of fulfillment and pride.

For more details, see ESG Data Book 2024 (p. 54-60)

## Basic Policy

- Respect for the dignity and human rights of all people.
- Understanding the diversity of cultures, customs, and values and having no tolerance for actions that result in discrimination.
- With particular emphasis on promoting diversity, human resources development, and the creation of a rewarding workplace that all Nippon Soda Group employees can be proud of, we proactively review our personnel and operation systems to ensure the constant improvement of these systems.

## Our Human Capital Management Vision—Make Employees Brilliant

By enabling employees to work with energy and enthusiasm, and reinvigorating the organization as a whole, we believe we can improve both productivity and profitability, and in turn link this to further employee success. To create this virtuous cycle, we have formulated the Make Employees Brilliant human capital management vision and are promoting a range of related measures.

In terms of human resources development, we are examining and

implementing various measures with a focus on the development of greater autonomy.

Moreover, in addition to facilitating flexible, efficient workstyles to allow employees to maximize their capabilities, we are working to improve workplace environments while at the same time promoting health and productivity management.

## Promotion of Diversity

Diversity is one of our primary strategies for maintaining a high level of global competitiveness and sustainable growth. We believe that the creation of such a diverse work environment and organization that allows each and every one of our employees to demonstrate their abilities to the fullest extent, to grasp changes in the environment, and to work with a positive mindset will lead to innovation.

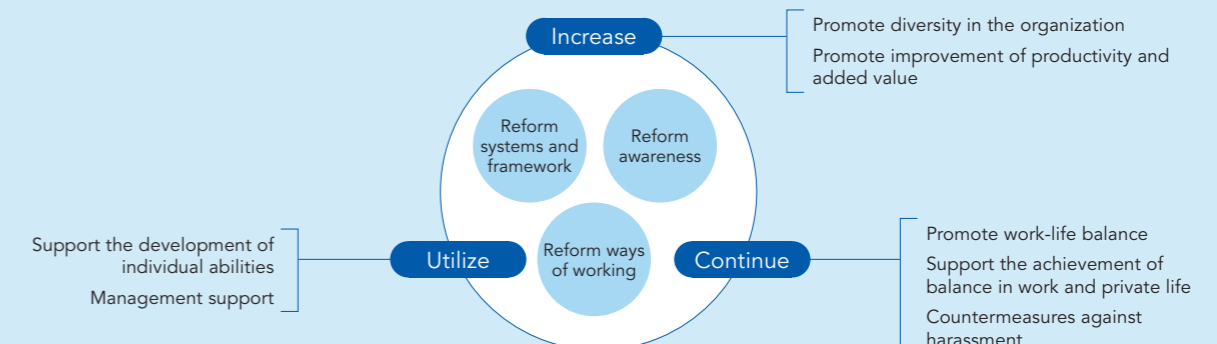
## Diversity Policy

The aim of our Diversity Policy is to develop the Company by bringing together diverse people, regardless of gender, age, nationality, race, religion, and disability, while providing opportunities to gather and exchange different ideas.

We believe that having a workforce with diverse values is essential for generating innovation and increasing global competitiveness. In this context, we recognize the promotion of diversity as an important management strategy.

As part of these efforts, we are building a foundation with both tangible and intangible measures, including a shift to a personnel system that makes the most of diverse human resources, improvement of the organizational climate, and improvement of the workplace environment. We aim to be a company where motivated and capable employees from around the world can thrive, growing sustainably together with them.

## Three Pillars of Promoting Diversity



### Adapting to Diversity

At Nippon Soda, we place emphasis on employing diverse candidates regardless of gender, age, nationality, race, religion, disability, and regardless of whether they are new graduates or mid-career hires, so as to create a more diverse organization. A group of people with different values should give its members the impetus to broaden their outlook and change their viewpoint.

To enhance recognition of diverse values and to empower individuals and organizations, we are promoting reforms in awareness through diversity lectures as part of our position-based training.

For more details, see ESG Data Book 2024 (p. 56)

### Acquired Eruboshi Certification

In August 2018, Nippon Soda was awarded Eruboshi certification by the Minister of Health, Labour and Welfare. It is awarded to companies with excellent implementation of initiatives to promote the active participation of women. This certification system is based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and companies with an excellent implementation status that have formulated an action plan for the promotion of women's participation and submitted a notification to that effect are eligible to receive certification. The Company met the criteria in four items, including hiring, working hours, ratio of managers, and diversity in career courses, and was awarded the Level 2

Eruboshi certification, out of the three levels. In our action plan, we formulate and implement plans to ensure the success of our female employees with the aim of increasing corporate value and sustainable growth through diversity.



### Acquired Kurumin Certification

Nippon Soda is working to promote healthy work-life balance. We have made efforts to create workplaces that allow our employees to enjoy their work and private lives in good health, and ensure job continuity even while dealing with lifestyle changes, including childbirth, childcare and other caregiving. Moreover, based on the Act on Advancement of Measures to Support Raising Next-Generation Children, we have formulated an action plan to enable employees to strike a balance between work and childcare. As a result of these

efforts, in October 2020 we acquired Kurumin certification from the Minister of Health, Labour and Welfare, designating Nippon Soda "a company in support of childcare."



## Personnel Employment and Development Strategy to Enhance Corporate Value

### Enhanced Recruitment Efforts

With an eye on Nippon Soda's next generation, we are focusing on strengthening our recruiting activities to create an environment in which employees with diverse values can engage in friendly competition without being limited by past experience. For newly hired graduates, we are working to deepen understanding of the Company in as many people as possible, regardless of gender, age or nationality, by featuring

accounts from female employees on our website and by carefully responding to questions during online seminars and other events. At the same time, we shall continue to expand employment opportunities for a diverse range of human resources, including mid-career hires and people with disabilities.

## Human Resources Development

At Nippon Soda, regardless of role or rank, we have established that the ideal image for each of our employees is to be autonomous and to proactively learn, think, and act. Based on this vision, we are examining and implementing various measures to cater to changes in workforce compositions, including the rise in number of female employees; to ensure a smooth transition between senior employees and the next generation; and to respond to increasingly diverse approaches to workstyles and careers.

In addition to our conventional on-the-job training, position-based training, and support for self-development, recently we have introduced a multi-track promotion system for management staff (leadership and expert courses depending on aptitude), a career development support system (self-analysis support, meetings with human resources dept. and managers, career training), and an early selection system to identify candidates for high-ranking positions, as well as established the Nisso Technical Training Center for frontline manufacturing staff (development of human resources who can manage safe and highly productive manufacturing sites).

### Educational Programs (Position-based Training)

Position	Position-based training	Career Development Support Program	Self-development support				
Executives	Executives training		e-Learning	Correspondence training	Language training	Business skills acquisition support	Deployment to external organizations
Managers	Level 3 training						
	Level 2 training						
	Level 1 training						
Assistant managers	Assistant managers training						
Staff employees	Follow-up training	Career training (advanced) (at 10 years of employment) Career training (basic) (at 5 years of employment)					
New employees	Orientation training	Tutor instructions (Specialized work) On-site practical training (Administrative work)					

### Transferring Technologies to the Next Generation

Aiming to transfer technologies and develop employees who can maintain the safety and high productivity of manufacturing workplaces, in FY 2016 we launched the Nisso Takaoka Academy at the Takaoka Plant to provide systematic training programs for newly employed manufacturing personnel.

The emphasis of the training is on experiential learning. With their safety assured, participants can experience falling from a high place, encounter water and gas leaks resulting from loose bolts, and come up against other situations that they cannot experience from desk-based learning. Participants are provided with opportunities to experience

simulated risks and failures that would not be possible during on-the-job training. The valuable experience they gain through these programs helps increase their awareness of the need for accuracy and safety in their work, which can then be applied to their activities in the workplace.

In FY 2020, we commenced a two-year plan to expand educational facilities and increase equipment used for safety education, and in April 2021, we established the Nisso Technical Training Center. To further enhance safety awareness, we will provide experiential safety education to other employees in addition to newly employed manufacturing personnel.

## Rewarding Workplaces That Employees Can Be Proud of

The Nippon Soda Group focuses proactive efforts on creating a work environment in which each and every employee feels a sense of fulfillment and can maximize their abilities. We support employee growth, and encourage autonomous career development. At the same time, we gather feedback from labor unions and other channels on what systems and work environments are desirable to support employee growth, strive to reduce overtime work, and take measures to address these issues. In addition, we also provide platforms for reviews so that those in management can work more efficiently.

Moreover, since December 2022, we have implemented an engagement survey to visualize employees' level of engagement with the Company. The survey response rate has been between 92-94%. In the future, we will formulate and implement measures to improve engagement based on the results of the survey.

### Promoting Workstyle Reform through Digital Transformations

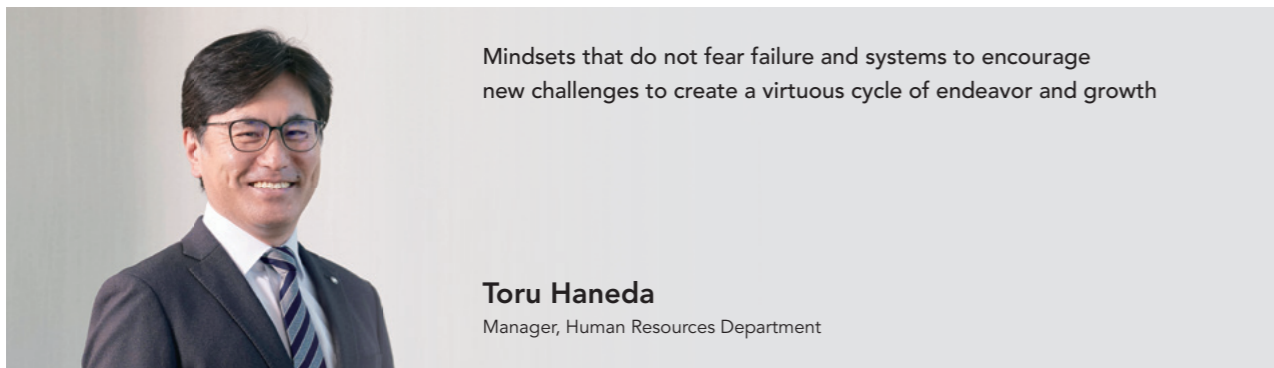
In April 2022, we established the DX Promotion Department for the comprehensive promotion of companywide digital transformations (DX), be it increasing the sophistication of manufacturing and research technologies using digital technologies or the enhancement of operational efficiency across the Company. In R&D, we are making use of the latest digital technologies to streamline and reform our R&D processes. Specifically, we are reinforcing our data management through electronic lab notebook systems, and investigating advanced methods for the analysis of the collected data. Through these initiatives, we are working to improve the speed and quality of new product development. In production technology, we are using predictive technologies for equipment maintenance, digital technologies for streamlining production personnel, and big data for stable plant operations. We are also proactively developing data scientists and human resources who can drive our DX measures.

Meanwhile, one of the elements of our long-term vision Brilliance

through Chemistry 2030 is comprehensive workstyle reforms. In this area, we are aiming to create fulfilling workplace environments where employees can achieve their full potential. Together with the introduction of a work-from-home system for employees at our Head Office and some of our sales offices in 2022, we also moved toward paperless office environments and introduced unassigned seating plans, reducing office size while enhancing office environments. With these workstyle changes taking root, in November 2023 we relocated our Head Office. By moving to an efficiently designed office that is more conducive to working comfortably, we will aim to enhance employees' creativity, improve productivity, and further create a sense of unity among employees and management.

Moving forward, we will further promote workstyle reforms as we aim for greater operational efficiency led by digital technologies and better work-life balance.

## A Message from the Manager of the Human Resources Department



### Maximizing employees' individuality and creating environments that encourage challenges

In our new action plan for the medium-term business plan Stage II, we have formulated the human capital management vision: Make Employees Brilliant. While promoting employees' independence and growth and utilizing flexible and efficient workstyles that enable employees to maximize their capabilities, we are aiming to create a virtuous cycle of value creation and employee fulfillment.

"Good people doing good work"—as embodied by the words of our founder Tomonori Nakano, throughout our history the unceasing efforts of our employees have led to continuous reform and improvement. A sincere approach to tackling issues is still part of our DNA today, and our workforce can be described as diligent and tenacious. Moreover, due to the nature of our business as a chemicals manufacturer, a constant awareness of impacts on the surrounding environment in product development and production has continued to this day. These employee characteristics are also clear to see in our business. Our products are not always instant blockbusters. Rather, it is only after steady marketing, the formulation of sales strategies, ingenious product improvements, and tenacious business operations that results begin to show. It is thanks to this hard work that, ultimately, our products develop a strong market position.

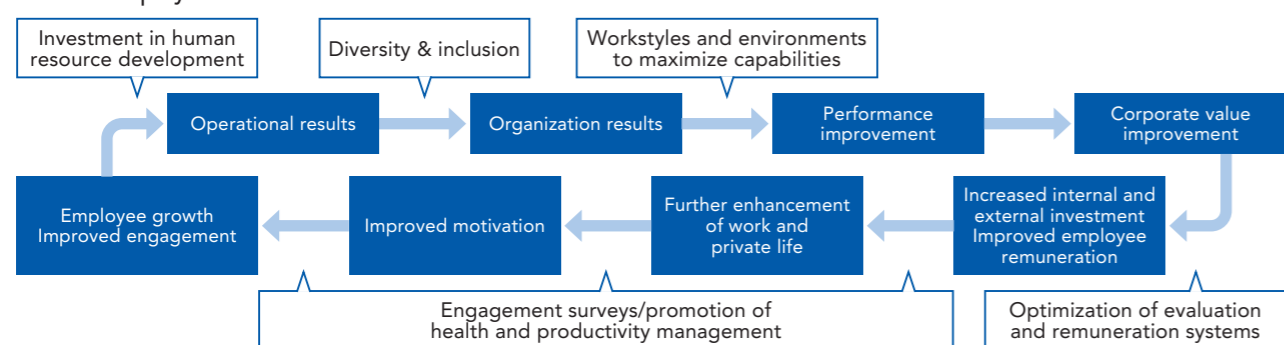
On the other hand, as we work to implement thorough reforms as part of our long-term vision Brilliance through Chemistry 2030, one challenge is to ensure that we are not overly cautious about damaging the brand strength and trust we have developed over many years in product markets. While there are advantages to avoiding mistakes and making stable progress in a simple and honest way, when taking on unprecedented challenges this carefulness can put the brakes on forward momentum. This is why I believe it is incredibly important to use personnel systems to drive a reform in mindset so that employees feel a sense of excitement in new challenges.

### Establishing a sportsman's virtuous improvement cycle through personnel systems

In our efforts to strengthen human capital, we are prioritizing links with our management strategies as we implement human resource development measures. To succeed in an era of unpredictability and drastic change, it is particularly important to emphasize employees' autonomous growth. To avoid being too cautious and take the initiative, it is essential that employees change their own mindsets. Successful sportspeople, for example, engage in a process of trial and error, training hard to take on individual challenges, and retraining if they fail. When this leads to outstanding results, the sportsman is praised by their fans, teammates, and team, motivating them to get even better. To create a mindset like this in which employees independently take on new challenges and improve, as a company we will create the relevant systems to support their growth.

We are therefore going to review the personnel systems that have been in place for more than ten years. Although currently our ideal personnel traits are those required for the Company, we have redefined the traits as those required to achieve our long-term vision Brilliance through Chemistry 2030. For example, although previous personnel evaluations were predominantly based on performance and operational processes, we have changed the basis of our evaluations to include employees' approach, action, and endeavor toward fulfilling these ideal traits, and aim to link these to remuneration and promotions. Another challenge is the development of managers who are responsible for conducting these evaluations. According to our engagement surveys, there were certain issues with employees' relationships with their superiors and the lack of explanation regarding evaluation feedback. In response, we plan to implement a new training program for management personnel. By reviewing our systems and expanding our various measures in this way, we will drive the development of employees who independently work toward the reforms in our long-term vision and aim for even further heights.

### Make Employees Brilliant Overview



## Supply Chain Management

At the Nippon Soda Group, compliance and other matters to ensure the execution of sound corporate activities are set forth in the Nippon Soda Group Code of Conduct, and we strive for thorough compliance with laws and ordinances. Furthermore, in addition to conducting fair and impartial transactions as a member of international society, we aim to build a sustainable supply chain that is both environment- and society-friendly based on constructive dialogue with our business partners.

For more details, see ESG Data Book 2024 (p. 61–63)

### Basic Policy

- Interaction with our business partners with good sense and integrity, and engagement in fair and impartial transactions.
- Regarding the procurement of raw materials and other purchasing activities, maintaining stable relationships of trust with our business partners based on our purchasing policy.

### Promotion of Sustainable Procurement Activities

We engage in purchasing activities while checking the safety and environmental and social impact of our chemical products from manufacture to delivery. This includes collecting information from trading companies, who serve as intermediaries, and on-site audits alongside the quality control departments of each of our plants.

Through the exchange of diverse information, we are working to build relationships with our business partners that facilitate mutual development, and aiming to ensure sustainable procurement activities by cultivating deeper cooperation and understanding of our purchasing policy.

### Society- and Environment-friendly Supply Chain

The Nippon Soda Group has established Sustainable Procurement Guidelines with the aim of promoting understanding of the Group's policies and values among our suppliers, and collaborating with them to address social issues. Furthermore, from a sustainability perspective, we monitored (through written surveys or on-site inspections) the suppliers of the main natural resources we use—industrial salt and pulp—to check the following matters.

- (1) Compliance with laws and ordinances, and social norms and fair transactions
  - a. Compliance with relevant laws and ordinances and social norms
  - b. Compliance with internal regulations regarding hospitality and gifts, and prevention of bribery and other corruption
  - c. Appropriate management of confidential and personal information stemming from transactions
- (2) Environmental considerations
  - a. Protection of natural ecosystems and global and regional environments
  - b. Prevention of environmental pollution
  - c. Promotion of efforts to reduce GHG emissions and tackle climate change
  - d. Promotion of resource- and energy-saving measures
  - e. Reduction of waste
- (3) Social considerations
  - a. Coexistence with regional communities and efforts to contribute to society
- (4) Support for human rights and protection of workers' rights
  - a. Provision of safe, hygienic workplace environments
  - b. Elimination of child and forced labor and discrimination
  - c. Respect for workers' rights through appropriate management of wages and working hours, etc.
- (5) Material traceability
  - a. Materials are not illegally picked or the result of illegal deforestation
  - b. Materials are not associated with serious social conflicts

At Nippon Soda, when agreeing on purchase specifications with our material suppliers, we check for the acquisition of ISO 9001 and 14001, the presence or absence of conflict minerals,<sup>1</sup> and any independent concentration management criteria in place at the material treatment location to protect workers' health. In doing so, we ascertain the level of impact the material and its supply have on the environment and society.

Furthermore, regarding chemical substances that are subject to restrictions due to their impact on the environment, safety, and health, we aim for smooth information sharing across the supply chain, and request that suppliers provide information on contained materials using the chemSHERPA format.<sup>2</sup>

1. Materials are checked based on the Conflict Minerals Reporting Template put together and provided by the Responsible Minerals Initiative.

2. A format promoted by the Joint Article Management Promotion-consortium to enable appropriate management of information on chemical substances contained in articles, etc., and ensure smooth disclosure and communication of said information across the supply chain to enhance industrial competitiveness.



## Process Safety and Disaster Prevention

At the Nippon Soda Group, recognizing that the continuation of safe, stable production activities and the stable supply of products and services is fundamental to our business activities, we promote process safety and disaster prevention activities. Furthermore, we are constantly working to improve our business continuity plan so that we can quickly recover and restart production activities in the event of a natural disaster or other emergency, and at the same time reinforcing our stable supply structure.

For more details, see ESG Data Book 2024 (p. 33–38)

### Basic Policy

- Regular inspections, repair and renewal of equipment and training of operators at each manufacturing site.
- Improvement of the risk management system through emergency drills and education to prepare employees for possible accidents and disasters.
- Safety reviews by internal experts to verify safety when facilities are constructed or renovated. Regular diagnoses of disaster prevention capabilities by external specialists.
- Regular reviews and improvement of the business continuity plan (BCP), which is designed to ensure preparedness for natural disasters such as large-scale earthquakes and other emergencies that could result in extensive damage.

### Risk Management

Risk assessment of process safety and disaster prevention	We conduct risk assessments related to safety and disaster prevention for facilities, machines and manufacturing processes. Identified risks are prioritized and, accordingly, measures to ensure the safety of facilities are implemented and inspections are conducted in sequence.
Establishment of an emergency risk management system	We give the highest priority to preventing accidents and disasters. On the other hand, to prepare for accidents and disasters, we have established an emergency risk management system and conduct periodic drills and exercises to maintain the system in sound condition.
Standards on Emergency Response	The Standards on Emergency Response have been developed to ensure prompt and appropriate communication, response, and instruction in the event of a disaster or accident, and their effectiveness is reviewed and revised periodically, and confirmed through training.

### Safety Management

#### Safety audit to confirm the safety of plants

To ensure the safety of processes in the construction and renovation of facilities, Nippon Soda Group managers and internal experts conduct safety reviews and audits for facilities and operations in terms of safety, work environment, quality and other factors.

Facilities of Group manufacturing companies undergo periodic Responsible Care (RC) audits to assess the management conditions of manufacturing facilities and these results have been incorporated into activities to improve process safety and disaster prevention.

### Education and Drills for Disaster Prevention

Nippon Soda provides a variety of process safety and disaster prevention training for employees to acquire the knowledge and skills to ensure their safety. We will continue to promote safety and disaster prevention activities with the aim of further improving our safety and disaster prevention activities to achieve the target of “no major accidents at facilities.”

#### Group training

Each department conducts regular education and training in accordance with the CSR activity plan. We provide new employees with new employee training on safety and basic operations. Moreover, in addition to new employees, we are also working to improve safety awareness by extending our educational programs to employees in various other positions.

#### Disaster prevention system involving local communities

Each Nippon Soda site implements regular disaster drills, which include drills conducted in cooperation with other nearby plants and local communities. By forecasting different disasters in line with the environments and conditions in each region, we are implementing disaster drills that closely simulate actual conditions.

### Business Continuity Planning (BCP)

In the event of a natural disaster such as a large-scale earthquake or other crisis that can result in serious damage to the Company’s worksites, our social responsibility is to ensure the safety of local residents, full-time and temporary employees and partner company employees. Based on this concept, the principles of the BCP are defined as follows:

- (1) The highest priority is placed on checking the status and ensuring the safety of Nippon Soda’s own employees, partner company employees and temporary employees and their families, and ensuring the safety of residents in communities where the Company’s business sites are located.
  - (2) The consciousness of serving the public and community is shared among all personnel throughout the Company.
  - (3) Efforts are focused on protecting the safety of any affected Head Office, plant, research center, or sales office sites.
  - (4) Measures should be taken to establish a system that allows Nippon Soda’s employees, partner company employees and temporary employees who are engaged in ensuring safety and security to act flexibly and at their discretion according to the circumstances.
- Ensuring continuous product supply to meet customer demands**  
The BCP of Nippon Soda aims to ensure, in the event of a natural disaster or other crisis, safety as well as the supply of products to customers as requested. To achieve this objective, improvement is accelerated using the PDCA cycle.



## Occupational Safety and Health

At the Nippon Soda Group, we believe that it is people who enhance the competitive advantage of the Company. We also believe that people are the most important management resource in bringing about sustainable growth. To ensure employee motivation and create workplaces that are full of energy, we strive to prevent occupational accidents and health issues, promoting health and productivity management so that both employees and their families can maintain and improve their physical and mental health.

For more details, see ESG Data Book 2024 (p. 39–44)

### Basic Policy

- Introduction of an Occupational Safety and Health Management System (OSHMS), and implementation of risk assessments. Acquisition of ISO 45001 certification.
- Continuous implementation of PDCA (Plan-Do-Check-Act) to ensure safe and healthy workplaces with the aim of achieving the goal of zero occupational accidents.
- Provision of health guidance based on medical examination results and implementation of measures to reduce incidents of personal injury or illness to help employees maintain and improve their health.
- As a mental healthcare service, we perform stress tests and provide consultation services by qualified mental health specialists. We have established and are operating a system that allows us to take appropriate action.

### Implementation of Risk Assessment

We are systematically improving the achievement and performance of the targets we have set through the PDCA cycle set out in OSHMS. To integrate OSHMS and Responsible Care (RC) activities effectively, we also emphasize OSHMS risk assessment. Each office (plant or

research center) periodically identifies and assesses occupational accident risks and, if they are not acceptable, takes measures to minimize them.

### Efforts to Prevent Occupational Accidents

#### Establishment of Safety and Health Committees

In line with Article 19 of the Industrial Safety and Health Act, at Nippon Soda we have established Safety and Health Committees at each of our worksites. The committees meet once a month, aiming to prevent occupational accidents and health hazards, and maintain and promote employee health. In addition, we have also established a Central Safety and Health Committee, chaired by the Responsible Care Management Department General Manager. It comprises safety and health supervisors from each department and worksite, and meets in principle twice a year. In addition to the views of management, the central committee incorporates wide-ranging opinions from labor unions and health insurance associations in order to improve working environments.

#### Efforts to prevent human error by workers

The 5Ss—*seiri* (sorting), *seiton* (setting-in-order), *seiso* (shining), *seiketsu* (standardizing) and *shitsuke* (sustaining the discipline)—and the 4 Safety Cycles (KY\* before starting operation → Pointing and vocalizing during operation → Mutually directing attention during operation → Identifying *hiyari-hatto* [near miss] accidents after operation) are the concepts that form the basis of safety activities for the Nippon Soda Group. In addition, senior management at each business site takes the initiative in promoting safety awareness among employees so that safety activities are improved through the continuous application of the PDCA cycle.

\* A combination of the first letters of two Japanese words, K for *kiken* (danger) and Y for *yochi* (prediction). The KY system is designed to identify latent risks associated with work and take preventive measures before they occur.

#### Activities to reduce occupational accident risks

Mainly in accordance with activity plans set forth in OSHMS, we are reducing risks through the elimination of near-miss incidents and by drawing on examples of disasters at other worksites and other companies. When new plants are constructed or when plants are expanded, we require safety reviews and audits to reduce accident risk to an acceptable level before starting test operations.

#### Third-party occupational health and safety survey

At Nippon Soda, we undergo occupational health and safety surveys by Sompo Risk Management Inc. (The Chiba Plant was inspected on December 8, 2023).

### Promotion of Health and Productivity Management

Nippon Soda considers the maintenance and improvement of health to be an important management issue. In March 2024, Nippon Soda was recognized again in the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500) for the seventh year in a row under the program jointly conducted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. In cooperation with health insurance associations and labor unions, we promote efforts geared toward supporting the physical and mental health of employees.





## Logistics Safety and Quality Assurance

At the Nippon Soda Group, to ensure the safe and stable delivery of products to our customers, we work to minimize distribution risks and prevent any logistics accidents in advance. Furthermore, by providing environments in which customers can use our high-quality products and services in a safe manner and with peace of mind, we are striving to improve customer satisfaction.

For more details, see ESG Data Book 2024 (p. 45–47)

### Basic Policy

- Reduction of the risk of hazards, toxicity and accidents during transportation of products. Ensuring the safety of our customers, those involved in the distribution process and local residents, and protect the environment.
- Provision of information that helps customers use high-quality products safely, comfortably and in a stable manner.

### Logistics Safety and Quality Assurance

#### Measures to ensure safe transportation of dangerous goods

- Logistics risk assessment

The Nippon Soda Group takes measures to reduce risks from various perspectives to prevent accidents involving workers and products caused by traffic accidents during forklift loading, unloading and trans-shipment of products, as well as during truck transportation.

• Promotion of Yellow Card<sup>1</sup> and Container Yellow Card<sup>2</sup> product labels  
The Nippon Soda Group promotes the use of Yellow Cards and Container Yellow Cards mainly for products that are classified as hazardous materials. Product labels are revised to reflect the latest legal information, including revisions to relevant laws, in a timely manner.

We appropriately implement wording that complies with GHS<sup>3</sup> requirements and appropriate pictograms and take other measures so that we are prepared in the event of a disaster to respond quickly to prevent damage from spreading.

#### Logistics safety in value chains

- Proposals for improvement of customers' facilities

In the event that there is a problem with the safety of the transport company or the customer's workers at the customer's product receiving facility, or if there is a risk of foreign matter entering the facility or spills, the Nippon Soda Group makes proposals for improvement and works to prevent accidents and disasters.

#### Efforts to ensure quality management

- Quality risk assessments for zero product complaints

At Nippon Soda we proactively conduct quality risk assessments to prevent recurrence of product complaints and to prevent complaints in advance. We identify quality-related risks at each manufacturing site, and for particularly high-risk matters (levels A and B), we engage in continuous activities to reduce the level of risk. Alongside education to prevent human error, we are working to reduce product complaints.

1. A Yellow Card: An emergency information card with information about procedures that drivers, fire and police personnel, and other concerned parties should take in the event of a spill, fire, explosion or other incidents during transportation. It also contains emergency contacts. The issuance and carrying of Yellow Cards is required by the Poisonous and Deleterious Substances Control Law and other laws.
2. A Container Yellow Card: A label that is affixed to containers with the United Nations number and guide number defined by the Emergency Response Guidebook.
3. Globally Harmonized System of Classification and Labelling of Chemicals (GHS): A system for the international standardization of classification and labeling of chemicals, which was agreed upon by the United Nations Economic and Social Council. It is a system of international hazard classification standards and labeling methods (product labeling and SDS<sup>4</sup>) for chemical hazards.
4. SDS (Safety Data Sheet): A document that contains safety-related information including chemical substance details, product name, manufacturer information, hazards and dangers, handling precautions, emergency response procedures, and other safety-related details.



## Engagement with Local Communities and Society

To coexist with our local communities as a corporate citizen and ensure our sustainable development, at the Nippon Soda Group we proactively participate in community activities, exchange opinions with community stakeholders, and engage in an array of social contribution activities. In addition, through dialogue with local communities, we aim to further our understanding of their needs and values regarding the environment, safety, and health, and put our findings to good use to ensure better business activities.

For more details, see ESG Data Book 2024 (p. 66–71)

### Basic Policy

- Based on the concept of contributing to the sustainable development of society through business activities, promote CSR activities from the viewpoints of contributing to resolving global environmental issues, a harmonious relationship with local communities, and contributing to the development of local communities.
- Develop good relationships with local residents through various activities that meet the needs of local communities and that are designed and implemented by each business site and Group company.

### Harmonious Relationship with Local Communities

#### Contribution to local economies and local employment

Nippon Soda works to enhance local economies and create opportunities for local employment.

Furthermore, to ensure healthy work-life balance and enhance job satisfaction, we communicate with labor unions to formulate working conditions in line with current trends. As a result, our standard minimum wage continues to be above the legal minimum wage in all areas we conduct business, and we are also contributing to raising income levels in the regions in which we operate.

#### Participation in local cleaning activities

In order to fulfill our role and responsibility as a corporate citizen, we regularly carry out local cleaning activities around our worksites. We also actively participate in local cleaning activities in tandem with local communities, such as through eco-walks and cleanup campaigns.

### Social Dialogue with Local Communities

Nippon Soda holds local gatherings and regularly conducts tours of plants and research centers for residents in areas where worksites are located in order to provide information on CSR activities and exchange views and comments.

### Major Social Activities of Nippon Soda

Nippon Soda is engaged in diverse social contribution activities to coexist with and promote the development of local communities. Each of our worksites is engaged in a variety of activities that match the needs of the community and strive to build good relationships with local residents. In March 2023, with a desire to contribute to sustainable agriculture and regional development alongside our communities, we donated ¥30 million (using the corporate hometown tax system) to the citrus fruit industry and projects tackling issues in the industry in Uwajima City in Ehime Prefecture, one of Japan's leading citrus-producing regions. Furthermore, the Nippon Soda Group provided donations and emergency relief supplies equivalent to 73 million yen to the areas affected by the 2024 Noto Peninsula Earthquake.

### External ESG Ratings

To enhance our understanding of rapidly changing social needs and values, we are proactively working to acquire ESG ratings from domestically and internationally recognized third-party institutions. Through these initiatives, in addition to verifying the effectiveness of our CSR activities and identifying points for improvement, we are aiming for highly transparent information disclosure that meets the expectations of our diverse stakeholders.

DBJ Environmentally Rated Loan Program 2019 Highest Rank	Sompo Sustainability Index Selected as index constituent for four consecutive years	FTSE Blossom Japan Index (two consecutive years) and FTSE Blossom Japan Sector Relative Index (three consecutive years) Selected as index constituent	Shin Fuji Kaseiyaku Co., Ltd. acquired "Gold" rating in Eco Vadis sustainability survey
----------------------------------------------------------	-------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------



## Chemical and Product Safety

The Nippon Soda Group takes into consideration the potential environmental, safety and health impacts related to the hazards and toxicity of chemical substances and products, complying with laws and ordinances and international standards, while also complying with regulations based on social demands, so as to earn the trust of customers and society and in turn ensure sustainable business activities.

For more details, see ESG Data Book 2024 (p. 48–50)

### Basic Policy

- Compliance with domestic laws and regulations, international standards, and treaties etc., giving due consideration to the environmental, safety and health impacts related to the hazards and toxicity of chemical substances and products.
- Compliance with social restrictions that are not covered by law to maintain and ensure trust from customers and the general public.
- Specific measures to ensure the safety management of chemical substances, including activities and periodic educational programs regarding chemical and product safety.

### Chemical and Product Safety

#### Management of chemical substances using a chemical substance management system

Nippon Soda has implemented a chemical substance management system, establishing an efficient management structure for Safety Data Sheets (SDS) and Yellow Cards. Based on operations using this system, we appropriately update SDSs, Yellow Cards, and product labels to comply with the latest regulations in various countries.

## Outside Director Discussion

Nippon Soda's Honest Corporate Culture Is Enhancing Its Management Transparency and Improving the Effectiveness of the Board of Directors. We Will Use Our Wide-ranging Expertise to Contribute to Corporate Growth and the Enhancement of Corporate Value



**Takayoshi Meiga**  
Outside Director

**Yuko Watase**  
Outside Director

**Tatsufumi Sakai**  
Outside Director

### The characteristics and effectiveness assessment of the Board of Directors

**Meiga:** The Board of Directors at Nippon Soda is unique in that it provides appropriate information to us outside directors. In addition to inspecting various Group worksites, we also participate in near-weekly Management Council meetings as observers. Also, I feel that there is diversity in the Board of Directors' composition.

**Watase:** Our participation in Management Council meetings is almost like a pre-briefing for Board of Directors meetings. Sharing the points of discussion from Management Council meetings eliminates any sense of information gap between inside and outside directors, resulting in a highly efficient operation of the Board of Directors.



**Sakai:** I became a director in June 2024. Upon taking on this role, I was given lectures by each department, and I also plan to visit the Group's various plants. I attend Management Council meetings as an observer, where the atmosphere encourages participants to voice their opinions freely. Discussions are constructive and even develop into exchanges of opinions away from the agenda. Moreover, close communication with us outside directors enables quick and easy relaying of information.

**Meiga:** It has now been a year since I became outside director. At Nippon Soda, even when the information is negative, the information sharing process is very smooth. For example, in the 2024 Noto Peninsula Earthquake, one of the Group's main plants suffered damage. There was smooth and accurate collaboration at every stage from frontline communication on the damage through to discussions among officers, and it was clear to see the organization's strong risk-response capabilities. At Management Council meetings, discussions are held on key projects within the medium-term business plan, and on occasion referred back from the Management Council to the originating department. The Board of Directors, meanwhile, is being managed in a highly effective manner without being too formal.

**Sakai:** Partly due to its century of history, there is a clear sense that Nippon Soda does things properly. Discussions are open and natural, and with such close relationships between management and the frontlines, individuals quickly and smoothly come to a mutual understanding.



**Watase:** On top of its outstanding technological capabilities, the Group takes a sincere approach to everything that it does, and this is firmly rooted in its corporate culture. In terms of assessments regarding Board of Directors' effectiveness, on top of interviews, the Group facilitates thorough discussions to drive improvements. As Mr. Meiga says, some matters are referred back from the Management Council to the originating department, and its frank and open discussions are ensuring accurate risk management.

### The roles of outside directors and Group issues

**Meiga:** I previously worked in the steel and electric furnace industries, where I worked on product and process development. Later, I took the helm of management in a drastically changing business environment. Although these industries differ to that of Nippon Soda, my role as outside director will be to use my experience in risk management related to safety, the environment, disaster preparedness, and quality—all of which are common to manufacturing—to benefit Group management.

**Watase:** I was involved in auditing as a certified public accountant, as well as in financial due diligence for M&A transactions and various other consulting services for many years. I feel that the Company expects me to utilize my experience observing businesses across various industries. I hope to make particular contributions using my experience and expertise in M&A transactions and business divestitures.

**Sakai:** I have been in the financial industry for 40 years, accumulating vast experience in banks, securities companies, and holding companies. Using my close involvement in capital markets and with domestic and overseas investors, my cross-industry experience with managers and management, as well as my own experience as a manager, I hope to utilize my perspective that objectively and comprehensively grasps management.

**Meiga:** Nippon Soda is a relatively medium-sized company in the chemical industry, and I believe that its wide-ranging product lineup and outstanding profitability can be attributed to its highly rational approach. The Group boasts excellent planning capabilities to optimize its various manufacturing processes, while it has outstanding individual component technologies. On the other hand, as the Group provides numerous important components and materials, a stop in supply could have a major impact on society. In this sense, from a BCP standpoint, it would be important for the Group to assess and sort supply chain risks, considering the entire flow from raw materials.

**Sakai:** One of Nippon Soda's biggest strengths among the many major players in the chemical industry is its development and ongoing position as a global leader in niche domains. As such,

strategies based on the Group's strengths are very convincing. However, there is still room for further strengthening in the management of the Group, including non-manufacturing Group companies. Whether it is changes to its business portfolio, Group governance, human resources, or system infrastructure, for example, an even stronger consolidated management structure will no doubt lead to further possibilities for development.

**Watase:** I also feel that there is room for improvement in terms of the Group's consolidated management structure, although there have been improvements in the past two years. While directors are aware of the issue, proposals from each department tend to be based solely on that department's viewpoint, and as such there is a further need for groupwide optimization. Moreover, while the Group's honest corporate culture provides a sense of security, a more proactive approach will be also important. The Group is indeed engaged in various initiatives to expand its businesses, including M&As, but priority appears to be placed on avoidance of risk. As such, it will be key for the Group to more actively focus on growth opportunities.

### The Group's strengths and future expectations and outlook

**Meiga:** In the future, the gravity of global food problems and agricultural issues will no doubt increase. Against this backdrop, the roles of agrochemicals and the value they provide will become increasingly important. To date, Nippon Soda has developed unique agrochemicals with low environmental impact that are safe to use. At farms, climate change is causing an increase in diseases and pests, and as such demand for agrochemicals that can tackle these issues is growing. Nippon Soda is unique in that it has a constant eye on future requirements from the development stage. The development of new agrochemicals is progressing smoothly, and I look forward to significant results in the near future. The agrochemicals domain requires rich expertise and experience. I have no doubt that Nippon Soda can use its own expertise in the area to further grow the agrochemicals business.

**Watase:** I agree. Whether its agrochemicals, pharmaceuticals, or other domains, Nippon Soda focuses on various businesses, providing products that benefit those industries. These products are niche and highly specialized but are contributing to a wide range of areas. As outside directors, we will do our best to further showcase Nippon Soda's real qualities and value.

**Sakai:** Throughout its more than 100 years in business, Nippon Soda has left its mark on the history of Japanese industry. Today, it has firmly rooted strategies in place to address important issues in global markets, and our roles as outside directors will be to do everything we can to enable the Group to demonstrate its true value.



# Directors and Executive Officers

## Directors



**Eiji Aga**  
Representative Director, President  
Supervision of Marketing & Sales

April 1985  
April 2010  
February 2012  
April 2015  
April 2017  
April 2018  
April 2020  
June 2020  
April 2021  
April 2022  
April 2023  
April 2024

Joined the Company  
Manager, Fine Chemical Dept.,  
Chemicals Business Div.  
Executive Vice President, Alkaline S.A.S.  
(Secondment)  
Manager, Business Strategy & Administration  
Dept., Chemicals Business Div.  
Executive Officer, General Manager, Chemicals  
Business Div., in charge of Osaka Branch Office  
Executive Officer, General Manager,  
Chemicals Business Div.  
Executive Officer,  
in charge of Human Resources Dept.  
Director, Executive Officer, Supervision of  
Marketing & Sales, in charge of Human Resources  
Dept., and Purchasing & Logistics Dept.  
Representative Director, President, in charge of  
New Business Planning & Development Dept.  
Representative Director, President, Supervision of  
Marketing & Sales and New Business Planning &  
Development Dept.  
Representative Director, President  
Supervision of Marketing & Sales (current position)

Board of Directors' meeting attendance:  
17/17



**Atsuo Watanabe**  
Director  
Executive Managing Officer  
Supervision of Technology and in charge of Responsible Care  
Management Dept., General Manager, Production Div., Manager,  
Trade Administration Dept.

April 1985  
April 2008  
April 2012  
April 2014  
April 2017  
April 2018  
April 2021  
April 2022  
June 2022  
April 2023  
April 2024

Joined the Company  
Manager, Manufacturing Dept., Chiba Plant  
Manager, R&D Planning and Promotion Dept.,  
Research & Development Div.  
General Manager, Chiba Plant  
Executive Officer, General Manager, Takaoka Plant  
Executive Officer, General Manager, Production &  
Technology Div., Manager, Production Planning &  
Management Dept.  
Executive Managing Officer, in charge of Research  
& Development Div. and General Manager,  
Production & Technology Div.  
Director, Executive Managing Officer, Supervision of  
Technology, in charge of Purchasing & Logistics  
Dept. and Responsible Care Management Dept.,  
General Manager, Production & Technology Div.,  
Manager, Trade Administration Dept.  
Director, Executive Managing Officer, Supervision of  
Technology and in charge of Responsible Care  
Management Dept., General Manager, Production &  
Technology Div., Manager, Trade Administration Dept.  
Director, Executive Managing Officer, Supervision  
of Technology and in charge of Responsible Care  
Management Dept., General Manager, Production  
Div., Manager, Trade Administration Dept.  
(current position)

Board of Directors' meeting attendance:  
17/17



**Osamu Sasabe**  
Director  
Executive Managing Officer  
In charge of Corporate Strategy Dept., DX Promotion Dept.,  
Secretariat Dept., and Human Resources Dept., General Manager,  
Purchasing & Logistics Div.

April 1986  
April 2012  
April 2016  
April 2018  
April 2019  
April 2020  
April 2021  
June 2021  
April 2022  
June 2022  
April 2023  
April 2024  
June 2024

Joined the Company  
Manager, Information Systems Dept.  
Manager, Finance & Accounting Dept.  
Manager, Corporate Strategy Dept.  
Executive Officer, Manager, Corporate Strategy Dept.  
Executive Officer, Group Leader, Corporate Strategy  
Group, Corporate Strategy Dept., Group Leader, DX  
Promotion Group, Corporate Strategy Dept.  
Executive Officer, Manager, Corporate Strategy  
Dept., Group Leader, DX Promotion Group  
Director, Executive Officer, in charge of Human  
Resources Dept., Manager, Corporate Strategy  
Dept., Group Leader, DX Promotion Group  
Representative Director and President of NS  
Business Support Co., Ltd.  
Director, Executive Officer, in charge of Corporate  
Strategy Dept., DX Promotion Dept., Secretariat  
Dept. and Human Resources Dept.  
Director, Executive Managing Officer, in charge of  
Corporate Planning Dept. and DX Promotion Dept.,  
General Manager, Purchasing & Logistics Div.  
Director, Executive Managing Officer, in charge of  
Corporate Strategy Dept., DX Promotion Dept.,  
Secretariat Dept., and Human Resources Dept.  
(current position)  
Representative Director and President, NS Business  
Support Co., Ltd. (current position)

Board of Directors' meeting attendance:  
17/17



**Osamu Shimizu**  
Director  
Executive Officer  
Supervision of CSR Promotion, in charge of Internal Control & Audit  
Dept., General Affairs Dept., Legal Dept., and Finance & Accounting  
Dept., Manager, Finance & Accounting Dept.

April 1986  
April 2015  
April 2016  
April 2018  
April 2019  
April 2021  
April 2022  
June 2022  
April 2023  
June 2023  
April 2024

Joined the Industrial Bank of Japan, Limited  
Joined the Company  
Deputy Manager, Corporate Strategy Dept.  
Manager, Finance & Accounting Dept.  
Executive Officer, Manager, Finance & Accounting Dept.  
Executive Officer, in charge of General Affairs  
Dept., Manager, Finance & Accounting Dept.  
Executive Officer, in charge of General Affairs Dept.  
and Finance & Accounting Dept.  
Director, Executive Officer, Supervision of CSR  
Promotion, in charge of Internal Control & Audit  
Dept., General Affairs Dept. and Finance &  
Accounting Dept.  
Director, Executive Officer, Supervision of  
Administration and CSR Promotion, Representative  
Chairman and President, Nisso Namhae Agro Co., Ltd.  
Director, Executive Officer, Supervision of  
Administration and CSR Promotion (Representative  
Chairman and President, Nisso Namhae Agro Co.,  
Ltd. Representative Director and President, NS  
Business Support Co., Ltd.)  
Director, Executive Officer, Supervision of CSR  
Promotion, in charge of Internal Control & Audit  
Dept., General Affairs Dept., Legal Dept., and  
Finance & Accounting Dept., Manager, Finance &  
Accounting Dept. (current position)

Board of Directors' meeting attendance:  
17/17



**Yuko Watase**  
Director (Outside Director)

April 1982  
October 1988  
April 1992  
August 1993  
October 1996  
October 2002  
October 2003  
June 2021  
June 2022

Joined Seika Sangyo GmbH  
Joined KPMG Minato Audit Corporation  
(now KPMG AZSA LLC)  
Registered as a certified public accountant  
Seconded to KPMG Fides  
(now KPMG AG, Switzerland)  
Joined KPMG Century Audit Corporation  
(now KPMG AZSA LLC)  
Director, KPMG FAS Co., Ltd.  
Partner, KPMG FAS Co., Ltd.  
Managing Director, KPMG FAS Co., Ltd.  
Resigned as Managing Director,  
KPMG FAS Co., Ltd.  
Outside Director of the Company (current position)

Board of Directors' meeting attendance:  
N/A



**Takayoshi Meiga**  
Director (Outside Director)

April 1977  
November 2000  
April 2007  
April 2009  
April 2011  
June 2011  
November 2011  
April 2012  
April 2013  
June 2013  
June 2014  
June 2020  
June 2021  
June 2022  
June 2023

Joined Nippon Steel Corporation  
Manager, Steel Dept., Sakai Steelworks,  
Construction Materials Business Division,  
Nippon Steel Corporation  
Executive Officer, General Manager, Sakai  
Steelworks, Construction Materials Business  
Division, Nippon Steel Corporation  
Executive Officer, General Manager,  
Yahata Steelworks, Nippon Steel Corporation  
Managing Executive Officer,  
Nippon Steel Corporation  
Managing Director, Nippon Steel Corporation  
Managing Director, General Manager, Plant  
Engineering and Facility Management Center,  
Nippon Steel Corporation  
Managing Director, Nippon Steel Corporation  
Director, Nippon Steel Corporation Advisor,  
Godo Steel, Ltd.  
Vice President and Sales Supervisor,  
Godo Steel, Ltd.  
President and Representative Director,  
Godo Steel, Ltd.  
Director and Consultant, Godo Steel, Ltd.  
Consultant, Godo Steel, Ltd.  
Resigned as Director, Godo Steel, Ltd.  
Outside Director of the Company (current position)

Board of Directors' meeting attendance:  
13/13  
(since becoming Company director)



**Tatsufumi Sakai**  
Director (Outside Director)

April 1984  
April 2011  
April 2012  
April 2013  
April 2014  
April 2015  
April 2016  
April 2018  
June 2018  
February 2022  
April 2022  
July 2022  
June 2024

Joined the Industrial Bank of Japan, Limited  
Executive Officer, Mizuho Corporate Bank, Ltd.  
Senior Corporate Officer to Director of Strategic  
Planning Group  
Executive Officer, General Manager, Group  
Planning Div., Mizuho Financial Group, Inc.  
Managing Executive Officer, Head, Investment  
Banking Unit, Mizuho Financial Group, Inc.  
Managing Executive Officer, Head, International  
Banking Unit, Mizuho Financial Group, Inc.  
Managing Officer, Mizuho Financial Group, Inc.  
President and CEO, Mizuho Securities Co., Ltd.  
President and Group CEO, Mizuho Financial  
Group, Inc.  
Director, Mizuho Bank, Ltd.  
Director, Mizuho Trust & Banking Co., Ltd.  
Director, Mizuho Securities Co., Ltd.  
Director, President and Group CEO, Mizuho  
Financial Group, Inc.  
Director, Mizuho Financial Group, Inc.  
Advisor, Mizuho Financial Group, Inc.  
Senior Advisor, Mizuho Financial Group, Inc.  
(current position)  
Outside Director of the Company (current position)

Board of Directors' meeting attendance:  
N/A  
(new appointment)

## Directors Who Are Members of the Audit and Supervisory Committee




**Nobuyuki Hori**  
Director  
Audit and Supervisory Committee Member (Full time)

April 1987  
April 2012  
July 2013  
April 2014  
April 2015  
October 2017  
April 2018  
April 2020  
June 2020  
April 2021  
April 2022  
June 2022

Joined the Company  
Group Leader, Fine Chemical Group,  
Chemicals Business Div.  
Group Leader, Sodium Business Group,  
Chemicals Business Div.  
Manager, Sodium Business Dept. and Business  
Strategy & Administration Dept.,  
Chemicals Business Div.  
Executive Vice President, Alkaline S.A.S.  
(Secondment)  
Chief, Chemicals Business Div.  
Deputy Manager, Corporate Strategy Dept.  
Executive Officer, in charge of Special Missions  
(until March 2021)  
Managing Director, Nisso Fine Co., Ltd.  
Executive Officer, the Company  
Executive Officer, in charge of Special Missions  
Director, Audit and Supervisory Committee  
member (current position)

Board of Directors' meeting attendance:  
17/17  
Audit and Supervisory Committee  
meeting attendance: 15/15



**Yoko Waki**  
Director (Outside Director)  
Audit and Supervisory Committee Member

October 2002  
January 2012  
June 2019  
June 2020

Registered as attorney-at-law  
(Dai-ichi Tokyo Bar Association) and  
joined South Toranomon Law Offices  
Partner (current position)  
Independent Director, HIGASHI TWENTY ONE  
CO., LTD. (current position)  
Outside Director and Audit and Supervisory  
Committee member of the Company  
(current position)

Board of Directors' meeting attendance:  
17/17  
Audit and Supervisory Committee  
meeting attendance: 15/15



**Hayato Yoshida**  
Director (Outside Director)  
Audit and Supervisory Committee Member

April 1983  
October 1988  
March 1992  
November 1993  
August 2000  
September 2006  
August 2007  
July 2021  
June 2022

Joined Nissan Motor Co., Ltd.  
Joined Chuo Shinko Audit Corporation  
(now MISUZU Audit Corporation)  
Registered as a Certified Public Accountant  
Seconded to Coopers & Lybrand in Germany  
Joined MISUZU Audit Corporation  
Senior Partner, MISUZU Audit Corporation  
Partner, Tohmatsu & Co.  
(now Deloitte Touche Tohmatsu LLC)  
Representative, Yoshida Hayato Certified Public  
Accountant Office (current position)  
Outside Director and Audit and Supervisory  
Committee member of the Company  
(current position)  
Corporate Auditor, The Musashino Bank, Ltd.  
(current position)

Board of Directors' meeting attendance:  
17/17  
Audit and Supervisory Committee  
meeting attendance: 15/15

## Executive Officers

**Executive Officer**  
**Kazunori Akatsuka**  
General Manager, Nihongi Plant, Production Div.

**Executive Officer**  
**Atsuhiko Seshimo**  
General Manager, Takaoka Plant, Production Div.

**Executive Officer**  
**Akira Mitani**  
General Manager, Research & Development Div.

**Executive Officer**  
**Akemi Osawa**  
General Manager, Research & Innovation Center,  
Research & Development Div., Manager,  
Research Management Dept., Research & Innovation Center

**Executive Officer**  
**Kazuo Oba**  
General Manager, Agro Products Div.

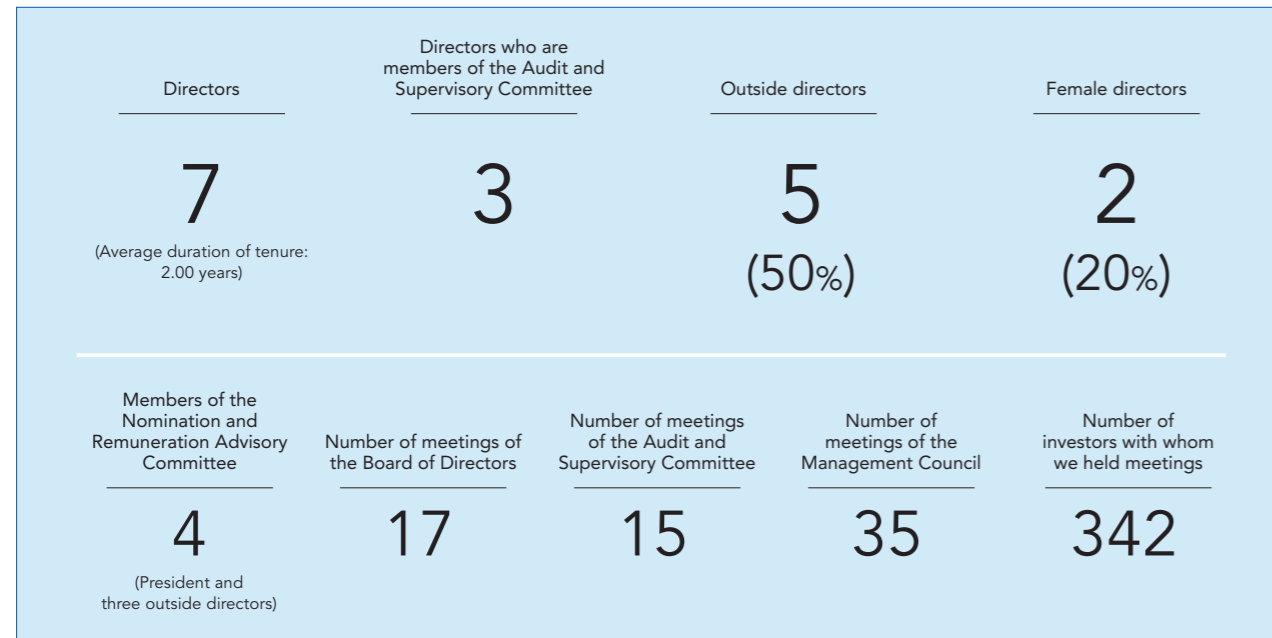
**Executive Officer**  
**Tamotsu Tanimura**  
Manager, Corporate Planning Dept.

**Executive Officer**  
**Hirokazu Yamada**  
General Manager, Production Technology Center,  
Research & Development Div.

**Executive Officer**  
**Makoto Kato**  
General Manager, Chemicals Business Div.

# Corporate Governance

## Corporate Governance Highlights



### Basic Concept

Nippon Soda places primary importance on sound and transparent business management in compliance with laws and ordinances. Our management philosophy is to contribute to social development by providing superior products through chemistry, to meet expectations from stakeholders, including customers, shareholders, investors, business partners, employees and local communities, and to promote environmentally conscious business practices and activities.

Under this philosophy, we are committed to growing into a technology-oriented group that develops high-added-value products by making best use of its proprietary technologies and expands its business with a global point of view centered on chemistry.

We recognize that the enhancement of corporate governance is an important management issue for realizing our management philosophy and responding quickly and appropriately to rapid changes in the business environment.

▶ Corporate Governance Report (Japanese only) [https://www.nippon-soda.co.jp/sustainability/pdf/governance\\_report.pdf](https://www.nippon-soda.co.jp/sustainability/pdf/governance_report.pdf)

## A History of Strengthening Governance

### Aiming to Strengthen Governance

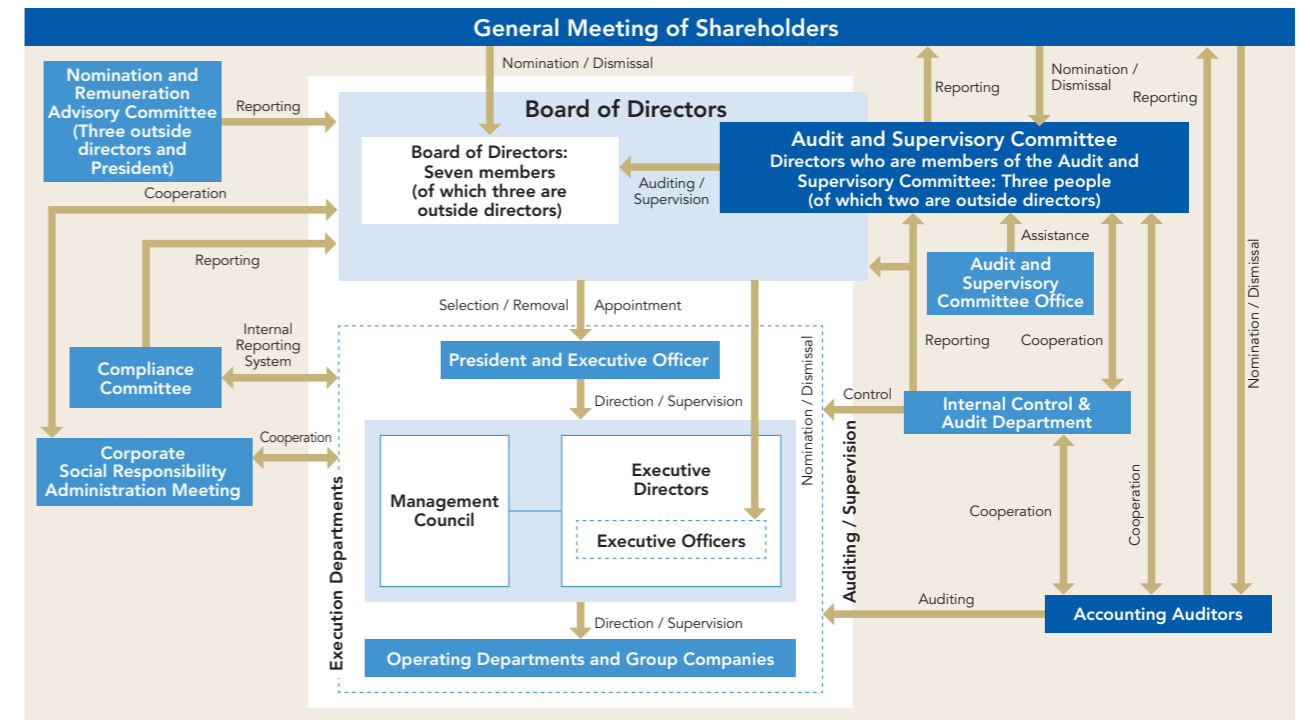
- Strengthen management supervision and improve operational agility
- Increase the diversity of the Board of Directors
- Enhance management transparency and fairness
- Strictly comply with laws and ordinances and corporate ethics

FY 2013	Established CSR Administration Meeting Abolished the executive retirement benefit system
FY 2014	Introduced an executive officer system (number of directors reduced from 14 to 7) Nominated 1 outside director
FY 2016	Nominated 2 outside directors (increased by 1 person; including 1 woman) Started effectiveness assessment of the Board of Directors
FY 2017	Reviewed the executive remuneration system (introduced a performance-based share remuneration plan, board benefit trust (BBT))
FY 2018	Established Remuneration Advisory Committee
FY 2019	Established Nomination and Remuneration Advisory Committee Utilized external organization for effectiveness assessment of the Board of Directors
FY 2021	Transitioned to a company with an audit and supervisory committee
FY 2023	Reviewed the executive remuneration system (introduced a transfer restricted share remuneration system (RS))

## Corporate Governance System

The Nippon Soda Group is fully aware of its fiduciary responsibility in accordance with Japan's Corporate Governance Code and is committed to enhancing its corporate governance structure.

### Corporate Governance Structure



#### General Meeting of Shareholders

The Nippon Soda Group holds an ordinary general meeting of shareholders in June every year, viewing it as an important opportunity to engage in direct dialogue with our shareholders. We deliver the notice of convocation of the General Meeting of Shareholders at an early date so that our shareholders may acquire a good understanding of the issues that will be reported and the matters for resolution at the shareholders' meeting.

We also provide pre-delivery disclosure of information on Nippon Soda's website and at the Tokyo Stock Exchange website, before the notice of convocation of the General Meeting of Shareholders is sent out. Voting rights may be exercised not only in writing but also via the Internet.

#### Board of Directors

The Board of Directors is responsible for making important management decisions (based on clear standards, such as amounts above a certain level) as stipulated by laws and ordinances, the Articles of Incorporation, and the Board of Directors Rules, as well as supervising the execution of each director's duties. The tenure of directors (excluding directors who are members of the Audit and Supervisory Committee) is set at one year to ensure that they are able to respond quickly to changes in the environment and to clarify their management and operational responsibilities.

#### Audit and Supervisory Committee

Two of the three directors who are members of the Audit and Supervisory Committee are outside directors. Directors who are also members of the Audit and Supervisory Committee not only attend Management Council meetings, but also inspect important documents (approval requests) and receive explanations of important matters directly from the relevant directors, executive officers, department, or subsidiary, in an effort to gain an accurate understanding of corporate information throughout the Group while also monitoring and verifying whether or not related departments are handling and responding to the situation and whether or not internal controls are being legally and appropriately executed. In addition to this, they work closely with the accounting auditors to ensure the reliability of our financial statements, in particular, by receiving regular reports from them and attending some of their on-site audits.

#### Nomination and Remuneration Advisory Committee

In order to enhance the fairness and objectivity of executive personnel (including successor development plans) and executive remuneration, we have established an independent and effective Nomination and Remuneration Advisory Committee consisting of three outside directors and the President. The Committee advises and makes recommendations to the Board of Directors on executive personnel and remuneration.

#### Management Council

In accordance with the Management Committee Operation Rules, Nippon Soda's Management Council, consisting of the President, directors who concurrently hold the position of executive officer, and others requested to attend by the President, generally meets once a week (with auditors). It discusses important issues involving business execution other than issues that must be discussed by the Board of Directors, in order to make quick decisions on issues related to business execution.

#### Compliance Committee

Nippon Soda operates a Compliance Committee, which is chaired by the director in charge of compliance, with legal departments serving as the secretariat, with the aim of ensuring thorough corporate conduct based on compliance with laws and ordinances, and corporate ethics throughout the Group. The Compliance Committee comprises executive officers as members, and we have appointed a staff member in charge of compliance at each department, worksite and Group company.

#### Corporate Social Responsibility Administration Meeting

Chaired by the President and Executive Officer, the Corporate Social Responsibility Administration Meeting serves as the chief companywide decision-making body to promote CSR activities, including Responsible Care (RC). Held twice a year, the meeting is attended by all Nippon Soda directors, executive officers, plant managers, and officers from our main domestic Group companies. Through these meetings, management set CSR targets, assess results, and revise the targets as necessary to ensure continuous improvement in line with the PDCA cycle.

## Director Nomination Policy

Decisions on the nomination of director candidates and the selection and dismissal of senior management are made by resolution of the Board of Directors based on the advice and recommendations of the Nomination and Remuneration Advisory Committee. Also, candidates for the position of directors who are members of the Audit and Supervisory Committee, are determined by the Board of Directors after obtaining approval from the Audit and Supervisory Committee. To ensure that they are suitable for their responsibilities, candidates for directors and senior management are selected in accordance with the following criteria:

- (1) Extensive business experience
- (2) Excellent managerial sense
- (3) Leadership, drive and planning skills
- (4) Proper character and insight
- (5) Healthy in body and mind

Candidates for outside directors are nominated in accordance with the requirements of the Companies Act and the Tokyo Stock Exchange, and include those with expertise and extensive experience who can be expected to provide constructive and candid views and comments on the Company's management.

In the event of any impropriety or significant violation of relevant laws, regulations or the Articles of Incorporation in the performance of duties by senior management, or any other reason that makes it difficult for them to properly perform their duties, they shall be removed from their position.

## Outside Directors

Nippon Soda has five highly independent outside directors, (including two directors who are also members of the Audit and Supervisory Committee) in an effort to enhance the ability of the Board of Directors to contribute to the Company's sustainable growth and to increase medium- and long-term corporate value. Regarding independent outside directors, in accordance with the requirements of the

Companies Act and the Tokyo Stock Exchange regarding independence, the Company nominates individuals who are unlikely to have conflicts of interest with general shareholders and who are able to ensure objectivity and rationality in the Company's decision-making and contribute to increasing corporate value. Specifically, none of the following must apply to the person:

<ol style="list-style-type: none"> <li>(1) A person who does business with the Company or its subsidiaries as a principal customer or an executive thereof</li> <li>(2) A primary business partner of the Company or its subsidiaries or an executor of such business</li> <li>(3) A consultant, certified public accountant, lawyer or other professional who has received a large amount of money or other assets from the Company or its subsidiaries in addition to directors' remuneration</li> <li>(4) A person who has fallen into any of the above categories (1) to (3) in the past year</li> </ol>	<ol style="list-style-type: none"> <li>(5) The spouse or a relative within the second degree of kinship of the following persons:                             <ol style="list-style-type: none"> <li>1. A person who falls under (1) to (4) on the left</li> <li>2. A person who is, or has been in the past year, an executive of the Company or its subsidiaries</li> <li>3. A person who is currently, or has been in the past year, a non-executive director of the Company or a subsidiary of the Company</li> </ol> </li> </ol>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## Skills Matrix

At the Nippon Soda Group, the mission we have set in our long-term vision (FY 2021–FY 2030) is to "Create new value through the power of chemistry and increase corporate value by contributing to society." To achieve this mission, and to ensure appropriate and quick decision-making on important management matters such as basic strategies, capital policies, and sustainability management, as well as supervision of directors' execution of duties, we have identified the skills required of the Board of Directors as below.

These required skills will be revised as necessary in line with changes in external environments and internal conditions.

Directors				Specialist expertise and experience						
Name	Gender	Position	Director tenure	Corporate management	Finance / accounting	Business strategy / portfolio	R&D / production technology	Internationality	ESG / sustainability	Legal affairs / risk management
Eiji Aga	Male	Director, President (Representative Director)	4 years	●		●		●		
Atsuo Watanabe	Male	Director, Executive Managing Officer	2 years				●		●	
Osamu Sasabe	Male	Director, Executive Managing Officer	3 years		●	●				
Osamu Shimizu	Male	Director, Executive Officer	2 years		●			●	●	
Yuko Watase	Female	Director	2 years		●	●		●		
Takayoshi Meiga	Male	Director	1 year	●			●		●	
Tatsufumi Sakai	Male	Director	New appointment	●	●			●		
Nobuyuki Hori	Male	Director, Audit and Supervisory Committee member (Full time)	2 years		●					●
Yoko Waki	Female	Director, Audit and Supervisory Committee member	4 years							●
Hayato Yoshida	Male	Director, Audit and Supervisory Committee member	2 years		●					●

## Executive Remuneration

### Policy on decisions

Nippon Soda's executive remuneration is determined based on a balance of common practices, company performance and employee salaries. A resolution was passed on June 26, 2020, at the 151st Ordinary General Meeting of Shareholders to set the total amount of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee) and directors who are members of the Audit and Supervisory Committee at no more than ¥350 million and no more than ¥100 million per year, respectively. Moreover, the executive remuneration system was revised at the Board of Directors meeting held on April 22, 2022, and a decision was made to introduce a transfer restricted share remuneration system for Company directors (excluding directors who are members of the Audit and Supervisory Committee, outside directors, and part-time directors; hereinafter "eligible directors"). At the 153rd Ordinary General Meeting of Shareholders held on June 29, 2022, discussions were held and a resolution passed to pay eligible directors a monetary remuneration claim equivalent to the amount to be paid for transfer restricted share through this system. In principle, the total number of the Company's common shares to be issued or disposed of for the purpose of granting transfer restricted share to eligible directors under this transfer restricted share system shall be up to 30,000 shares per fiscal year. Moreover, the total amount of monetary remuneration to be paid for the purpose of granting transfer restricted share shall be up to 60 million yen per year (however, this does not include the salary for directors concurrently serving as employees).

Director remuneration shall be determined within the limits of the total amount of remuneration approved by the General Meeting of Shareholders, and shall be discussed and decided by the Board of Directors based on the

advice, recommendations and findings of the Nomination and Remuneration Advisory Committee. The Board of Directors entrusts decisions regarding directors' basic remuneration, as well as directors' (excluding outside directors) performance-linked remuneration, evaluation remuneration, and share-based remuneration, to the Representative Director and President. We believe that the representative directors are most suited to evaluating the departments that each director is responsible for while considering overall business performance and other factors. The appropriateness of decisions made regarding remuneration are confirmed in advance by the Nomination and Remuneration Advisory Committee.

Executive remuneration for FY 2024 was discussed by the Nomination and Remuneration Advisory Committee on June 19, 2023. Based on their findings, the policy for determining individual director remuneration (excluding outside directors, part-time directors, and directors who are members of the Audit and Supervisory Committee) was determined at the Board of Directors' meeting on June 29, 2023. Following confirmation that methods for determining remuneration were in line with the decision policy, that the resulting remuneration conformed to the decision policy discussed at the Board of Directors' meeting, and that the findings of the Audit and Supervisory Committee were respected, we have determined that individual director remuneration for FY 2024 is in line with the decision policy.

As stipulated in the Articles of Incorporation, the number of directors (excluding those who are members of the Audit and Supervisory Committee) is limited to ten and the number of directors who are members of the Audit and Supervisory Committee is limited to five.

### Total Amount of Remuneration

Classification	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of eligible persons
		Basic remuneration	Performance-linked remuneration	Transfer restricted share remuneration	
Directors (excl. Audit and Supervisory Committee members) [Outside directors]	228 [31]	102 [31]	101 [ - ]	24 [ - ]	9 [3]
Directors (Audit and Supervisory Committee members) [Outside directors]	48 [22]	48 [22]	- [ - ]	- [ - ]	3 [2]
Total [Outside directors]	276 [53]	151 [53]	101 [ - ]	24 [ - ]	12 [5]

Note 1: The above remuneration includes that of two directors (excl. Audit and Supervisory Committee members) who retired on June 29, 2023, due to the expiration of their term of office.

Note 2: The above performance-linked remuneration has been calculated using the following formula and indices that show results and achievements from current fiscal year. Prior-fiscal year performance-linked remuneration + Adjustment of performance-linked remuneration for the current fiscal year<sup>1</sup> + Performance-linked amount for the current fiscal year.<sup>2</sup>

1. Adjustment of performance-linked remuneration for the current fiscal year: Calculated based on three indices: (1) Increase/decrease in consolidated net profit for the current fiscal year; (2) Increase/decrease in consolidated ROE; and (3) Increase/decrease ratio in non-consolidated operating profit
2. Performance-linked amount for the current fiscal year: Calculated based on the following formula: Standard points based on position × Index coefficient for the current fiscal year (%)<sup>3</sup> × Prior-fiscal year average share price

3. Index coefficient for the current fiscal year: Determined within a range of 0% to 200% using a matrix table with the two indices below.

(1) ROE for the current fiscal year; and (2) Increase/decrease in consolidated operating profit (the amount of increase/decrease in the current fiscal year's actual results compared with the average of the previous three years)

These indices enable highly accurate measurement of the level to which we have improved our corporate value, something we have committed to in our long-term vision. As such, we have determined that they are appropriate indices to measure the achievements and level of contribution of company executives, and have selected them as indices for performance-linked remuneration.

The performance indicators used in the calculation of performance-linked remuneration, etc., for this fiscal year are based on the following results:

- Increase/decrease in consolidated net profit for the current fiscal year: ¥5,209 million (compared with plan)
- Increase/decrease in consolidated ROE: 1.9 percentage points (compared with plan)
- Increase/decrease ratio in non-consolidated operating profit: 156.7% (compared with plan), 132.2% (compared with the previous year result)
- ROE: 10.3%
- Increase/decrease in consolidated operating profit: ¥6,878 million (the amount of increase/decrease in the current fiscal year's actual results compared with the average of the previous three years)
- Stock price average for the previous fiscal year: ¥4,242

Note 3: Five directors (excl. outside directors, part-time directors, and directors who are members of the Audit and Supervisory Committee) are eligible for the transfer restricted share remuneration system.

Note 4: Of total non-monetary remuneration for directors (excl. members of the Audit and Supervisory Committee and outside directors), transfer restricted share remuneration accounts for ¥24 million.

### Remuneration system

Individual director remuneration consists of (1) basic remuneration, (2) performance-linked remuneration, (3) evaluation remuneration, and (4) share-based remuneration, the ratios of which are shown in the table on the following page (Overview of Decision Policy on Individual Remuneration: (e) Decision policy on ratio of remuneration by type). Note that directors in charge of supervisory functions, such as outside directors, part-time directors, and directors who are members of the Audit and Supervisory Committee are paid only (1) basic remuneration considering their roles.

At Nippon Soda, we have positioned the promotion of CSR activities, including response to climate change, as an important performance indicator. The level of achievement of this target is the basis for our calculations for the evaluation remuneration, which is designed to provide an incentive for the relevant initiatives. In terms of director responsibilities, in addition to short-term business performance, we prioritize initiatives geared toward medium- to long-term improvements in corporate value and the achievement of a sustainable society, and as such we are enhancing directors' commitment to these achievements.

# Compliance

For more details, see ESG Data Book 2024 (p. 79-80)

## Overview of Decision Policy on Individual Remuneration (Remuneration system)

(a) Decision policy on basic remuneration	The amount is determined based on the role and position of the director.
(b) Decision policy on performance-linked remuneration	<p>Calculated by the following formula, using an index that shows the results and performance of the current fiscal year.</p> <p>Policy on decisions (formula)                  Prior-fiscal year performance-linked remuneration + Adjustment of performance-linked remuneration for the current fiscal year<sup>1</sup> + Performance-linked amount for the current fiscal year.<sup>2</sup></p> <p>1. Adjustment of performance-linked remuneration for the current fiscal year:                  Calculated based on three indices: (1) Increase/decrease in consolidated net profit for the current fiscal year; (2) Increase/decrease in consolidated ROE; and (3) Increase/decrease ratio in non-consolidated operating profit</p> <p>2. Performance-linked amount for the current fiscal year:                  Calculated based on the following formula.                  Standard points based on position × Index coefficient for the current fiscal year (%)<sup>3</sup> × Prior-fiscal year average share price</p> <p>3. Index coefficient for the current fiscal year                  Determined within a range of 0% to 200% using a matrix table with the two indices below.                  (1) ROE for the current fiscal year; and (2) Increase/decrease in consolidated operating profit (the amount of increase/decrease in the current fiscal year's actual results compared with the average of the previous three years)</p> <p>These indices enable highly accurate measurement of the level to which we have improved our corporate value, something we have committed to in our long-term vision. As such, we have determined that they are appropriate indices to measure the achievements and level of contribution of company executives, and have selected them as indices for performance-linked remuneration.</p>
(c) Decision policy on evaluation remuneration	Calculated based on the level of achievement of the targets set by each director at the beginning of the term and evaluations of their business execution.
(d) Decision policy on share-based remuneration	In addition to further sharing value with our shareholders, we have introduced a transfer restricted share remuneration system (RS) as an incentive linked to the medium- to long-term improvement of our corporate value. Through this system, a certain quantity of transfer restricted share is granted to each position depending on their roles and responsibilities.
(e) Decision policy on ratio of remuneration by type	<p>Approximate ratios                  Basic remuneration: Performance-linked remuneration: Evaluation remuneration: Share-based remuneration 40%:40%:5%:15%</p> <p>(Reference: Ratios under the former executive remuneration system)</p>
(f) Decision policy on period and conditions of remuneration	Fixed monthly remuneration includes basic remuneration, performance-linked remuneration, and evaluation remuneration. For transfer restricted share remuneration, which is non-monetary remuneration, transfer restricted share is granted every year based on an allotment agreement. Transfer restrictions are lifted when an executive retires or resigns from their final position in the Company.
(g) Decisions on individual remuneration	Based on decisions by the Board of Directors regarding basic remuneration, performance-linked remuneration, evaluation remuneration, and share-based remuneration, decision-making authority on individual remuneration belongs to the President. To ensure that this authority is appropriately exercised, prior to making a decision on the relevant amount, the President briefs and holds discussions with the Nomination and Remuneration Advisory Committee and seeks their approval.

## Effectiveness Assessment of Board of Directors

At Nippon Soda, to improve the Board of Directors' decision-making on appropriate execution of duties and to strengthen their supervisory functions, since FY 2016, all directors have been conducting self-assessments in the form of questionnaires every year. We also regularly commission an external organization to conduct interviews and analyze and assess the results. Most recently, these interviews were conducted in FY 2019 and FY 2022. In FY 2024, questionnaires comprising the topics below were given to all directors, including directors who are Audit and Supervisory Committee members. Based on these results, the Board of Directors examined and discussed its understanding of current level of effectiveness.

As a result, overall, it was confirmed that the Board of Directors was

functioning effectively. In terms of strengthening supervisory functions related to nomination and remuneration and enhancing information disclosure for shareholders and investors, both of which were issues in the previous assessment, while there were certain improvements, there was judged to be a need to further strengthen related discussions and initiatives. Moreover, there were also calls for the creation and implementation of programs to strengthen the functions of the Board of Directors, and so moving forward we will continue to promote reforms aimed at strengthening its functions.

We will continue to find ways to improve the operation of the Board of Directors and further enhance its effectiveness.

### Survey topics

- Board of Directors' functions (enhancement of discussions on medium- to long-term management strategies and fulfillment of supervisory functions for matters related to nomination and remuneration)
- Board of Directors' composition and size (number of directors and independent outside director ratio, and level of skill and diversity)
- Operation of the Board of Directors (number of meetings, frequency, time; provision of materials; meeting proceedings, etc.)
- Supervision of auditing functions (Audit and Supervisory Committee members' and outside directors' collaboration with auditing bodies, etc.)
- Outside directors' performance of functions (creation of systems to help outside directors perform their functions, provision of information to outside directors, etc.)
- Relationship with shareholders and investors (systems for dialogue with shareholders and investors, shareholder and investor feedback on Board of Directors, etc.)

## Basic Policy

The Nippon Soda Group ensures corporate activities are undertaken in compliance with laws and ordinances and corporate ethics by making all employees aware of the Nippon Soda Group Code of Conduct. Our efforts to ensure business management that emphasizes regulatory compliance include the establishment of the Compliance Committee and proper implementation of the internal reporting system. Through these efforts, we enhance the internal control system and continue to be a company trusted by society.

## The Nippon Soda Group Code of Conduct

1. Compliance with laws/ordinances and corporate ethics	(1) Fair actions (2) Compliance with corporate ethics (3) Prompt corrective action and strict disciplinary action in response to the violation of a law/ordinance
2. Relationship with society	(1) Contribution to society (2) Compliance with various kinds of business laws (3) Regulation of donations and political fund contribution (4) Severance of relations with anti-social forces (5) Environmental conservation/protection (6) Compliance with laws/ordinances related to security trade control and export/import
3. Relationship with customers, business partners and competitors	(1) Product safety (2) Compliance with the anti-trust law and competition law (3) Appropriate transactions with suppliers and complying with the subcontracting law (4) Prevention of unfair competition (5) Business entertainment and gifts (6) Prohibition of presenting bribery to foreign public officials (7) Appropriate publicity/advertisement
4. Relationship with shareholders and investors	(1) Disclosure of managerial information (2) Prohibition of insider trading
5. Relationship with individuals	(1) Respect for human rights and prohibition of discrimination (2) Harassment (3) Protection of privacy (4) Safety and health in workplace (5) Compliance with labor relations laws
6. Relationship with the Company and corporate assets	(1) Compliance with work regulations (2) Appropriate accounting (3) Conflict of interest (4) Prohibition of political and religious activities (5) Management of trade secrets (6) Appropriate use of corporate assets (7) Appropriate use of information systems (8) Protection of intellectual property rights
7. Supplementary provisions	(1) The scope of application of this Code of Conduct (2) Revision and abolition of this Code of Conduct (3) Violation of this code of conduct / consultation hotline (4) Penalty

## Compliance Promotion System

Nippon Soda has a Compliance Committee, which is chaired by the director in charge of compliance, with legal departments serving as the secretariat, with the aim of ensuring thorough corporate conduct based on compliance with laws and ordinances and corporate ethics throughout the Group. Furthermore, to ensure thorough implementation of the Nippon Soda Group Code of Conduct, we have assigned compliance officers to each department, worksite, and subsidiary.

The Nippon Soda Group has established a consultation desk, whereby an employee of the Group who has committed an infraction or becomes aware of an infraction by another employee, can consult directly with the Compliance Committee Secretariat, an outside attorney or an Audit and Supervisory Committee member.

## Compliance Promotion and Education

We have formulated the Nippon Soda Group Code of Conduct, which specifies matters to be observed by the Nippon Soda Group in order to carry out sound corporate activities. In addition to introducing and enhancing awareness of this Code of Conduct throughout the Company, as well as at our subsidiaries both in Japan and overseas, we provide ongoing training to ensure thorough compliance with laws and ordinances. We conduct legal education and training related to our operations once a year or more, and in FY 2024, we conducted a total of seven major compliance training sessions for the Company and its

subsidiaries. Elsewhere, we also have e-learning programs aimed at enhancing awareness of the Code of Conduct among all Company and subsidiary executives and employees, and the current completion rate stands at 97%. Moreover, for staff members in charge of compliance at the Company and its subsidiaries, we also host seminars that look at how to respond to cases through the internal reporting system. In addition, we conduct an annual compliance survey of all employees to determine their understanding of the Code of Conduct.

## Internal Controls

For more details, see ESG Data Book 2024 (p. 81–82)

### ➤ Status of Internal Audit System

- (1) In accordance with the basic policy regarding system development necessary to ensure proper business operation, Nippon Soda establishes and implements systems that ensure compliance and efficient and sound company management, and provides information on relevant rules throughout the Company.
- (2) We promote corporate social responsibility (CSR) practices in order to maintain the trust of society needed to continue our business activities.

### ➤ Regulations on the Risk Management of Losses and Other Systems

- (1) We conduct corporate activities in compliance with laws and ordinances and corporate ethics by ensuring all employees are fully informed of the Nippon Soda Group Code of Conduct.
- (2) We have established a Corporate Social Responsibility Administration Meeting chaired by the President and Executive Officer to promote business activities taking into account environmental protection, occupational safety and health, process safety and disaster prevention/business continuity plan (BCP), logistics safety, and chemical and product safety. In addition, we implement risk management in accordance with Company regulations such as the Environmental Management Regulations and Security Management Regulations to prevent accidents from occurring.
- (3) Should a serious accident occur, an accident response headquarters is established in accordance with corporate rules, including the Security Management Regulations to address the accident in a cross-sectional and systematic way.
- (4) If a natural disaster, such as a large earthquake, or any other crisis that could have disastrous consequences occurs, we shall respond appropriately according to the BCP.
- (5) Other risks associated with business execution are appropriately addressed by responsible departments in accordance with response manuals and other documents.
- (6) The Internal Control & Audit Department has been established independently from business departments to assess the appropriateness and efficiency of business activities and the reliability of financial reports and to promote the appropriate functioning of the internal control system in business processes.  
The Internal Control & Audit Department reports to the Board of Directors on the results of audits and the operational status of internal controls.

### ➤ Internal Control Audits

The Company's Internal Control & Audit Department, which is independent of the operating divisions, works closely with the directors who are also members of the Audit and Supervisory Committee, to assess the appropriateness and efficiency of business activities and the reliability of financial reports. The directors who are also members of the Audit and Supervisory Committee keep abreast of developments throughout the Nippon Soda Group and monitor and verify the proper execution of internal controls. Furthermore, to ensure the reliability of financial information and other information, they work in close cooperation with the accounting auditors, who report regularly and attend some of the audits.

### ➤ Information Security Management

Appropriate management and protection of our information assets is one of the priority issues in managing our business. Nippon Soda promotes information security management under the supervision of the executive in charge of the Information Technology Department. In addition to the development of internal regulations such as the Information Security Policy, we are working to raise awareness of the importance of information assets by advocating the appropriate use of information systems in the Nippon Soda Group Code of Conduct. We are taking measures to strengthen the information security management system of the entire Nippon Soda Group, including training at Group companies on how to deal with suspicious emails to prevent viruses from infecting our computers.

## Business and Other Risks

### 1. Market risks

- (1) Some of the Group's businesses include products and services that are subject to economic fluctuations. Therefore, if market conditions fluctuate significantly due to changes in the economic environment, the Group's business performance could be significantly affected.
- (2) In Agri Business, earnings tend to increase in the fourth quarter due to the seasonal nature of demand. In addition, the Group's business performance may be significantly affected by weather fluctuations, as operations in Agri Business tend to be susceptible to weather conditions.
- (3) Predominantly through Chemical Materials and Agri Business, the Group conducts business on a global scale. Moreover, around 51% of our sales in Chemical Materials and Agri Businesses are overseas. As such, unforeseen changes in local laws and regulations in each country or region; large-scale epidemics; geopolitical risks such as wars, riots, or terror, or other unexpected factors; trade wars caused by national or regional conflict; and/or other factors could have a significant impact on our business performance. Tasked with collecting information on risks and analyzing business trends in each country and region we conduct business, we have therefore established local subsidiaries to act as our hubs in those areas.

### 2. Exchange rate fluctuation risks

- (1) The Group operates on a global basis and foreign currency fluctuations affect net sales and materials procurement costs in foreign currencies. For this reason, we seek to mitigate the impact on business performance through forward foreign exchange contracts.
- (2) Since the yen-translated figures of overseas consolidated subsidiaries and equity-method affiliates in the consolidated financial statements are influenced by foreign exchange rates, dramatic fluctuations in foreign exchange rates may have a significant impact on the Group's business performance.

### 3. Raw materials procurement risks

If the Group is unable to secure the materials used in its products, or if the price of materials fluctuates drastically, the Group's business performance could be significantly affected. For this reason, in addition to working to ensure stable procurement of materials through the decentralization and diversification of our suppliers, we are aiming to reduce the impact of rising material prices on our business performance by implementing measures such as lowering the cost of our products and appropriately passing on this rise to our sales prices.

### 4. Legal and regulatory risks

While the Group conducts its business activities in compliance with the laws and ordinances in Japan and abroad, growing global environmental awareness tends to tighten regulations on chemical products. Therefore, if environmental regulations become more stringent than expected and require substantial additional investments in the future, the Group's business performance could be significantly affected.

### 5. Research and development risks

The Group invests a large amount of management resources in the development of new products. However, in research and development, particularly in Agri Business, the development and period for validating the efficacy and safety of a product may take a long time, and the research and development costs and commission fees for studies involved in up-front investment are significant, so if the research theme is not put to practical use, the Group's business performance may be significantly affected.

### 6. Product liability risks

As a manufacturer of chemical products, the Group is working on Responsible Care (RC) activities (voluntary risk reduction activities) for quality management, and in particular, we are striving to improve management based on ISO 9001. In addition, we conduct product liability (PL) risk assessments prior to the sale of new products and make quality improvements in accordance with ISO 9001 to ensure that PL problems are avoided. However, there is no guarantee that all products will be defect-free and free of PL issues. For this reason, the Group

carries product liability insurance to protect itself in the event of an accident. However, if an unanticipated serious quality defect occurs, the Group's business performance could be significantly affected.

### 7. Accident and disaster risks

As a manufacturer of chemical products, the Group is acutely aware of the risks associated with manufacturing. We engage in Responsible Care activities with respect to quality, environmental protection, occupational safety & health, process safety and disaster prevention, logistics safety, chemical and product safety, etc., and strive to prevent accidents at our production facilities and chemical product storage facilities. Nevertheless, if an unforeseen accident or a large-scale natural disaster were to cause damage to personnel or property at our manufacturing facilities, or if damage were to occur in the areas in the vicinity of our plants, there may be a significant impact on our business performance due to a loss of trust from society in the Group, the cost of measures to deal with the accident and disaster, or lost opportunities due to the suspension of production activities.

### 8. Application of impairment accounting risks

If the value of the Group's business assets substantially declines, or if the Group does not expect to recover its investments due to a decline in profitability or other factors, recording an impairment loss could have a material impact on the Group's business results.

### 9. Retirement benefit obligations risks

The Group's employee retirement benefit costs and obligations are calculated based on actuarial assumptions, such as the rate of return on plan assets and the discount rate, so if the actual results differ substantially from the assumptions due to abrupt changes in the market environment or other factors, the Group's business performance could be significantly affected.

### 10. Intellectual property infringement risks

The Group manages its intellectual property rights strictly. However, it may not be able to fully protect its intellectual property rights in certain countries and may not be able to completely prevent infringement by third parties, which could have a significant impact on the Group's business performance.

### 11. Information security risks

The Group holds a wide range of confidential and other information related to its businesses. Although we have a thorough information management system in place, in the event that an unforeseen circumstance causes this information to be leaked outside the Company, the resulting stagnation in business activity and loss of trust could have a significant impact on the Group's business performance. We have thus formulated a set of internal rules regarding information management, and educate employees on these rules to boost their management awareness and promote understanding of information handling rules. We have also concluded non-disclosure agreements with stakeholders with whom we share the confidential information we handle, and are striving to reinforce our information management system in other ways.

### 12. Human resource acquisition risks

In the event that the Group cannot acquire the necessary manpower due to the decrease in working-age populations, the suspension of business activities may have a significant impact on the Group's business performance. As such, we have formulated the Nippon Soda DX Vision which outlines our strategies for digitalization, and are working to streamline production processes, build optimal production systems, optimize research through innovative use of data, and achieve greater operational efficiency through use of digital technologies. We have also formulated the Make Employees Brilliant human capital management vision, and are working to promote diversity, develop human resources, and create workplaces that give employees fulfillment and pride to maximize their diverse values and strengths.

# 10-year Financial and Non-financial Highlights

		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Operating Results</b>											
Net sales	(Millions of yen)	148,062	142,711	128,647	141,230	145,663	144,739	139,363	152,536	172,811	154,429
Operating profit	(Millions of yen)	7,285	7,415	5,365	6,390	7,906	8,135	9,980	11,930	16,893	13,872
Operating profit on sales (ROS)	(%)	4.9	5.2	4.2	4.5	5.4	5.6	7.2	7.8	9.8	9.0
Share of profit (loss) of entities accounted for using equity method	(Millions of yen)	6,338	11,728	4,898	2,239	(1)	1,841	1,856	3,063	7,841	6,319
Ordinary profit	(Millions of yen)	14,924	18,952	9,908	9,204	8,888	10,312	12,743	16,512	26,456	23,297
Profit attributable to owners of parent	(Millions of yen)	10,945	14,313	8,785	6,378	5,802	6,759	7,360	12,683	16,692	16,612
<b>Financial Position</b>											
Total assets	(Millions of yen)	221,285	220,587	217,302	219,457	216,212	210,556	227,975	245,585	251,350	290,492
Net assets	(Millions of yen)	127,181	131,489	138,069	144,801	144,916	144,440	149,203	158,298	170,959	189,474
Equity ratio	(%)	54.6	58.5	62.3	64.6	65.6	67.1	63.9	63.5	67.3	64.7
Interest-bearing debt	(Millions of yen)	49,343	49,847	39,240	31,939	26,116	29,220	39,145	40,247	32,376	48,996
Debt-to-equity ratio <sup>1</sup>	(Times)	0.41	0.39	0.29	0.23	0.18	0.21	0.27	0.26	0.19	0.26
Return on equity (ROE)	(%)	9.9	11.5	6.6	4.6	4.1	4.8	5.1	8.4	10.3	9.3
Operating profit on assets (ROA)	(%)	3.4	3.4	2.5	2.9	3.6	3.8	4.6	5.0	6.8	5.1
<b>Cash Flows</b>											
Cash flows from operating activities	(Millions of yen)	9,588	10,639	41,236	12,085	11,677	12,449	13,821	14,545	15,590	5,729
Cash flows from investing activities	(Millions of yen)	(4,600)	(9,424)	(7,858)	(8,327)	(15,280)	(10,399)	(13,770)	(11,620)	(4,863)	(9,594)
Free cash flow <sup>2</sup>	(Millions of yen)	4,988	1,215	33,377	3,758	(3,603)	2,050	51	2,924	10,726	(3,865)
Cash flows from financing activities	(Millions of yen)	(2,776)	(1,323)	(14,620)	(9,485)	(7,534)	(1,161)	1,722	(4,802)	(10,441)	6,694
Cash and cash equivalents at end of period	(Millions of yen)	14,853	14,494	33,146	27,585	16,536	17,200	19,253	17,898	18,484	22,187
<b>Per Share Indicators</b>											
Earnings per share	(Yen)	360.01	464.03	287.04	211.35	192.27	224.28	255.17	454.39	598.78	597.43
Net assets per share	(Yen)	3,974.35	4,144.56	4,485.10	4,698.59	4,698.10	4,734.24	5,165.07	5,597.02	6,070.09	6,829.56
Dividend per share	(Yen)	50	60	60	60	60	80	110	180	240	240
Dividend payout ratio	(%)	13.9	12.9	20.9	28.4	31.2	35.7	43.1	39.6	40.1	40.2
<b>Others</b>											
Capital expenditure	(Millions of yen)	7,987	6,764	6,512	8,589	8,026	8,824	7,718	13,113	13,255	7,484
Depreciation	(Millions of yen)	6,436	6,242	6,397	6,532	6,966	7,578	7,662	8,577	9,078	7,842
R&D costs	(Millions of yen)	6,343	6,670	6,495	7,250	6,241	6,127	5,791	5,844	6,309	6,422
<b>Non-financial Indicators</b>											
Carbon dioxide emissions	(Thousand metric tons)	202	194	200	207	201	200	189	192	148	130
Energy consumption (in crude oil equivalent)	(ML)	101.0	96.1	97.0	98.8	96.3	93.3	90.3	95.2	71.1	63.3
Number of employees (consolidated)	(Persons)	2,507	2,664	2,684	2,683	2,724	2,744	2,770	2,785	2,418	2,402

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

Note 1: Figures shown have been rounded down to the nearest million.

Note 2: The Company carried out a reverse share split of its common shares on a one-for-five basis on October 1, 2018. Moreover, the Company carried out a two-for-one share split on October 1, 2024. All per share indicators in this document reflect the reverse share split from 2018 but do not reflect the share split implemented in 2024.

Note 3: Carbon dioxide emissions and energy consumption (in crude oil equivalent) are reported for Nippon Soda (non-consolidated), including the Head Office, 4 plants, 1 research center, and 6 sales offices. In the Integrated Report 2024, it was discovered that energy consumption at the Takaoka Plant had been omitted from the aggregation. Consequently, past data has been recalculated retroactively to the fiscal year ended March 2015. Accordingly, carbon dioxide emissions have also been recalculated.

1. Debt-to-equity ratio = Interest-bearing debt ÷ Equity capital  
(Equity capital = Net assets – Share acquisition rights – Non-controlling interests)

2. Free cash flow = Cash flows from operating activities + Cash flows from investing activities

# Financial Review

## Operating Results

The economy in Japan during the consolidated fiscal year under review showed signs of recovery following the stagnation of economic activity brought about by the global spread of the COVID-19 pandemic. However, there was continued uncertainty surrounding the future due to raw material and fuel prices remaining high, concerns surrounding overseas economies caused by global monetary tightening measures, and growing geopolitical risks.

Under such circumstances, at the Nippon Soda Group we promoted our long-term vision (FY 2021–FY 2030) and new medium-term business plan (FY 2024–FY 2026), and poured all our efforts into various measures aimed at enhancing corporate value.

In the consolidated fiscal year under review, although we implemented sales price revisions to counter soaring raw material and fuel prices, due to a drop in sales in the Chemical Materials and Agri Business, net sales was ¥154,429 million (down 10.6% year on year) and operating profit was ¥13,872 million (down 17.9% year on year). Meanwhile, ordinary profit was ¥23,297 million (down 11.9% year on year) despite a weaker yen compared to the previous year, due to a decrease in profit of entities accounted for using the equity method. Profit attributable to owners of parent was on par with the previous year at ¥16,612 million.

## Results by Segment

### Chemical Materials

Net sales decreased due to the transfer of all shares of our former consolidated subsidiary Alkaline S.A.S. and its exclusion from our consolidated results. Moreover, as in the previous fiscal year we continued to implement sales price revisions to counter soaring raw material and fuel prices.

As a result, net sales and operating profit in the consolidated fiscal year under review were ¥36,063 million (down 26.1% year on year) and ¥3,084 million (up 5.7% year on year), respectively.

In industrial chemicals, although sales of sodium cyanide increased, overall sales decreased due to the suspension of sales of caustic potash and potassium carbonate, etc., due to structural reforms, and a decrease in sales of phosphorus chloride.

Overall sales of fine chemicals declined due to decreases in secondary battery materials, color developers for thermal paper, and specialty isocyanates.

Overall sales also decreased in specialty chemicals due to decreases in the KrF photoresist material VP-POLYMER and the resin additive NISSO-PB.

In eco business products, despite a decrease in sales of the water treatment agent NISSO HI-CHLON, the heavy metal fixative HIDION performed well following sales price revisions, and overall sales increased.

Moreover, despite a decrease in sales of industrial fungicides, a rise in sales of our pharmaceutical additive NISSO HPC ensured that overall sales of pharmaceuticals and industrial fungicides increased.

Meanwhile, despite an increase in sales of the acaricide DANYOTE (acynonapyr) for export, overall sales of insecticides and acaricides decreased due to a drop in export sales of the insecticides MOSPILAN (acetamiprid) and the acaricide NISSORUN (hexythiazox).

Overall sales of herbicides also decreased.

### Trading & Logistics

In line with a decrease in sales of products such as organic and inorganic materials, as well as decreases in warehousing and transport, in the consolidated fiscal year under review, net sales and operating profit were ¥40,898 million (down 6.3% year on year) and ¥2,145 million (down 1.9% year on year), respectively.

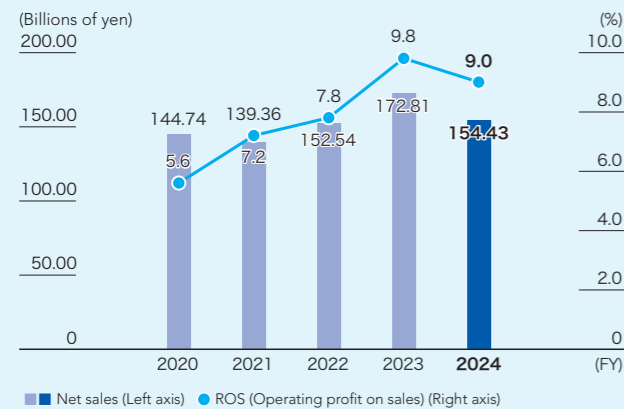
### Engineering

Steady performance in plant construction works saw net sales and operating profit in the consolidated fiscal year under review come to ¥16,336 million (up 24.9% year on year) and ¥1,726 million (down 8.9% year on year), respectively.

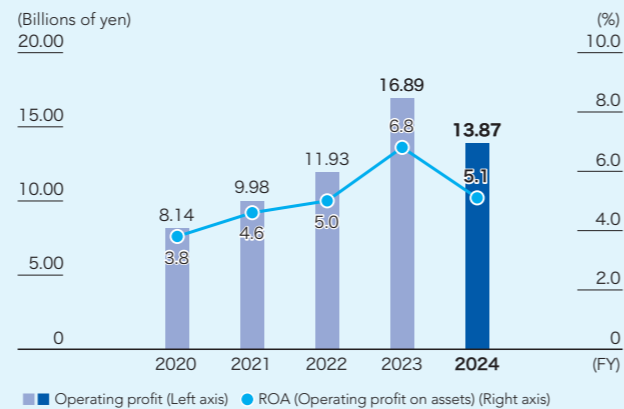
### Eco Solutions

Due to a decrease in sales of nonferrous metals caused by a decrease in zinc market prices, in the consolidated fiscal year under review, net sales and operating profit were ¥8,090 million (down 5.5% year on year) and ¥1 million (down 99.8% year on year), respectively.

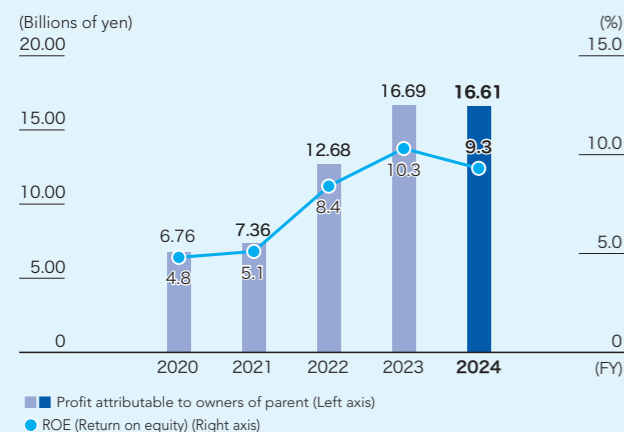
### Net Sales, ROS



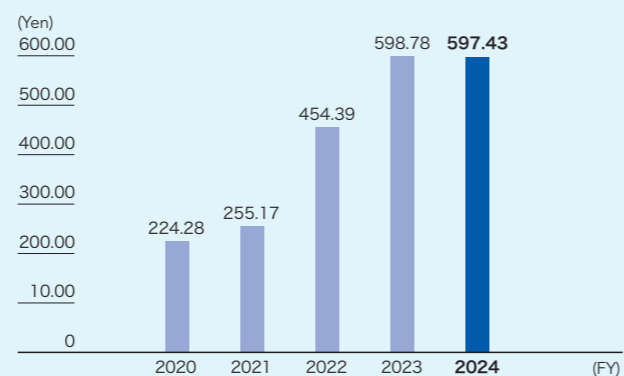
### Operating Profit, ROA



### Profit Attributable to Owners of Parent, ROE



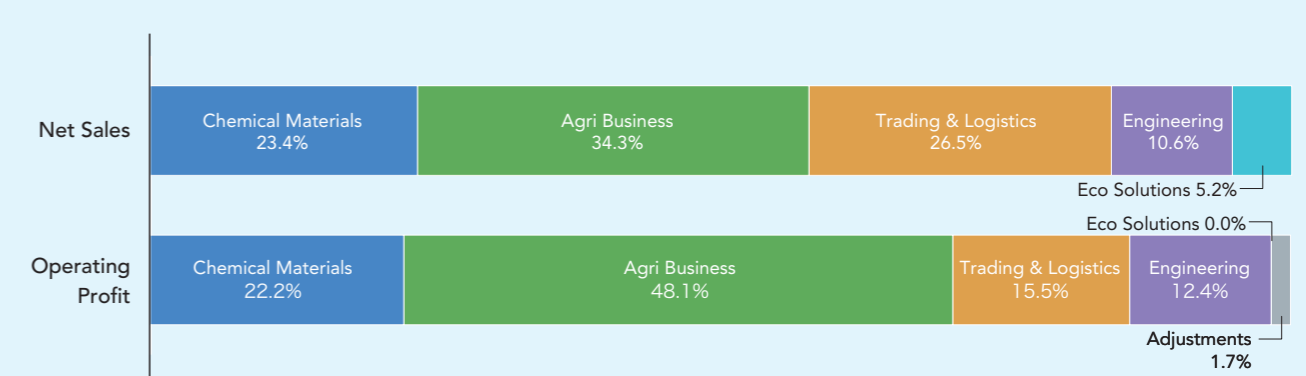
### Earnings per Share



### Consolidated Results for FY 2024 (By Segment)

	FY 2022		FY 2023		FY 2024	
	Net Sales	Operating Profit	Net Sales	Operating Profit	Net Sales	Operating Profit
Chemical Materials	45.38	2.69	48.79	2.92	36.06	3.08
Agri Business	50.56	5.51	58.76	9.47	53.04	6.67
Trading & Logistics	40.15	1.86	43.63	2.19	40.90	2.15
Engineering	8.22	1.14	13.08	1.89	16.34	1.73
Eco Solutions	8.23	0.84	8.56	0.48	8.09	0.00
Adjustments	—	(0.11)	—	(0.05)	—	0.24
<b>Total</b>	<b>152.54</b>	<b>11.93</b>	<b>172.81</b>	<b>16.89</b>	<b>154.43</b>	<b>13.87</b>

### Revenue Structure in FY 2024



## Financial Position

Due to a ¥7,759 million increase in inventories, a ¥7,239 million increase in notes and accounts receivable and contract assets, and an increase of ¥14,560 million in investment securities from the share of profit of entities accounted for using the equity method, total assets at the end of the consolidated fiscal year under review increased ¥39,142 million year on year to ¥290,492 million.

Total liabilities in the consolidated fiscal year under review increased ¥20,627 million year on year to ¥101,018 million due to a ¥16,575 million increase in borrowings, despite a decrease in income taxes payable of ¥3,450 million.

Net assets at the end of the consolidated fiscal year under review increased ¥18,514 million year on year to ¥189,474 million. As a result, the equity ratio as of the end of the consolidated fiscal year under review stood at 64.7%.

## Cash Flows

Cash and cash equivalents for the consolidated fiscal year under review increased ¥3,702 million to ¥22,187 million. Despite profit before income taxes of ¥21,338 million (including ¥6,319 million of share of profit of entities accounted for using the equity method, a non-cash item), income of ¥16,575 million from an increase in borrowings, and depreciation of ¥7,842 million, this was mainly attributable to purchase of property, plant and equipment of ¥9,921 million, dividend payments of ¥7,505 million, a rise in inventories of ¥7,256 million, and corporate tax payments of ¥7,018 million.

## Research and Development

In order to promote the development of high-added-value products based on its characteristic, unique technologies, the Nippon Soda Group has been making efforts in R&D aimed at developing functional materials and various chemicals using precise synthesis technologies in Chemical Materials and new agrochemicals in the Agri Business, based on the key concepts of

“fusion of knowledge,” “fusion of technologies,” and “global.” With our vision Brilliance through Chemistry 2030, we aim to create new value through the power of chemistry and contribute to the achievement of a sustainable society. To prepare for expected changes in the business environment, the Group also seeks to reinforce and expand its existing products, forcefully push forward with the development of new products in peripheral areas related to existing businesses as well as focus areas, and enhance the technological strength of the entire Group through technological partnerships with affiliates, as well as enter new technology areas and create new businesses through the active use of its proprietary technologies. Specifically, in addition to reinforcing and expanding our existing businesses in the key areas of agriculture, healthcare, the environment, and ICT, we have set Food, Healthcare, and Advanced Materials as our three target domains for new businesses, and will move forward with the development of materials and agents in these domains that contribute to society. Moreover, as platform technologies we will strengthen our agrochemical creation technology, bioresource utilization technology, and functional material creation technology. By combining these with technologies from inside and outside the Company, we will strive to create new value.

The R&D situation of each segment during the consolidated fiscal year under review was as follows.

Total R&D costs were ¥6,422 million (4.2% of consolidated net sales). The number of R&D personnel was 337 for the entire Group (14.0% of total employees).

### Chemical Materials

The Group is carrying out development of new polymer materials and functional chemicals using precision polymerization technology and organic synthesis technology. In January 2022, we launched the new functional polymer 1,2-SBS (styrene-butadiene-styrene) in the market using our precision polymerization technology. Moreover, we have developed a new material (based on butadiene polymerization) with improved heat resistance for use in next-generation CCL communications, and are currently proposing it to the market. We will look to extend sales to applications in next-generation ICT, electronic materials, synthetic rubbers, and adhesives.

Elsewhere, we are working with the in-house Cellulose Technical Application Center (CTAC) to develop a new brand of cellulose derivative for the pharmaceutical and food sectors. For liquid polybutadiene products, color developers for thermal paper, environmental chemistry-related products such as eco business products, photocatalysts and biocides, and organic metals-related products, we are working to enhance our competitiveness in the market while proactively engaging in R&D for new applications and new brand development.

In the precision synthesis area, we have begun contracting manufacturing of products using our unique ability to handle raw materials such as phosgene and metallic sodium, and are aiming to use these manufacturing technologies to create new products.

In our development activities for new businesses, we are developing physiologically active substances and EL materials, for example, for use in animal medicines and organic devices.

R&D costs in Chemical Materials were ¥1,489 million.

### Agri Business

Amid growing interest in food safety and security, the Group has been carrying out research mainly in agrochemicals for crop and fruit farming that show activity with a low dosage and have low persistence.

We are also aggressively promoting overseas development for PYTHILOCK (picarbutrazox), a fungicide that shows a prominent effect against downy mildew and Pythium blight. In the US, it is well-received for use in seed treatment for crops such as corn and on golf course lawns. In China, India, and other parts of Asia, we anticipate a further increase in sales. DANYOTE (acynonapyr), an acaricide that has a new mode of action, continues to grow in popularity, mainly in Japan and South Korea, four years on from its launch. For MIGIWA (ipflufenquin), a fungicide that is effective against a broad range of diseases, following on from fruit formulations that went on nationwide sale in December 2022, in October of last year we newly launched a formulation for vegetables, and expect a further increase in sales. Overseas development has also been proceeding steadily, and various tests for registration are underway on a global scale. Moreover, this year we began global development of our new insecticide NI-40. Due to its outstanding efficacy against a wide range of pests, and its efficacy against pests that are resistant to existing insecticides, we expect it to make significant contributions to agricultural production sites. Furthermore, the Group is conducting research on subsequent promising compounds to advance them to the next phase.

Apart from agrochemicals, biopesticides AGROCARE (*Bacillus subtilis*) and MASTERPIECE (*Pseudomonas rhodesiae*) have been achieving steady sales. The Group will continue to make efforts to enhance its lineup of biopesticides that utilize the various functions of microorganisms.

R&D costs in the Agri Business were ¥4,932 million.

### Eco Solutions

In the environmental development business, the Group is engaged in research to improve the recycling process of difficult-to-process industrial waste.

R&D costs in the Eco Solutions were 0 million.

## Capital Expenditure

The Nippon Soda Group made capital investments of ¥7,484 million in the period under review, mainly to build mass-production facilities and to streamline other manufacturing facilities. Capital expenditures in each segment are as follows.

### Chemical Materials

We made capital investments of ¥4,184 million, mainly focusing on the enhancement, streamlining, maintenance and updating of the manufacturing equipment for various products.

### Agri Business

We made capital investments of ¥1,815 million, mainly focusing on the enhancement, streamlining, maintenance and updating of the manufacturing equipment for various products.

### Trading & Logistics

We made capital investments of ¥5 million mainly in streamlining, maintenance and updating.

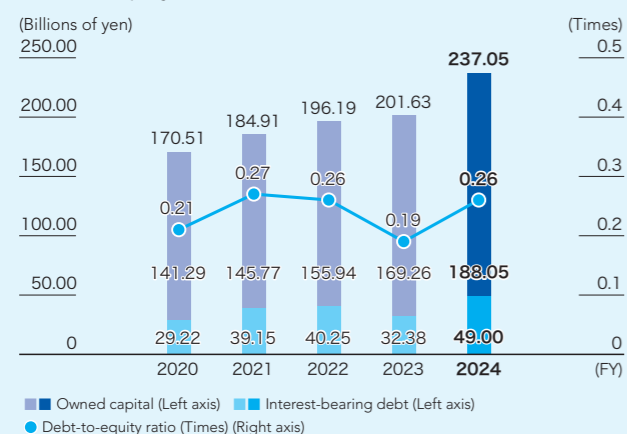
### Engineering

We made capital investments of ¥381 million mainly in streamlining, maintenance and updating.

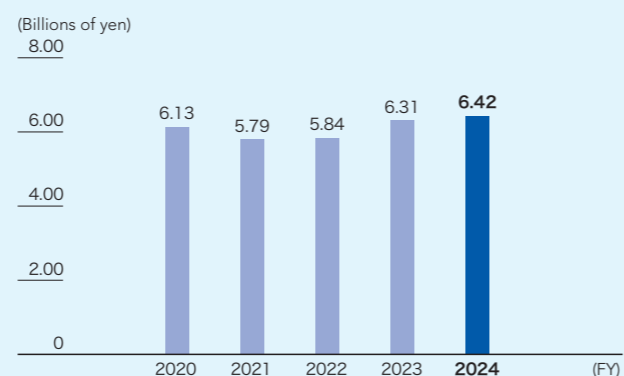
### Eco Solutions

We made capital investments of ¥603 million mainly in streamlining, maintenance and updating.

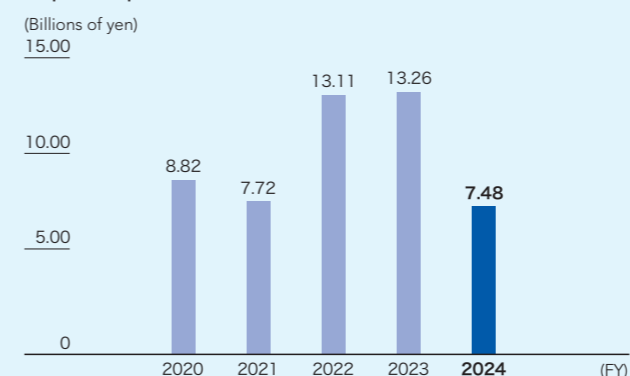
## Debt-to-Equity Ratio



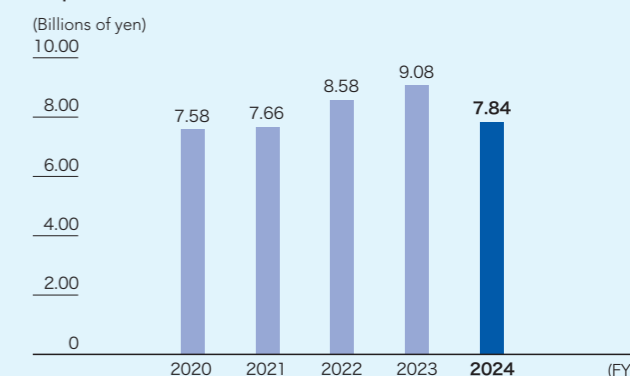
## R&D Costs



## Capital Expenditure



## Depreciation



# Consolidated Financial Statements

## Consolidated Balance Sheets

	(Millions of yen)		(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>				
<b>Current assets</b>				
Cash and deposits	18,506	22,215		
Notes and accounts receivable and contract assets	43,515	50,755		
Electronically recorded monetary claims - operating	5,269	4,268		
Inventories	43,970	51,729		
Others	3,481	5,162		
Allowance for doubtful accounts	(7)	(8)		
<b>Total current assets</b>	<b>114,735</b>	<b>134,123</b>		
<b>Fixed assets</b>				
<b>Property, plant and equipment</b>				
Buildings and structures	68,082	69,341		
Accumulated depreciation	(44,855)	(45,941)		
Buildings and structures, net	23,227	23,400		
Machinery, equipment and vehicles	122,043	121,442		
Accumulated depreciation	(101,991)	(102,391)		
Machinery, equipment and vehicles, net	20,051	19,051		
Tools, furniture and fixtures	12,959	13,573		
Accumulated depreciation	(10,594)	(11,051)		
Tools, furniture and fixtures, net	2,364	2,522		
Land	15,024	15,024		
Construction in progress	1,320	3,379		
Others	188	278		
Accumulated depreciation	(157)	(196)		
Others, net	31	81		
<b>Total property, plant and equipment</b>	<b>62,019</b>	<b>63,460</b>		
<b>Intangible fixed assets</b>				
Goodwill	129	100		
Others	3,864	3,606		
<b>Total intangible fixed assets</b>	<b>3,994</b>	<b>3,706</b>		
<b>Investments and other assets</b>				
Investment securities	55,523	70,084		
Retirement benefit assets	11,178	15,233		
Deferred tax assets	2,110	1,797		
Others	1,789	2,087		
Allowance for doubtful accounts	(1)	(1)		
<b>Total investments and other assets</b>	<b>70,601</b>	<b>89,201</b>		
<b>Total non-current assets</b>	<b>136,614</b>	<b>156,369</b>		
<b>Total assets</b>	<b>251,350</b>	<b>290,492</b>		
<b>Liabilities</b>				
<b>Current liabilities</b>				
Notes and accounts payable - trade	16,707	18,658		
Electronically recorded obligations - operating	2,693	3,891		
Short-term borrowings	15,395	23,795		
Income taxes payable	4,365	914		
Provision for bonuses	6,408	6,151		
Others	5,161	6,818		
<b>Total current liabilities</b>	<b>50,731</b>	<b>60,228</b>		
<b>Non-current liabilities</b>				
Long-term borrowings	16,943	25,118		
Deferred tax liabilities	7,148	11,076		
Retirement benefit liability	1,335	1,283		
Provision for environmental measures	1,446	422		
Others	2,785	2,888		
<b>Total non-current liabilities</b>	<b>29,659</b>	<b>40,789</b>		
<b>Total liabilities</b>	<b>80,390</b>	<b>101,018</b>		
<b>Net assets</b>				
Shareholders' equity				
Share capital	29,166	29,166		
Capital surplus	25,834	26,099		
Retained earnings	107,090	116,174		
Treasury shares	(2,410)	(4,497)		
<b>Total shareholders' equity</b>	<b>159,681</b>	<b>166,942</b>		
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	10,993	14,968		
Deferred gains or losses on hedges	79	30		
Foreign currency translation adjustment	(1,684)	3,559		
Accumulated remeasurements of defined benefit plans	187	2,547		
<b>Total accumulated other comprehensive income</b>	<b>9,575</b>	<b>21,105</b>		
Non-controlling interests	1,702	1,425		
<b>Total net assets</b>	<b>170,959</b>	<b>189,474</b>		
<b>Total liabilities and net assets</b>	<b>251,350</b>	<b>290,492</b>		

## Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	172,811	154,429
Cost of sales	123,533	111,729
Gross profit	49,278	42,699
Selling, general and administrative expenses	32,384	28,827
Operating profit	16,893	13,872
Non-operating income	10,716	10,412
Non-operating expenses	1,153	987
Ordinary profit	26,456	23,297
Extraordinary income	2,724	1,611
Extraordinary losses	4,963	3,569
Profit before income taxes	24,217	21,338
Income taxes - current	5,608	3,146
Income taxes - deferred	1,685	1,487
Total income taxes	7,293	4,634
Profit	16,924	16,704
Profit attributable to non-controlling interests	231	91
Profit attributable to owners of parent	16,692	16,612

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	16,924	16,704
Other comprehensive income		
Valuation difference on available-for-sale securities	(271)	3,975
Deferred gains or losses on hedges	97	(2)
Foreign currency translation adjustment	68	1,385
Remeasurements of defined benefit plans	(1,285)	2,341
Share of other comprehensive income of entities accounted for using equity method	3,445	3,950
<b>Total other comprehensive income</b>	<b>2,054</b>	<b>11,649</b>
<b>Comprehensive income</b>	<b>18,979</b>	<b>28,353</b>
(Breakdown)		
Comprehensive income attributable to owners of parent	18,730	28,142
Comprehensive income attributable to non-controlling interests	248	211

## Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of period	29,166	25,670	96,399	(2,830)		148,406
Changes during period						
Dividends of surplus			(6,000)			(6,000)
Profit attributable to owners of parent			16,692			16,692
Purchase of treasury shares				(3)		(3)
Disposal of treasury shares		24		244		269
Cancellation of treasury shares		(178)		178		—
Change in ownership interest of parent due to transactions with non-controlling interests		318				318
Net changes in items other than shareholders' equity						
Total changes during period	—	163	10,691	419		11,274
Balance at end of period	29,166	25,834	107,090	(2,410)		159,681

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated re-measurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Balance at beginning of period	11,257	(14)	(5,184)	1,479	7,537	2,354	158,298
Changes during period							
Dividends of surplus							(6,000)
Profit attributable to owners of parent							16,692
Purchase of treasury shares							(3)
Disposal of treasury shares							269
Cancellation of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							318
Net changes in items other than shareholders' equity	(263)	94	3,499	(1,291)	2,038	(651)	1,386
Total changes during period	(263)	94	3,499	(1,291)	2,038	(651)	12,661
Balance at end of period	10,993	79	(1,684)	187	9,575	1,702	170,959

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of period	29,166	25,834	107,090	(2,410)		159,681
Changes during period						
Dividends of surplus			(7,529)			(7,529)
Profit attributable to owners of parent			16,612			16,612
Purchase of treasury shares				(2,004)		(2,004)
Disposal of treasury shares		112		(82)		29
Change in ownership interest of parent due to transactions with non-controlling interests		152				152
Net changes in items other than shareholders' equity						
Total changes during period	—	264	9,083	(2,086)		7,261
Balance at end of period	29,166	26,099	116,174	(4,497)		166,942

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated re-measurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Balance at beginning of period	10,993	79	(1,684)	187	9,575	1,702	170,959
Changes during period							
Dividends of surplus							(7,529)
Profit attributable to owners of parent							16,612
Purchase of treasury shares							(2,004)
Disposal of treasury shares							29
Change in ownership interest of parent due to transactions with non-controlling interests							152
Net changes in items other than shareholders' equity	3,975	(49)	5,244	2,359	11,530	(277)	11,253
Total changes during period	3,975	(49)	5,244	2,359	11,530	(277)	18,514
Balance at end of period	14,968	30	3,559	2,547	21,105	1,425	189,474

## Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	24,217	21,338
Depreciation	9,078	7,842
Amortization of goodwill	30	30
Impairment loss	941	908
Share of loss (profit) of entities accounted for using equity method	(7,841)	(6,319)
Increase (decrease) in provision for bonuses	2,034	(266)
Increase (decrease) in allowance for doubtful accounts	(4)	0
Decrease (increase) in retirement benefit assets	(1,030)	(480)
Increase (decrease) in retirement benefit liabilities	(344)	(46)
Increase (decrease) in provision for environmental measures	981	(1,024)
Interest and dividend income	(1,072)	(1,322)
Interest expenses	297	281
Loss on abandonment of non-current assets	1,725	1,172
Loss (gain) on sale of shares of subsidiaries and associates	(2,008)	—
Loss (gain) on valuation of investment securities	602	18
Loss (gain) on sales of investment securities	(114)	(1,593)
Decrease (increase) in trade receivables	2,269	(5,323)
Decrease (increase) in inventories	(11,106)	(7,256)
Increase (decrease) in trade payables	(185)	2,340
Others	(1,820)	389
Subtotal	16,648	10,689
Interest and dividend received	2,820	2,337
Interest paid	(299)	(278)
Income taxes paid	(3,578)	(7,018)
Cash flows from operating activities	15,590	5,729
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,878)	(9,921)
Proceeds from sales of property, plant and equipment	379	14
Purchase of intangible assets	(208)	(494)
Purchase of investment securities	(69)	(413)
Proceeds from sales of investment securities	713	2,348
Purchase of shares of subsidiaries and associates	(7)	(10)
Payment of loans receivable	(2)	(1)
Collection of loans receivable	204	4
Payments for retirement of property, plant and equipment	(1,503)	(1,005)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	6,660	—
Others	(153)	(116)
Cash flows from investing activities	(4,863)	(9,594)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	823	2,900
Proceeds from long-term borrowings	3,163	16,000
Repayment of long-term borrowings	(7,704)	(2,325)
Dividends paid	(5,979)	(7,505)
Purchase of treasury shares	(3)	(2,007)
Dividends paid to non-controlling interests	(93)	(130)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(488)	(205)
Others	(158)	(31)
Cash flows from financing activities	(10,441)	6,694
Effect of exchange rate change on cash and cash equivalents	301	873
Net increase (decrease) in cash and cash equivalents	586	3,702
Cash and cash equivalents at beginning of period	17,898	18,484
Cash and cash equivalents at end of period	18,484	22,187

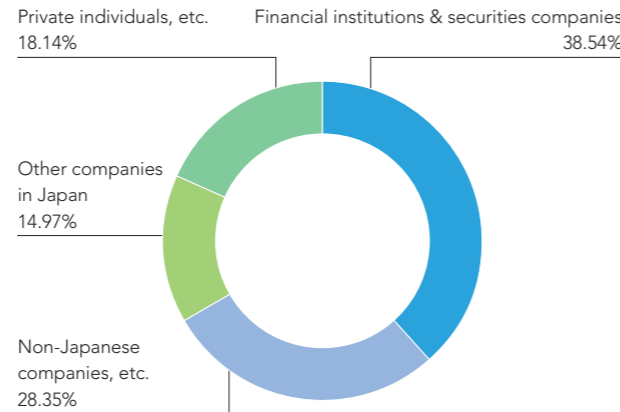
# Company Information / Shareholder and Investor Information

(As of March 31, 2024)

## Corporate Profile

Name	Nippon Soda Co., Ltd.
Head office	2-7-2, Marunouchi, Chiyoda-ku, Tokyo 100-7010, Japan
Tel	+81-3-6366-1920
Representative	Eiji Aga Representative Director, President
Established	February 1920
Share capital	¥29,166 million
Fiscal year end	March
Number of employees	2,402 (consolidated) 1,336 (non-consolidated)
Stock code	4041
Stock listing	Prime Market, Tokyo Stock Exchange
Number of shares constituting one trading unit	100 shares
Total number of authorized shares	96,000,000 shares
Total number of issued shares	28,747,667 shares (Includes 1,213,141 shares of treasury share)
Number of shareholders	24,127 (5,808 more than March 31, 2023)
Fiscal year	April 1 to March 31
Annual general meeting of shareholders	June of each year
Dividend record dates	Year-end dividend: March 31 Interim dividend: September 30
Shareholder registrar	Mizuho Trust & Banking Co., Ltd. 1-3-3, Marunouchi, Chiyoda-ku, Tokyo
Handling office	Contact: Stock Transfer Agency Department Mizuho Trust & Banking Co., Ltd. 2-8-4 Izumi, Suginami-ku, Tokyo, Japan 168-8507 Tel.: 0120-288-324 (toll-free within Japan only)

## Share Distribution by Type of Shareholder



Note 1: Figures have been rounded to the nearest second decimal point.  
Note 2: Treasury shares are included in "Private individuals, etc."

## Major Shareholders

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,674	13.32
Custody Bank of Japan, Ltd. (Trust Account)	1,657	6.01
JP MORGAN CHASE BANK 385632	1,411	5.12
Mitsui & Co., Ltd.	1,015	3.68
Nippon Soda Client Shareholding Association	978	3.55
The Norinchukin Bank	884	3.21
Mizuho Bank, Ltd.	816	2.96
Sompo Japan Insurance Inc.	513	1.86
Tokio Marine & Nichido Fire Insurance Co., Ltd.	436	1.58
DFA INTL SMALL CAP VALUE PORTFOLIO	419	1.52

\* Of the 1,213,141 shares of treasury share held by the Company, 1,169,941 shares, excluding the 43,200 shares held under the share benefit plan (J-ESOP), are excluded from above.

## Group Companies

### Consolidated subsidiaries

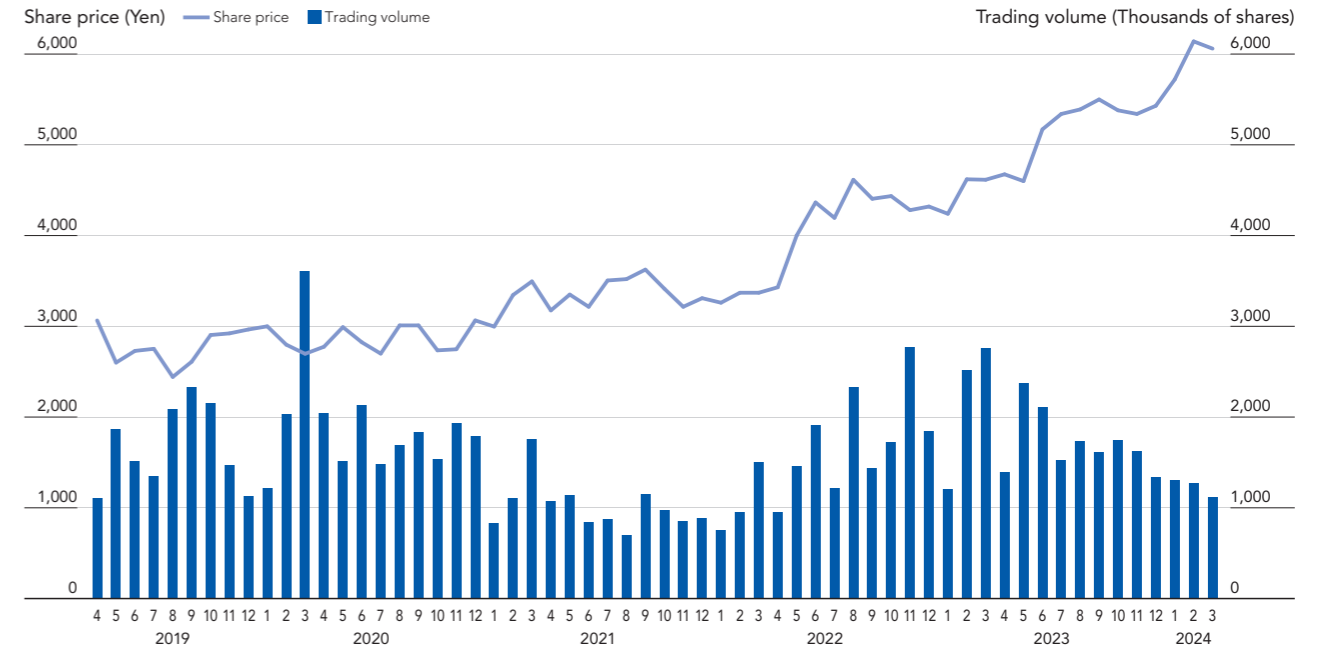
- **Chemical manufacturing**  
Nisso Fine Co., Ltd.  
Shin Fuji Kaseiyaku Co., Ltd.  
Nisso Metallochemical Co., Ltd.
- **Trading**  
Nisso Shoji Co., Ltd.  
Nisso Green Co., Ltd.
- **Logistics**  
Sanwa Soko Co., Ltd.  
Sanso Unyu Co., Ltd.
- **Engineering and construction**  
Nisso Engineering Co., Ltd.  
Nisso Kensetsu Co., Ltd.

- **Overseas**  
NISSO AMERICA INC.  
NISSO CHEMICAL EUROPE GmbH  
Nisso Namhae Agro Co., Ltd.

### Affiliated companies accounted for by the equity method

- NOVUS INTERNATIONAL, INC.
- IHARABRAS S/A Indústrias Químicas

## Share Price and Trading Volume

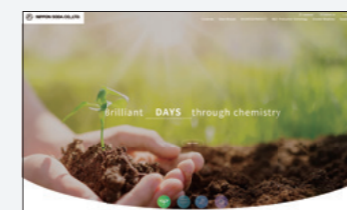


Note: The Company conducted a two-for-one share split of its common shares on October 1, 2024. The figures in the above graph are presented based on the number of shares before the aforementioned share split.

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Profit attributable to owners of parent (Billions of yen)	6.76	7.36	12.68	16.69	16.61
Total dividends (Billions of yen)	2.40	3.13	5.03	6.69	6.66
Dividend payout ratio (%)	35.7	43.1	39.6	40.1	40.2
Purchase of treasury shares (Billions of yen)	0.94	4.83	1.23	0.00	2.00
Total return ratio (%)	49.4	108.2	49.3	40.1	52.1

## Website Information

Please access the following websites for details about the Company.



**Corporate Website**  
<https://www.nippon-soda.co.jp/e/>



**Sustainability**  
<https://www.nippon-soda.co.jp/e/sustainability/>



**Investor Relations**  
[https://www.nippon-soda.co.jp/e/ir\\_fact/](https://www.nippon-soda.co.jp/e/ir_fact/)

