Nippon Soda Group **Integrated Report 2025**

Nippon Soda Group

# Integrated Report 2025


Nisso **NIPPON SODA CO.,LTD.**

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Nisso **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 Challenges

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

I hope to contribute to the technological innovation required to achieve a sustainable society through provision of high-performance materials.

Fine Chemicals Section
Functional Chemicals
Business Department
Chemicals Business Division

I hope to leverage Nippon Soda's chemical expertise passed down for over a century to take the Japanese agriculture industry to new heights.

Technical Products Section
Domestic Sales Department
Agro Products Division

Building on manufacturing technologies passed down by my predecessors, I will create new possibilities in chemistry from the production floor and contribute to a sustainable society.

Manufacturing 1st Section
Manufacturing Department
Chiba Plant
Production Division

Through compliance activities, I hope to strengthen the foundation of our business and harness the power of chemistry to benefit society.

Legal Department

Through safety research that supports Nippon Soda's chemical technologies, I hope to contribute to the development of agrochemicals that meet the demands of our times and the realization of sustainable agriculture.

Safety Research Department
Research & Innovation Center
Research & Development Division

By harnessing AI and digital transformation (DX), we are accelerating the fusion of Nippon Soda's synthesis technologies with innovative technologies to create next-generation manufacturing processes that are efficient and environmentally sustainable.

Takaoka Research Department
Production Technology Center
Research & Development Division

## Table of Contents



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

**Editorial Policy**
*Integrated Report 2025* 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 2025* and our *ESG Data Book 2025* have been approved by the Corporate Social Responsibility Administration Meeting, which includes all Nippon Soda directors as members.

Environment Social Governance
Guidance for Collaborative Value Creation

**Period of This Report** April 1, 2024–March 31, 2025 (FY 2025/3)
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 2025* and *ESG Data Book 2025*, third-party verification has been performed by the Japan Chemical Industry Association. *ESG Data Book 2025* contains a statement regarding third-party verification.

**Forward-looking Statements** *Integrated Report 2025* 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

The mission of the Nippon Soda Group is to create new value through the power of chemistry and increase corporate value by contributing to society.
In our Agri Business, we aim to realize this mission by providing innovative agricultural solutions that harness the power of chemistry to reduce environmental impact while also improving productivity.

## Securing Food and Achieving Sustainable Agriculture

Agriculture

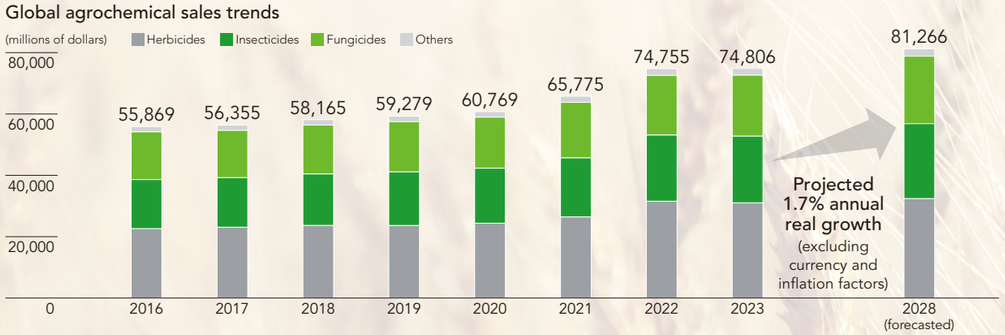
### Social Issues Facing the World

The global population is expected to approach 10 billion by 2050. This will drive explosive growth in demand for food and animal feed, which will require agricultural productivity at an unprecedented scale. At the same time, as remarkable economic development continues, particularly in emerging countries, rising living standards are leading to more diverse diets including more fruits and vegetables. However, arable land is limited, and as globalization and climate change progress, we are facing growing agricultural threats such as the emergence of pests and diseases in new regions and increased damage to crops. To address these challenges, the world needs advanced food production systems that enable more efficient, safer, and more productive harvests on limited arable land.

#### The global agrochemical market

The global agrochemical market is projected to continue its growth trajectory, expanding from around $74.8 billion in 2023 to $81.3 billion in 2028 as a result of 1.7% annual real growth.

Global agrochemical sales trends




(Source: Agbio Investor)

Unlike major global manufacturers and generic manufacturers, we operate in a niche area focused on insecticides, acaricides, and fungicides for fruits and vegetables, a market that is smaller than agrochemicals for grains but demands a high level of specialization.

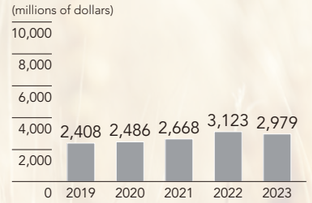
Agrochemicals market by crop and product type ■ The Group's main markets (millions of dollars)

| | Soybeans | Wheat | Corn | Rice | Cotton | Fruits and vegetables | Others | Total |
|---|---|---|---|---|---|---|---|---|
| Herbicides | 6,570 | 4,853 | 6,039 | 2,208 | 830 | 2,979 | 7,538 | 31,017 |
| Insecticides | 4,319 | 863 | 2,024 | 2,090 | 2,111 | 7,546 | 2,784 | 21,737 |
| Fungicides | 3,781 | 3,538 | 1,011 | 1,479 | 266 | 8,088 | 1,715 | 19,878 |
| Others | 23 | 352 | 31 | 48 | 285 | 1,051 | 384 | 2,174 |
| Total | 14,693 | 9,606 | 9,105 | 5,825 | 3,492 | 19,664 | 12,421 | 74,806 |

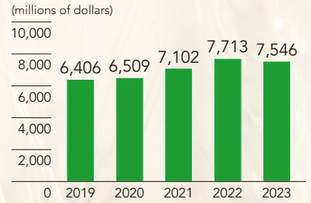
(Source: Agbio Investor [2023, excludes non-agricultural pesticides])

Market for fruit and vegetable agrochemicals by product type

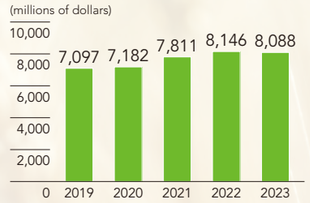
Herbicide market




Insecticide market




Fungicide market




(Source: Agbio Investor [2019-2023, excludes non-agricultural pesticides])

### Initiatives to Solve Social Issues

We leverage innovative crop protection technologies that harness the power of chemistry to help achieve sustainable agricultural production that addresses the global challenge of simultaneously reducing environmental impact and improving productivity.

Initiative 1

#### Effective solutions for controlling a wide variety of pests

Fruit and vegetable crops face high risks of pest and disease outbreaks, with a wide variety of pests and diseases. Additionally, there are risks of resistant fungi and pests emerging. To tackle these challenges, we are focusing on the development of agrochemicals with new modes of action. Three of our recently launched products—the fungicides PYTHILOCK (picarbutrazox) and MIGIWA (ipflufenoquin) and the acaricide DANYOTE (acynonapyr)—all have new modes of action, providing strong efficacy against resistant fungi and resistant pests that show reduced responsiveness to existing products. We help fruit and vegetable growers overcome their challenges by supplying these unprecedentedly unique new agents all over the world.

Initiative 2

#### Helping growers produce high-quality, high-added-value crops

Because the appearance of fruits and vegetables directly determines their market value, preventing quality loss from pests and diseases is essential. Fruits and vegetables are also food that people consume directly, so they must meet high safety standards. By globally offering many agrochemicals centered on fungicides and insecticides, we not only help growers control pests and diseases, but also contribute to boosting the quality and added value of their crops from the perspectives of both quality and safety.

### Nippon Soda's Advantages

Since the 1970s, we have been expanding our Agri Business globally, establishing local offices in key markets early on to obtain agrochemical registrations in each country and pursuing a global niche strategy focused on fruit and vegetable crops.

Advantage 1

#### A system for swiftly expanding product applications to meet growers' needs

The fruit and vegetable market requires highly tailored product development, not only due to the wide range of registered crops, but also because pest species vary across crop growth stages. Our local offices in key markets enable us to swiftly identify growers' needs and meet their expectations by securing agrochemical registrations across many countries and broadening applications to a variety of crops and pests.

Advantage 2

#### R&D capabilities to address fruit and vegetable market needs

We have established an integrated system encompassing every stage from agrochemical R&D to manufacturing and sales, an advantage that other companies lack. In the fruit and vegetable market, which demands highly tailored product development, our overseas staff and technical sales teams convey growers' needs directly to R&D. This rapid information collection, combined with the R&D capabilities we have built over many years, enables us to continuously develop new agents tailored to the fruit and vegetable market, contributing to society while meeting growers' expectations.

# 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.

**Historical Events**

- 1914–1918 World War I
- 1929–1933 Great Depression
- 1939–1945 World War II
- 1954–1973 Period of high economic growth
- 1973 First oil crisis
- 1978 Second oil crisis
- 1985 Plaza Accord
- 1991 Collapse of Japan's bubble economy
- 2008 Global financial crisis
- 2012 European sovereign debt crisis
- 2020 COVID-19 pandemic

**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 (1995–2025)

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.

- **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** **Built Japan's first private testing facility, driving significant progress in major agrochemical development**

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** **Developed a low-toxicity fungicide and boosted exports through landmark EPA registration**

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** **Expanded applications and reinforced production capacity of NISSO HPC**

Since its featuring in the Japanese Pharmacopoeia, uses of our pharmaceutical excipient 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** **Built an integrated in-house research system for new agrochemical development**

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 a single location.

**Point 5** **Achieved significant progress in the area of eco-friendly agrochemicals**

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 extremely low environmental impact, MOSPILAN (acetamiprid) is the only agrochemical of its kind whose active ingredient has been registered in the EU, and sales continue to grow.

**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)

**Net Sales**

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

Biology Research Laboratory

**Point 2** **1969** Production R&D Sales
Started production of the fungicide TOPSIN (thiophanate)

**Point 3** Started production of the pharmaceutical excipient NISSO HPC

**1969** Production R&D
Started operations at the Mizushima Plant (Kurashiki City, Okayama Prefecture)

Established the Agrochemical Synthesis Research Laboratory[1] (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[1] (Odawara City, Kanagawa Prefecture; developed into the Odawara Research Center in 1984)

**1984** R&D
Established the R&D Laboratory for Functional Materials[2] (Ichihara City, Chiba Prefecture)

**Point 4** Established the Odawara Research Center[1] (Odawara City, Kanagawa Prefecture)

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

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

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

**Net Sales in FY 2025/3**
**¥155.2 billion**

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

(Note)

**1997** Production R&D Sales
Started production of the semiconductor photoresist material VP-POLYMER

Jointly developed the next-generation antibiotic faropenem sodium together with Suntory Ltd. (currently Suntory Holdings Limited) and Yamanouchi Pharmaceutical Co., Ltd.(currently Astellas Pharma Inc.), and started production

**2002** R&D
Established the R&D Laboratory for High-Functional Materials[2] (Ichihara City, Chiba Prefecture)

**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.,[3] 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 (ipflufenoquin)

PYTHILOCK (picarbutrazox)

DANYOTE (acynonapyr)

MIGIWA (ipflufenoquin)

1920 1945 1970 1995 **2025**

(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 2000/3.

1. Currently the Research & Innovation Center
2. Currently the Chiba Research Center, part of the Research & Innovation Center
3. Transferred all shares in March 2023

# 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.

## Create new value through the power of chemistry

Creating value together with our stakeholders

### Megatrends

**Population growth**
Increase in food and feed production and improvement of production efficiency

**Global warming**
Increase in the incidence of crop pests and diseases

**Improvement in living standards**
Increased demand for pharmaceuticals and improved QOL

**Social security cost issues**
Increasing health consciousness and awareness of preventive medicine

**Achievement of a sustainable society**
Reduction of environmental burden
Building a resource-recycling-based society

**Progress in information and communication technologies**
Popularization of smart devices
Rising needs for technological innovation

### Input capital p. 08–09

- Financial capital
- Manufacturing capital
- Intellectual capital
- Human capital
- Social capital
- Natural capital

### Stage Ⅰ / Stage Ⅱ / Stage Ⅲ

Stage Ⅱ
**Medium-Term Business Plan: Brilliance through Chemistry Stage Ⅱ**
p. 18–23

**Long-term Vision**
**Brilliance through Chemistry 2030**

**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"

**Key Issues**
- Enhancement of cost competitiveness and efficiency
- Expansion of overseas businesses
- Promotion of new product development and entry into new businesses

### Customers

**R&D** p. 08–09
Research and development capabilities for continued enhancement of highly effective products

**Sales** p. 08
Full understanding of market needs

**Production** p. 09
Production technology capabilities to continue the safe, stable supply of leading niche products

**The spirit of good people doing good work** p. 10–11

**Chemical Materials** p. 30–31

**Agri Business** p. 32–33

**Other Businesses** p. 34
Trading & Logistics, Engineering and Eco Solutions

**Sustainability Management** p. 36–37
Increasing Corporate Value
Increasing Social Value

### Outputs

- Agrochemicals
- Pharmaceutical Excipients
- Eco Business Products
- Specialty Chemicals

### Outcomes

**Increasing corporate value**
- ROS (Operating profit on sales) target: **10% or more**
- ROA (Operating profit on assets) target: **7% or more**
- ROE (Return on equity) target: **10% or more**

(Targets for FY 2030/3, the final year of our long-term vision)

**Diverse human resources**
- Mid-career hires **20.7%** (FY 2025/3)
- Female employees **14.1%** (FY 2025/3) (Non-consolidated)
- Employees with disabilities **2.5%** (FY 2025/3) (Non-consolidated)

**Progress toward enhancing competitiveness**
- Improving core technologies
- Creating in-demand products and services
- Increasing market share

**Reduced environmental footprint**
- Reduced GHG emissions by **43.6%** (Compared with FY 2014/3) (Non-consolidated)
- Reduced energy use by **34.4%** (Compared with FY 2014/3) (Non-consolidated)

### 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

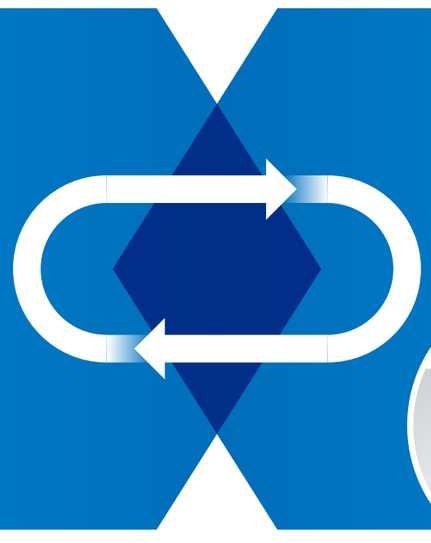

### By effective utilization of the underlying and core technologies we have accumulated over a century, and a thorough understanding of market needs, we have made further progress in product development, technological improvement, and market development

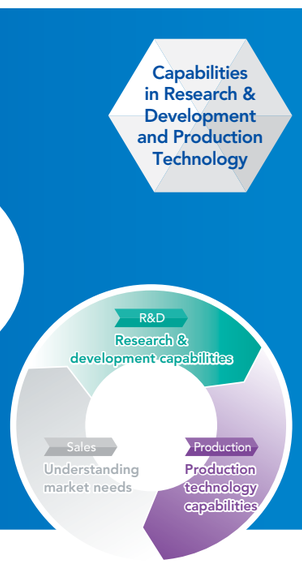
Use of our core technologies and our understanding of market needs has enabled our products to continue evolving. As a result of this constant evolution, we have developed new products, improved technologies for our existing products, and developed new peripheral markets.

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.






### 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 will keep 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

### Financial Capital

**Capital Traits**

**Implementing financial capital strategies that emphasize investment efficiency**

- 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
- We are driving capital policies that consider financial soundness while prioritizing a balance between growth investments and shareholder returns
- We are boosting our leverage through interest-bearing debt financing

**Challenges**

- Investments in products and businesses that can enhance our ability to generate cash flows
- Thorough implementation of appropriate investment risk assessments. Liquidation of products and businesses with inferior investment efficiency
- Implementation of timely and appropriate shareholder returns

**Capital Reinforcement Policy**

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.

| | |
|---|---|
| **ROS** (Operating profit on sales) | 10% or more |
| **ROA** (Operating profit on assets) | 7% or more |
| **ROE** (Return on equity) | 10% or more |

(Long-term vision KPI [FY 2030/3])

### Manufacturing Capital

**Capital Traits**

**Creating a business foundation using our advanced technologies and expertise**

- Based on our sophisticated, proprietary production technologies including polymerization and powder handling technologies, in advanced fields such as pharmaceutical excipients 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

**Challenges**

- Planned progression of construction work to increase production capacity of growth driver products (pharmaceutical excipient NISSO HPC)
- Streamlining of production processes and creation of optimal production systems ahead of the decline in Japan's working age population

**Capital Reinforcement Policy**

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.

| | |
|---|---|
| **Capital investments** | ¥40.0 billion |

(In the three years of our medium-term business plan Brilliance through Chemistry Stage II)

### Intellectual Capital

**Capital Traits**

**Advancing core technologies**

- 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
- We are working to create new value through the reinforcement and expansion of our platform technologies and the introduction of external technologies

**Challenges**

- Advancement of core technologies through introduction of external technologies and promotion of digital transformations
- Expansion into new domains in line with needs and reinforcement of technology marketing
- Streamlining of patent portfolio to improve quality

**Capital Reinforcement Policy**

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.

| | |
|---|---|
| **Owned patents** | 1,902 |

(FY 2025/3) *Non-consolidated

| | |
|---|---|
| **R&D costs** | ¥6.61 billion |

(FY 2025/3)

### Human Capital

**Capital Traits**

**Good people doing good work**

- 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
- We are promoting the creation of workplaces where personnel with diverse values and strengths can flourish and maximize their capabilities

**Challenges**

- Improvement of employee motivation assuming the increasing difficulty in personnel acquisition due to declining birthrates and aging populations
- Development of personnel who can support safe and stable production
- Creation of a training system to transfer technologies and expertise to future generations

**Capital Reinforcement Policy**

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.

| | |
|---|---|
| **Employees** | 2,432 |

(FY 2025/3)

| | |
|---|---|
| **Average length of service** | 18.4 years |

(FY 2025/3) *Non-consolidated

| | |
|---|---|
| **Paid leave usage rate** | 78.5% |

(FY 2025/3) *Non-consolidated

### Social and Relationship Capital

**Capital Traits**

**Sustainable development through co-creation with society**

- By creating partnerships across the world and collaborating with industry and academia, we are developing innovative technologies
- We are striving for coexistence with local communities around our business hubs
- We are building an environment- and society friendly sustainable supply chain

**Challenges**

- Global business expansion through collaboration between our global hubs
- Promotion of social contribution activities aimed at coexistence with and the development of our local communities
- Promotion of environment- and society-friendly business activities through constructive dialogue with our partners

**Capital Reinforcement Policy**

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.

| | |
|---|---|
| **Overseas sales ratio** | 36.3% |

(FY 2025/3)

| | |
|---|---|
| **Joint research projects with universities** | 16 projects |
| **Global hubs** | 16 sites |

### Natural Capital

**Capital Traits**

**Environmentally friendly, sustainable business activities**

- We are promoting our business activities with a focus on Responsible Care, which ensures consideration for the environment, health, and safety
- While minimizing environmental risks in our manufacturing processes and throughout our supply chain, we are striving to reduce our GHG emissions

**Challenges**

- Continuous promotion of energy-saving measures to fulfill our responsibility as a company that consumes energy in the manufacture of chemical products
- Increase in burden on personnel and costs so as to ensure compliance with stricter laws and ordinances in line with rising environmental awareness
- Carbon neutrality initiatives

**Capital Reinforcement Policy**

We will strive to minimize the impact that we have on the environment across the entire value chain, from product development and manufacture to distribution, use, waste, and recycling, and contribute to realizing a decarbonized society by developing more environmentally friendly manufacturing methods, such as continuous-flow synthesis and biomanufacturing, and by conserving carbon dioxide-absorbing forests.

| | |
|---|---|
| **Energy consumption** (crude oil equivalent) | 63.2 ML |

(FY 2025/3) *Non-consolidated

| | |
|---|---|
| **Water usage** | 15.5 million metric tons |

(FY 2025/3; four domestic Nippon Soda plants)

# 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

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, 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 Passed Down to the Present

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.

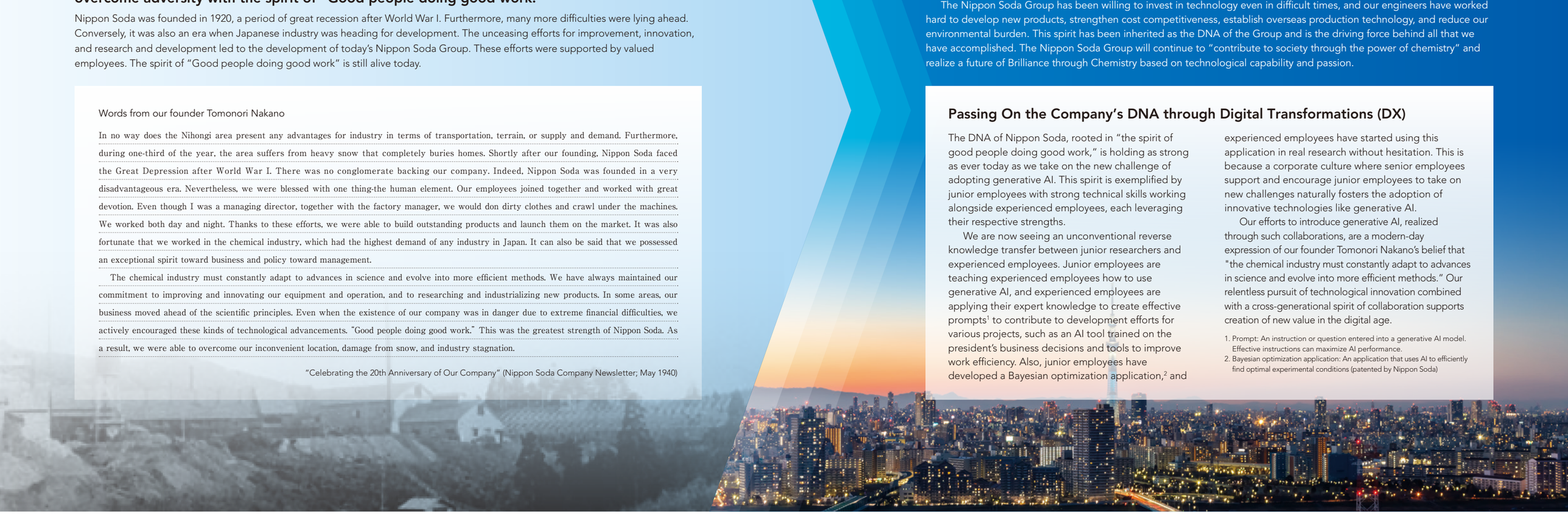
## Passing On the Company's DNA through Digital Transformations (DX)

The DNA of Nippon Soda, rooted in "the spirit of good people doing good work," is holding as strong as ever today as we take on the new challenge of adopting generative AI. This spirit is exemplified by junior employees with strong technical skills working alongside experienced employees, each leveraging their respective strengths.

We are now seeing an unconventional reverse knowledge transfer between junior researchers and experienced employees. Junior employees are teaching experienced employees how to use generative AI, and experienced employees are applying their expert knowledge to create effective prompts[1] to contribute to development efforts for various projects, such as an AI tool trained on the president's business decisions and tools to improve work efficiency. Also, junior employees have developed a Bayesian optimization application,[2] and experienced employees have started using this application in real research without hesitation. This is because a corporate culture where senior employees support and encourage junior employees to take on new challenges naturally fosters the adoption of innovative technologies like generative AI.

Our efforts to introduce generative AI, realized through such collaborations, are a modern-day expression of our founder Tomonori Nakano's belief that "the chemical industry must constantly adapt to advances in science and evolve into more efficient methods." Our relentless pursuit of technological innovation combined with a cross-generational spirit of collaboration supports creation of new value in the digital age.

1. Prompt: An instruction or question entered into a generative AI model. Effective instructions can maximize AI performance.
2. Bayesian optimization application: An application that uses AI to efficiently find optimal experimental conditions (patented by Nippon Soda)



# Message from the President


## Q1. What are Nippon Soda's competitive advantages? What is its vision as a company?

We have continued to hone our core technologies and competitiveness in global niche markets through the power of chemistry. We intend to leverage these strengths to help solve the many challenges facing society.

### We will contribute to society by solving social issues, thereby enhancing our corporate value

It is becoming increasingly apparent how a variety of social issues are having a significant impact on economic development. These include food security challenges stemming from population growth, environmental problems like global warming and resource depletion, and, in the case of Japan, the decline in its working-age population. At the same time, it is also evident that the international community is experiencing major shifts in terms of its industrial structures, driven by factors such as growing health consciousness and the advancement of IT technologies. All of this is giving rise to new demands.

We at the Nippon Soda Group have been working to address these challenges facing society under our mission: "Create New Value through the Power of Chemistry and Increase Corporate Value by Contributing to Society." We have identified materialities in four fields that will help us tackle the issues at hand. They are Agriculture, which aims to ensure food security for the world's population and promote sustainable agriculture; Healthcare, which seeks to bring health to all people; Environment, which focuses on building a sound resource recycling society; and ICT, which supports the evolution of information and electronic devices through the functionality of chemical materials. See p. 22

### As a technology-oriented company, we will refine our core technologies and pioneer global niche markets

One of the defining characteristics of our businesses is our persistent focus on refining technology and competitiveness in niche markets with only a limited number of competitors. To do so, we have leveraged our proprietary technologies to cultivate enduring businesses across a wide range of fields. For example, in the agricultural field, we are contributing to the world's food supply by providing safe and highly effective specialized agrochemicals for fruits and vegetables. In the healthcare field, since commencing sales of our pharmaceutical excipient NISSO HPC in 1969, we have been contributing to greater health and quality of life for people around the world. Global demand for these products continues to grow as a result of our sustained efforts to meet increasingly stringent quality requirements for pharmaceutical raw materials. In the environmental field, we are supporting the creation of a sound resource recycling society through technologies to make industrial waste harmless and safe, promote resource recycling, and remove heavy metals. In the ICT field, we continue to see growth in polymer products created using our proprietary living anionic polymerization technology, which captures the need for higher functionality in electronic materials.

## Q2. How is Nippon Soda's long-term vision progressing? What kinds of results is it yielding?

We have now reached a halfway point in our long-term vision. Although we have experienced temporary upswings followed by reversals, structural reforms have resulted in steady improvements in profitability, and we are seeing tangible gains across the entire group.

### We made significant progress in structural reforms amid upswings and reversals in business performance

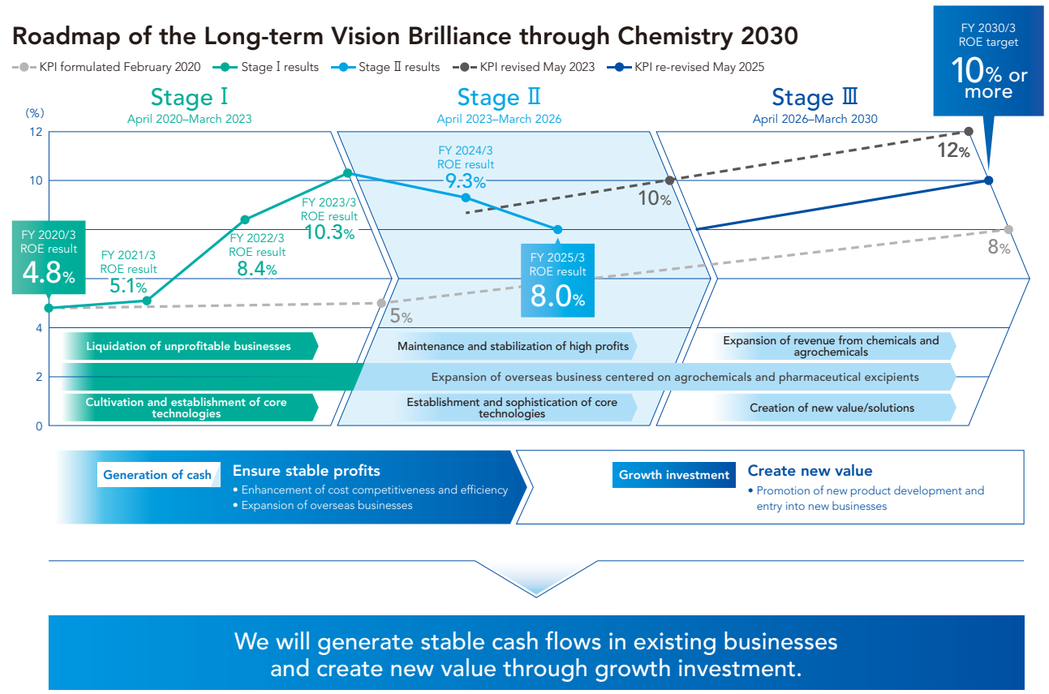
I think Stage I of our medium-term business plan went exceptionally well. As a group, we achieved record profits and surpassed a 10% ROE, though this was primarily driven by temporary factors. Global logistics faced major disruptions due to the COVID-19 pandemic and geopolitical risks, which led to a significant surge in advance demand, particularly for overseas agrochemical products. The reversal of this surge in demand is now manifesting in the form of inventory adjustments during Stage II. Nevertheless, we continue to achieve steady results. Both ROE and ROS improved significantly, rising from 4.8% and 5.6% in FY 2020/3 to 8% and 10.4% in FY 2025/3, respectively. In Chemical Materials in particular, the results of structural reforms were clearly reflected in profitability, with ROS leaping from 5.7% in FY 2020/3 to 16.7% in FY 2025/3. Moreover, four out of twelve group companies achieved record-high operating profit, suggesting that our latent energy as a group is also steadily rising.

### We will work to achieve our long-term vision and pursue sustained growth

Our long-term vision Brilliance through Chemistry 2030, which we established in 2020, has entered its final five-year phase. We revised our KPIs to better reflect current realities in light of changes in the business environment. We set a target ROE of 10% or more and aim to achieve a PBR of more than 1.0 at the earliest opportunity. We are making steady progress with our initiatives, and the core tenets of our long-term vision remain unchanged. Over the next five years, we intend to invest ¥30 billion in growth initiatives and ¥40 billion in R&D. By doing so, we aim to expand sales of three new agrochemicals, as well as growth-driver products like NISSO HPC, NISSO-PB, and VP Polymer. At the same time, we are seeking to create multiple new businesses, including TADF* organic electroluminescence material and veterinary pharmaceuticals. Furthermore, in order to cope with the expected decline in Japan's working-age population, we will seek to establish a system capable of accommodating a 10% reduction in personnel by FY 2030/3, and will also strengthen our business foundation by promoting digital transformation, utilizing generative AI, and advancing our smart factory concept.

* Thermally Activated Delayed Fluorescence: TADF materials are expected to be the third generation of organic electroluminescence materials for the luminous layer.

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



## Q3. How can Nippon Soda improve its earning power?

In addition to liquidating unprofitable businesses, we are making growth investments and expanding sales of growth drivers. In Chemical Materials, we have achieved substantial improvements in profitability through structural reforms, while in Agriculture, we are pursuing strategies that respond to changes in the market environment.

### In Chemical Materials, we will withdraw from unprofitable businesses while simultaneously expanding sales of growth drivers

We recognize that since all products have a lifecycle, it is important for us to transform our business portfolio in a flexible manner by liquidating unprofitable businesses and nurturing growth drivers. We have been undertaking a comprehensive assessment of market environment changes and product growth stages, evaluating the profitability and future prospects of each product, and making decisions on whether to continue or withdraw.

In Chemical Materials, we achieved a significant improvement in profitability while maintaining the scale of sales by withdrawing from basic chemicals and focusing on expanding sales of high-added-value products. Works to expand production capacity for growth drivers—our pharmaceutical excipient NISSO HPC and semiconductor photoresist material VP-POLYMER—progressed as planned. By positioning these high-added-value products, along with our functional polymer resin additive NISSO-PB, as core offerings, we have substantially enhanced profitability. With regard to NISSO HPC, we established Cellulose Technical Application Center Europe in Germany. This move will enable us to foster even greater technical exchanges with major overseas customers and strengthen our relationships with them. VP Polymer, which we launched in 1997, was initially expected to see demand subside within about five years. However, demand for reliable legacy semiconductors has grown amid the increasing electrification of vehicles, resulting in over 20 years of continuous growth for this product. Although this was perhaps an unexpected stroke of good fortune, it goes to show that electronic materials must keep pace with the changing times. Therefore, going forward, we will continue our efforts to adapt to next-generation technologies.

### In Agriculture, we will pursue strategies that respond to changes in the market environment

Agriculture has been somewhat sluggish recently. The first reason for this is China's overproduction problem. China manufactures extremely cheap generic products and supplies them worldwide, which has driven down agrochemical prices considerably. The second reason is that the registration review process for agrochemicals has become stricter and lengthier, particularly in Europe. Taken together with the impact of the COVID-19 pandemic and consequent drop in staffing at regulatory agencies worldwide, approval processes have been significantly delayed. In Europe, attitudes toward chemical pesticides have become extremely strict, and this has a significant impact on our main markets there. Under such circumstances, we are facing challenges on two fronts: delays in expanding sales of the three new agrochemicals, and our mainstay products being caught up in a price war. In addition to addressing these challenges, we are also keeping a close eye on structural changes in the market. One trend gaining momentum is the shift toward reducing chemical pesticides and transitioning to low-risk agrochemicals, as exemplified by the European Union's food industry policy, the FTF Strategy.* This trend has been accompanied by the expansion of Integrated Pest Management (IPM), which combines non-chemical and chemical pesticides. Our Group will continue to develop and provide safe, highly effective chemical pesticides. At the same time, we are also committed to responding to changing market needs by advancing the development of biological agrochemicals and biostimulants.*

* FTF Strategy: FTF, which stands for Farm to Fork, was issued by the European Commission (EC), the EU's executive body, in May 2020 as a core strategy for the agricultural sector to achieve the European Green Deal, a comprehensive vision for a sustainable economy and society.
* Biostimulant: Agricultural materials made from various substances and microorganisms that promote better physiological conditions in plants and soil.

## Q4. What steps is Nippon Soda taking to improve operational efficiency?

Under our long-term vision, we are working to transition to a highly efficient business structure. In addition to advancing management strategies that emphasize ROI (return on investment), in May 2025 we introduced a new capital policy to incorporate shareholder perspectives and enhance management efficiency. We have also established our DX Vision, on the basis of which we are taking steps to improve the efficiency of various operations through digital transformation.

### We aim to strengthen our earning power and improve capital efficiency

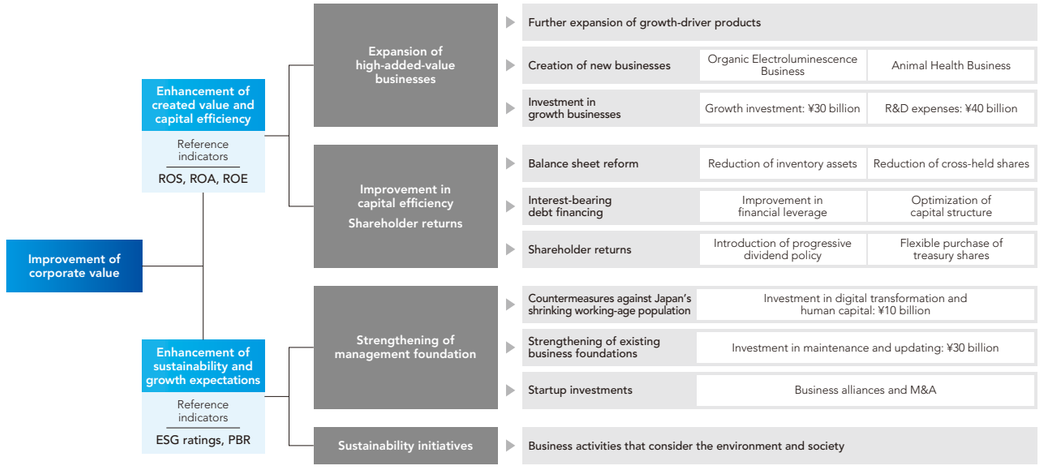
In our long-term vision, we set ROS, ROA, and ROE as KPIs with an emphasis on profitability. We placed particular focus on improving the operating profit on sales (ROS), which indicates the earning power of our core businesses. As a result, ROS improved from 5.6% in FY 2020/3 to 10.4% in FY 2025/3. This outcome reflects how our efforts to strengthen competitiveness in our core businesses, including structural reforms in Chemical Materials, have borne fruit. Meanwhile, our inventories swelled significantly during the COVID-19 pandemic, with inventories of both raw materials and finished products expanding substantially. This was attributable to longer shipping times and significantly extended lead times for raw materials. We will work to restore inventories to pre-pandemic levels, aiming for an inventory turnover rate of 4.0 times. Additionally, we are aiming to achieve a net asset ratio below 10% for cross-held shares as soon as possible, and to reduce this ratio to below 6% by FY 2030/3. See p. 20

In conjunction with reforms to our balance sheet through improved asset efficiency, we will introduce a new capital policy designed to enhance capital efficiency, including the purchase of treasury shares and other actions. This approach will ensure we achieve a balance between growth investments and shareholder returns, thereby raising our corporate value.

### We are driving digital transformation under our DX Vision

We are pushing forward with digital transformation under our DX Vision, driving reforms across three key areas: production, research, and operations. In March 2024, our efforts were recognized when we were certified under the DX Certification led by the Ministry of Economy, Trade and Industry. In terms of production reforms, we are building production systems that respond to the challenge of Japan's declining working-age population. In terms of research reforms, we have incorporated generative AI into the computational chemistry technology we have cultivated in the development of agricultural chemicals, and have now reached the point where materials informatics (MI) is being positioned as a platform technology for our research and development. In terms of operational reforms, we are revamping core business systems across the entire Nippon Soda Group. In particular, we are rolling out generative AI company-wide at an astonishing speed. We established an environment for using generative AI and recruited users. We received many applications from employees across a wide range of ages and job types, encompassing everything from factory floors to administrative departments. To promote the adoption of generative AI among all group companies, we encouraged employees to take the IT Passport Examination, a national qualification scheme in Japan, and included passing this test as a requirement for promotion to management positions. We are also training DX specialists within the Company. We anticipate that these initiatives, combined with the evolution of generative AI, will foster diverse ideas and drive further operational efficiency. See p. 26

### Initiatives to Improve Corporate Value



## Q5. What progress has Nippon Soda made in creating new core businesses for the future?

Brilliance through Chemistry 2030, our research and technology strategy, is progressing steadily, and we expect organic electroluminescence and animal health to become future core businesses. These new businesses are at last taking shape, reaching the final stages of development, and we are concentrating significant research resources on them. Please keep an eye out for future updates on their progress.

### We are strongly committed to advancing open innovation while at the same time deepening our R&D capabilities

We formulated Brilliance through Chemistry 2030, our research and technology strategy, setting three target domains for new businesses: Food, Healthcare, and Advanced Materials. To create new core businesses for 2030 and beyond, we are driving innovation targeting niche markets appropriate to our scale and capabilities within adjacent fields, where we hope to leverage the technologies and insights we have cultivated in our existing businesses. Our research and development to date has relied on internal capabilities alone. However, to accelerate the process of creating new businesses, we are now actively promoting open innovation through partnerships with startups and academic institutions. I believe that integrating technologies from outside the Group with our own synthesis technologies, scaling expertise, and evaluation technologies will lead to further developments. Moreover, our efforts to reorganize our internal structures have served to promote the fusion of knowledge and fusion of technologies through greater communication. Interaction among our technical personnel is already producing signs of positive things to come. See p. 24

### We are stepping up our collaboration with Kyulux, Inc. to accelerate the mass production of TADF materials for organic electroluminescence

While the mass production of TADF materials builds upon our established organic synthesis technology for agrochemicals, it requires manufacturing in extremely small batches and has to meet stringent quality demands for ultra-high purity. This makes it a highly challenging endeavor with a significant level of technical complexity. As such, we are actively working to establish the advanced manufacturing technology to make this possible.

We entered into a capital and business alliance agreement with Kyulux, Inc., with whom we have invested numerous researchers and built an excellent cooperative relationship. The employee who served as the linchpin of this partnership for many years has now retired. However, he continues to support our collaborative efforts as a contract employee based in Kyushu. At his suggestion, we also joined Ito Lab+, a next-generation research and development center established near Kyushu University, thereby further expanding our collaboration with startups and academic institutions. I myself have visited Kyushu and held numerous discussions with multiple startups, which left me with a strong sense of new possibilities.

### We are pursuing commercialization in the animal health field through multiple approaches

Our foray into the animal health field was prompted by the realization that a candidate insecticide compound developed by our company could potentially be repurposed for animal use. We introduced it to an overseas veterinary pharmaceutical manufacturer, who then proposed a collaboration. This compound is currently being developed as a flea and tick treatment for pets. However, it became apparent early on that focusing solely on this insecticide would not be enough for us to achieve commercialization in this field. Success would only come by expanding the product lineup. In addition, with the recognition that we would also need to manage investments and budgets, in April 2024 we established a department responsible for business strategy within the Chemicals Business Division, and in April 2025 set up the Animal Health Group within the Research & Innovation Center to build the necessary organizational structure.

Some members of staff with tremendous passion for veterinary pharmaceuticals have transferred over from other departments. They made presentations to us regarding the necessary staffing levels and budget. From what they said, it was clear they are taking the lead in everything from introducing new technologies to development, including actively seeking out and collaborating with startups. I expressed my respect for their enthusiasm and told them, "Even if things don't work out, I want you to make a speedy decision on the feasibility of commercialization." After watching them work on this for about a year and a half, I have come to recognize once again the importance of letting employees take initiative.

## Q6. What perspectives does Nippon Soda emphasize in its sustainability management?

Our sustainability management is based on two key pillars: consideration for the environment and society, and fostering a healthy corporate culture. We are serious about fulfilling our responsibilities as a chemical company. At the same time, we strive to foster a corporate culture where every employee can embrace challenges, with a strong emphasis on dialogue with our employees. All of this helps us enhance our corporate sustainability.

### We pursue business activities that are mindful of the environment and society

As a company handling chemical substances, we have a tremendous responsibility to ensure that our business activities do not adversely impact the environment, health, or safety. In addition to complying with the laws and regulations of each country we operate in, we have long been committed to the principles set out in the Responsible Care* initiative, with the recognition that consideration for the environment and society is the foundation for sustainable growth.

The international community is looking to companies to play a greater role in efforts to achieve a sustainable society. To become carbon neutral, we are reducing our greenhouse gas emissions by expanding our use of electricity derived from renewable sources. Furthermore, we are taking on the challenge of moving away from dependence on fossil fuels and transitioning to low-energy manufacturing processes through the adoption of bio-based manufacturing technologies. With regard to avoiding human rights risks, we have begun expanding our efforts across the entire supply chain.

I believe that, through objective evaluations from ESG rating agencies, these activities will help us earn the trust of our customers, other stakeholders, and financial markets. Accordingly, we will work proactively to promote sustainability management across the entire Group. See p. 36

* Responsible Care: A global voluntary initiative by companies in the chemical industry to improve their environmental, health, and safety performance throughout the entire lifecycle of their products—from development and manufacturing to logistics, use, end-of-life disposal, and beyond. Companies taking part in this scheme publish their progress and engage in dialogue and communication with society.

### We aim for Nippon Soda to be a place where we make each and every employee brilliant

My vision of the ideal company aligns with the vision for society advocated by the Ministry of Education, Culture, Sports, Science and Technology, Japan: "Is globally competitive and capable of sustainable development. Contributes to the world through the creation and utilization of knowledge. Enables people to enjoy a safe, secure, and high-quality life." I want Nippon Soda to be more than just a company name familiar only to those in the know; rather, a household name that everyone naturally recognizes. I want us to grow into a company where employees take pride in our history, the kind of place where when they leave on retirement or for other reasons, they can truly say, "I'm glad I worked at Nippon Soda."

To attain this ideal, it is essential to foster the kind of environment where every employee can play a role in creating value on their own initiative. This is why in Stage II of our medium-term business plan, we have formulated the human capital management vision: Make Employees Brilliant. Here, we aim to set in motion a virtuous cycle that enhances both value creation and employee fulfillment. This we will achieve through flexible and efficient workstyles that encourage employee independence and growth, enabling them to maximize their capabilities. To turn this vision into reality, we have begun introducing a new personnel system called CLA (Challenge, Learn, Action) Assessment. This, we hope, will allow us to foster an organizational culture that encourages employees to take on challenges without fear of failure. See p. 44

However, systems alone cannot cultivate a corporate culture like the one I described earlier. To me, management is all about listening to the honest opinions of frontline employees through direct dialogue. At Nippon Soda, directors visit each business site to exchange opinions with employees from a variety of perspectives. Throughout our history, every president, including myself, has conducted biannual site visits called the President's Announcement, which are intended as a forum for open discussion with employees at all levels. During these visits, the president clearly explains the current business situation, progress on plans, policies for achieving the long-term vision, and other matters. The president also emphasizes the importance of safety and compliance above and beyond the achievement of business goals. Since becoming president, I have reiterated to employees that while I expect them to be considerate, I do not want them to hold back. Ever since I was a young man, I have always valued my own ideas and worked in roles where I was given a significant degree of autonomy to pursue my own ideas. As such, I place considerable emphasis on fostering a culture where every individual feels empowered to express their own opinions and thoughts. Directors also take the initiative to organize Free Talk Square sessions as a platform to engage directly with employees at each business location.

We currently employ around 1,300 people on a non-consolidated basis, which allows for a more intimate management style of face-to-face interactions. It is this two-way communication that drives our organization's sustainable growth. Consideration for the environment and society, along with the cultivation of our distinctive corporate culture, are the key pillars of our sustainability management. Backed by business activities that take full account of our environmental and social responsibilities as a company, and an organizational climate where every single employee can take on challenges, we are committed to providing products and services that help address issues facing society. It is this approach that enables us to deliver genuine improvements in corporate value.

I look forward to your continued support of the Nippon Soda Group.

Representative Director, President

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

## Medium-term Business Plan Stage Ⅰ
(April 2020–March 2023)

Solidification of foundation to improve corporate value (growth investments/liquidation of unprofitable businesses)

FY 2020/3 results
Net profit: **¥6.76** billion
ROE: **4.8%**

## Medium-term Business Plan Stage Ⅱ
(April 2023–March 2026)

Expansion of growth businesses, structural reforms, and growth investments
Promotion of research and technology strategy

FY 2023/3 results
Net profit: **¥16.69** billion
ROE: **10.3%**
Excl. temporary factors[1]
Net profit: ¥15.42 billion
ROE: 9.5%

1. Recognition of tax refund at affiliated company accounted for by the equity method

## Medium-term Business Plan Stage Ⅲ
(April 2026–March 2030)

Expansion of profits through high-added-value businesses
Creation of new value through new businesses

FY 2026/3 targets
Net profit: **¥17.0** billion
ROE: **10%**

FY 2030/3 targets
ROE: More than **10%**[2]

2. Re-revision to long-term vision KPI formulated in February 2020 (ROE more than 8% → 12% → 10%)

Liquidation of unprofitable businesses

Maintenance and stabilization of high profits

Expansion of revenue from chemicals and agrochemicals

Expansion of overseas business centered on agrochemicals and pharmaceutical excipients

Cultivation and establishment of core technologies

Establishment and sophistication of core technologies

Creation of new value/solutions

**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 2025/3 result: 36.3%
- 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

| | |
|---|---|
| **ROS** (Operating profit on sales) | **More than 10%** (FY 2020/3: 5.6%) |
| **ROA** (Operating profit on assets) | **More than 7%** (FY 2020/3: 3.8%) → **Improve profit ratio and total asset turnover ratio** |
| **ROE*** (Return on equity) | **More than 10%** (FY 2020/3: 4.8%) → **Appropriate balance sheet control** |

* Made a re-revision to the "more than 8%" target, which was formulated and announced in February 2020, and initially revised to "12%" in May 2023.

## 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.

Increasing Corporate Value | Increasing Social Value

# Progress and Achievements in Our Long-term Vision, Brilliance through Chemistry 2030

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

Pursuing our ideal vision through thorough structural reforms, in search of a new landscape

**Osamu Sasabe**
Director
Senior Executive Managing Officer
Corporate Strategy Dept., DX Promotion Dept.,
Human Resources Dept., Purchasing & Logistics Div.

### Reflections at the halfway mark of our long-term vision, Brilliance through Chemistry 2030

Our long-term vision, Brilliance through Chemistry 2030, aims to increase corporate value by transitioning to a highly efficient business structure through ROI-oriented growth investment and thorough structural reforms. To achieve this vision, we have set new targets for ROS (more than 10%), ROA (more than 7%), and ROE (more than 10%) as KPIs for the final plan year (FY 2030/3), and formulated a road map consisting of three medium-term business plans (Stages I-III).

We reached the five-year milestone marking the first half of the plan in FY 2025/3 and are showing strong progress in both quantitative and qualitative measures. KPI performance remained steady at 10.4% ROS, 5.6% ROA, and 8.0% ROE, while structural reforms delivered profitability beyond expectations, pushing consolidated operating profit to ¥16 billion, double the ¥8 billion figure recorded five years ago. It is like we have climbed three-quarters of the way up Mt. Fuji in just the first half of the target period.

We achieved this profitability improvement by expanding growth drivers and implementing structural reforms, including suspension of operations related to electrolytic production of caustic potash. However, sales growth for three new agrochemicals has fallen short of initial projections and continues to pose a challenge. Going forward, we will work to resolve these issues and create new businesses in areas such as organic electroluminescence and animal health.

As a result of these structural reforms, the Nihongi Plant at the original company site now looks completely different from the time I joined the Company. We are working to dismantle the production area previously used for electrolytic production of caustic potash, and have completed production areas for the pharmaceutical excipient NISSO HPC and the fungicide MIGIWA (ipflufenoquin). We have invested a combined total of several tens of billions of yen in these demolition and new construction projects over the past five years. Going forward, we are planning extensive structural reforms to the Takaoka Plant, Chiba Plant, and Research & Innovation Center to create a system capable of responding flexibly to the demands of the times and external conditions.

### Enhancing corporate value with a focus on operating profit

As illustrated by our selection of ROS, ROA, and ROE as KPIs, our long-term vision aims to increase corporate value by improving profit efficiency, and does not include sales targets. Sales are an important indicator, but are outside the scope of the long-term vision. We revised our ROE (calculated with current net profit as the numerator) target for FY 2030/3 upward to 12% when we exceeded our initial target of 8% in FY 2023/3 due to rapid Agri Business growth and increased equity method investment gain. However, our Agri Business has since been affected by industry-wide stagnation of distribution inventory on an international scale and an influx of generic products. In light of these changes in the business climate since the COVID-19 pandemic and increased uncertainty due to geopolitical risks, together with our net asset balance, we revised the target again from 12% to more than 10% in FY 2026/3. On the other hand, ROS and ROA have remained steady thanks to increases in operating profit (the numerator for these indicators) and progress in structural reforms.

Even as we focus on profit, we will also emphasize efficiency and work to promote good balance sheet management practices across the Company. Learning from our past experience with ballooning inventories due to the COVID-19 pandemic, we will work to generate cash and improve asset efficiency by reducing inventories and cross-held shares. We will also seek to enhance capital efficiency by increasing financial leverage through additional interest-bearing debt, introducing a progressive dividend policy, and purchasing of treasury shares, with flexibility to respond as needed. The Company holds optional information sessions about the long-term vision three times a year to promote accurate understanding of this business plan, and approximately 300 employees in total have attended these sessions over the past five years. More and more employees are now developing a stronger sense of ownership for the Company's performance.

### Investing in growth to enhance earning power and advancing reforms to strengthen the foundations of our business

Focusing on profit means striving to create products that customers will choose even at a premium price. We plan to invest ¥30 billion in growth and ¥40 billion in R&D over the five-year period starting in FY 2026/3 to expand our selection of high-added-value products that customers prefer. Specifically, we will increase production of our growth driver NISSO HPC, construct an automated warehouse for pharmaceuticals and hazardous chemicals, create mass production facilities for the organic electroluminescent material TADF, and create a new animal health business.

Strengthening the foundations of our business is another important challenge. In anticipation of a future decline in the working population, we will invest ¥10 billion in efficiency and labor-saving initiatives to maintain the same performance even with a 10% drop in personnel by FY 2030/3. We will also invest ¥30 billion to maintain and upgrade existing facilities to optimize our production system. See p. 27

We are making steady progress in digital-technology-driven structural reform of business operations to strengthen these foundations of our business. A key initiative in this is the introduction of a next-generation packaged system to renew our core business system, and we are also migrating our IT infrastructure to a public cloud service. In addition, approximately 70% of employees use generative AI as a tool to promote operational efficiency. Trimming 10% of the roughly ¥30 billion in expenses from consolidated gross profit to operating profit would yield about ¥3 billion in profit. We will continue to accelerate efficiency gains by building up our digital infrastructure and leveraging tools such as generative AI as key strategies.

To succeed in such efforts to develop high-added-value products and achieve structural reform, we must foster an organizational culture that embraces challenges in uncharted areas. To achieve this, our new human resources framework will emphasize "embracing challenge" in performance evaluations. By reducing seniority preference and showing employees that their efforts will be directly recognized, we will cultivate an organizational culture where every employee assumes a sense of ownership and boldly tackles new challenges, transforming into an organization that advances structural reform. See p. 44

### Seeking a new view from the summit of our long-term vision

By carrying out structural reforms and driving performance through growth drivers, we will achieve significant growth. Just as Mt. Fuji is steeper three-quarters into the climb than at the base, further increasing our already high profit efficiency will require considerable effort. However, the plan for the second half of our steep ascent is brimming with unknown opportunities.

The key is not merely to expand our business, but to advance with a stronger footing by fundamentally reforming our corporate culture through cutting operational inefficiencies and identifying and focusing on what is truly important. The goals set forth in our long-term vision are already within reach. United in strong resolve, we will press on with our climb, seeking the new vista that awaits at the summit.

## Progress toward Our Long-term Vision, Brilliance through Chemistry 2030

### Numerical Targets and Results

| | | Medium-term Business Plan Stage Ⅰ | Medium-term Business Plan Stage Ⅱ | | | Long-term Vision KPI |
|---|---|---|---|---|---|---|
| | | FY 2023/3 results | FY 2024/3 results | FY 2025/3 results | FY 2026/3 targets | FY 2030/3 |
| Net profit (Billions of yen) | | 16.69 | 16.61 | **15.01** | 17.0 | |
| Capital investment (Billions of yen) | | 13.26 (34.08/over three years) | 7.48 | **10.31** | 40.0/over three years | |
| Shareholder returns | Dividends*1 (yen) | 120 | 120 | **140** | | |
| | Dividend ratio (%) | 40.1 | 40.2 | **51.4** | | |
| | Purchase of treasury shares (Billions of yen) | 0.0 | 2.0 | **0** | | |
| | Total return ratio (%) | 40.1 | 52.1 | **51.4** | 50% or more | |
| ROE (%) | | 10.3 | 9.3 | **8.0** | 10% | 10% or more |
| ROS (%) | | 9.8 | 9.0 | **10.4** | | 10% or more |
| ROA*2 (%) | | 6.8 | 5.1 | **5.6** | | 7% or more |

*1 Calculated on the basis of figures after the share split implemented on October 1, 2024.
*2 ROA: Operating profit on assets

### ROIC

| (Billions of yen) | FY 2021/3 results | FY 2022/3 results | FY 2023/3 results | FY 2024/3 results | FY 2025/3 results | FY 2025/3 Notes |
|---|---|---|---|---|---|---|
| Net sales | 139.36 | 152.54 | 172.81 | 154.43 | 155.20 | |
| Cost of sales | 100.59<br>72.2% | 110.43<br>72.4% | 123.53<br>71.5% | 111.73<br>72.3% | 110.26<br>71.0% | Raw materials and fuel costs declined |
| Selling, general and administrative expenses | 28.79<br>20.7% | 30.17<br>19.8% | 32.38<br>18.7% | 28.83<br>18.7% | 28.87<br>18.6% | |
| **Operating profit** | **9.98<br>7.2%** | **11.93<br>7.8%** | **16.89<br>9.8%** | **13.87<br>9.0%** | **16.06<br>10.4%** | |
| Notes and accounts receivable-trade | 45.26<br>3.1 times | 52.51<br>3.1 times | 48.78<br>3.4 times | 55.02<br>3.0 times | 50.14<br>3.0 times | |
| Inventories | 32.12<br>3.2 times | 34.86<br>3.3 times | 43.97<br>3.1 times | 51.73<br>2.3 times | 53.42<br>2.1 times | Was increasing after the COVID-19 pandemic. Product inventory temporarily increased due to termination of production at Mizushima Plant. |
| Notes and account payable-trade | 16.71<br>5.9 times | 21.32<br>5.8 times | 19.40<br>6.1 times | 22.55<br>5.3 times | 20.73<br>5.1 times | |
| Working capital | 60.67<br>2.4 times | 66.05<br>2.4 times | 73.35<br>2.5 times | 84.20<br>2.0 times | 82.83<br>1.9 times | |
| Non-current assets | 127.62<br>1.2 times | 136.57<br>1.2 times | 136.61<br>1.3 times | 156.37<br>1.1 times | 158.45<br>1.0 times | Construction in progress increased due to growth investments. Investment securities decreased. |
| Invested capital | 188.29<br>0.8 times | 202.62<br>0.8 times | 209.97<br>0.8 times | 240.57<br>0.7 times | 241.29<br>0.6 times | |
| **Pre-tax ROIC** | **5.3%** | **5.9%** | **8.0%** | **5.8%** | **6.7%** | |

# Materialities at the Nippon Soda Group

## Agriculture — Securing food and achieving sustainable agriculture

### Social Challenges

The world population is expected to reach 10 billion in 2050, and a large amount of food and feed will be required. Global warming, a major megatrend, will increase the outbreak of crop pests and diseases.

### 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.

## Healthcare — 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 expanded for use in food processing such as supplements. 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.

## Environment — 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.

## ICT — 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 datacenters 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 / ICT / Environment

### Healthcare

Our pharmaceutical excipient 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 2027/3. 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. In the second half of FY 2025/3, we completed work to double our previous production capacity. We will also aim to increase sales of our resin additive NISSO-PB and1,2-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

Agriculture

### 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 in Asia and Africa. 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 (ipflufenoquin) 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. We are aiming for a combined ¥10 billion in net sales for these three products in the near term.

### Maintenance and expansion of existing product sales

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-added-value 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-added-value 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

Environment

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.

# Research and Technology Strategy

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

By leveraging generative AI and open innovation, we will create new businesses and transform our R&D structure

**Akira Mitani**
Executive Officer
General Manager, Research & Development Division

### Driving new business development into full gear as we take our final steps in organic electroluminescence and animal pharmaceuticals

We are making steady progress in our research and technology strategy, Brilliance through Chemistry 2030, as we establish core technologies and increase their sophistication while expanding growth-driver product operations and creating new businesses.

By taking a technology inventory to analyze the strengths of our technologies and the essential elements for winning in new fields, we defined three platform technologies: agrochemical creation technologies, bioresource utilization technologies, and functional material creation technologies. Elsewhere, we have set culture technologies, peptide application technologies, organic metal application technologies, flow synthesis technologies, and AI/MI (materials informatics) technologies as those to strengthen as a matter of priority, and will actively introduce external technologies in these areas through open innovation.

As we work to expand and strengthen our existing businesses with acquired technologies, we will also promote creation of business in three newly defined target domains of Food, Healthcare, and Advanced Materials. We are entering a pivotal stage in the commercialization of organic electroluminescence materials in the Advanced Materials domain and animal pharmaceuticals in the Healthcare domain, and are accelerating problem-solving by investing resources and collaborating closely with business partners.

### Harnessing the full potential of open innovation to accelerate establishment of technologies

To create new businesses, we are promoting the establishment and commercialization of technologies through open innovation, actively drawing on external knowledge and technology. In the business of organic electroluminescence materials, we invested in Kyulux, Inc., a start-up from Kyushu University. This company has a fourth-generation luminescence technology that achieves low cost, high efficiency, and high color purity without using rare metals. Production of organic electroluminescence materials poses some challenges: it requires a high-mix, low-volume production system unlike conventional mass production systems, along with more advanced purification techniques. We expect that overcoming these challenges will allow new business opportunities to emerge in the electronic materials field. To accelerate this development of materials for future electronic components, we have established a research base at ITO Lab Plus, an incubator next to Kyushu University, to strengthen industry-academia collaboration.

We have made significant progress in Animal Health business. A deworming medication for pets that we are developing alongside a company that handles veterinary pharmaceuticals is nearing completion. We have also begun working on animal applications for human antibody drugs. To acquire formulation technology, we have invested in SENTAN Pharma Inc., and adopted their proprietary formulation technology for converting crystalline materials into amorphous form and turning them into nanoparticles. We are considering using this technology to expand into a CDMO business that leverages our strength in formulation technology, as well as to apply it across sectors including agrochemicals and animal pharmaceuticals.

In the area of biotechnology, we have invested in Bacchus Bio innovation Co., Ltd., a startup out of Kobe University, and are creating new businesses using the bio-manufacturing capabilities offered by their smart cell culture technology. Protein-related technologies, which are key in the Animal Health domain, will also be useful in the Food domain amid growing concerns over a future protein crisis. We will push forward with research using these technologies to unlock a variety of solutions.

### Further accelerating R&D

AI and MI technologies are essential drivers of R&D efficiency and speed. In 2019, we established an AI Working Group (AIWG) led by junior researchers to promote the use of AI in business operations and research. The group developed a web app that performs simple Bayesian optimization* for designing experiments based on predictive modeling, and even secured a patent for the app in just six months. In 2023, we launched the Data Science Initiative (DSI), a DX organization that evolved from the AIWG. See p. 26

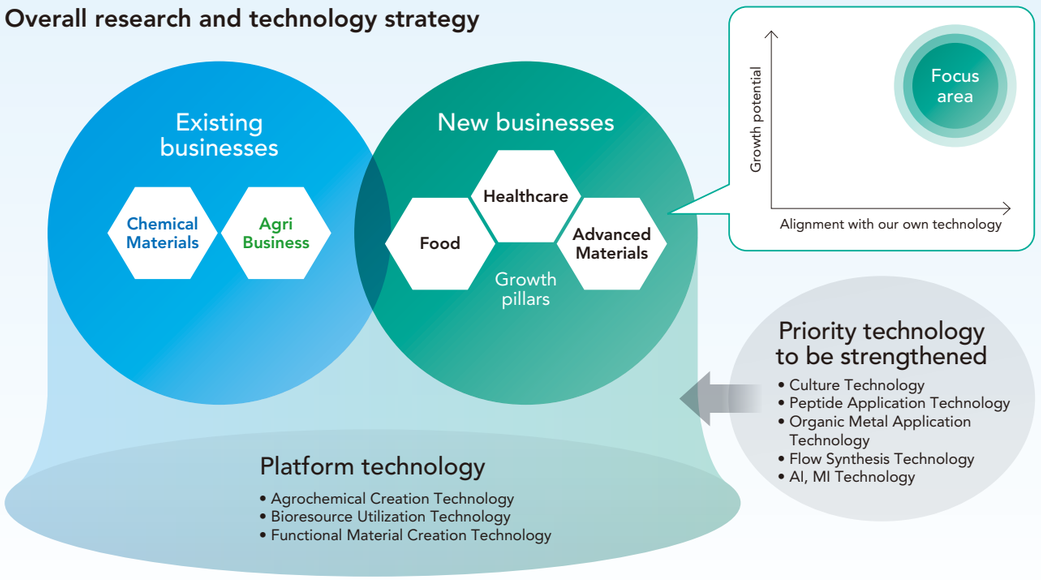
We have given IDs to access our generative AI environment to all of our approximately 400 researchers, which they are using to not only boost operational efficiency, but also support creativity in R&D. We initially saw generative AI as key technology for bringing external insights into the Company, but now recognize it as something of a platform technology that we own. Going forward, we plan to expand our use of generative AI and boost speed in every aspect of our operations by developing key personnel to lead company-wide implementation.

As we carry out these technological innovations, we are also reinforcing our organizational structure to accelerate new business creation. We integrated the operations of the Research & Innovation Center and the Production Technology Center, dismantling the former vertical hierarchy to speed up decision-making. This system ensures that once the two center directors and I decide on a course of action, we can take action immediately. The Intellectual Property Department is using IP landscape analysis of patent information to identify technology trends in the market, uncovering needs and opportunities for entering new business areas. We are strengthening our capacity to develop new business ideas based on the full picture of our proprietary technologies, while pushing forward with an intellectual property strategy aimed not only at protection but also at fueling growth. See p. 26 We are refining initiatives such as our in-house research theme proposal program to solicit a wider range of ideas from across the Company, aiming to foster open, lively discussions across generations and job levels. Through these measures, we aim to instill a culture of embracing challenge and promote the creation of new value through fusion of knowledge.

The mission of the Research & Development Division is to create an organization that empowers every employee to confront their own challenges and find enjoyment in pursuing them. This is the best environment to foster innovations that will support sustainable growth even beyond 2030. I remain committed to creating new businesses and promoting organizational reform.

* A method for efficiently exploring optimal solutions with minimal experimental runs.

## Overall research and technology strategy




## Open innovation initiatives to introduce and apply external technologies

### Kyulux, Inc.: Building a mass-production system for TADF organic electroluminescence materials

In October 2024, we concluded a capital and business alliance agreement with Kyulux Inc., a startup out of Kyushu University. They are developing a thermally activated delayed fluorescence (TADF) material, a next-generation organic electroluminescence material attracting attention as a new, environmentally friendly option requiring no rare metals. Their Hyperfluorescence™ technology, which utilizes TADF as an assistant dopant, is the ultimate light emission technology, simultaneously delivering high efficiency, high color purity, long life, and low cost. Since signing a joint development agreement in January 2020, we have been engaged in R&D to establish TADF production expertise. Through this partnership, we will invest in process development and facilities to establish the world's first system for mass production of TADF ensuring a stable supply. We will also enhance corporate value by venturing into the ICT field, where we have established our key materiality.

### Bacchus Bio innovation Co., Ltd.: Leveraging bio-manufacturing technology in agrochemicals and pharmaceuticals

In December 2024, we invested in Bacchus Bio innovation Co., Ltd., a startup out of Kobe University. With their proprietary platform, Integrated Bio Foundry, they carry out "bio-manufacturing" fusing digital technology with biotechnology. This bio-manufacturing technology will boost our synthesis capabilities because it is suited to the production of natural products, their analogs, and medium- to high-molecular weight compounds such as peptides and nucleic acids, which have been challenging to produce using the chemical synthesis methods that have traditionally been our strength. Through this collaboration, we will develop solutions that leverage advanced bioprocess technology in the agriculture and healthcare fields, striving to create new businesses.

### SENTAN Pharma Inc.: Applying nanoparticle technology to agrochemicals and animal health

In January 2024, we concluded a capital and business alliance agreement with SENTAN Pharma Inc., a drug-discovery venture out of Kyushu University. The company has proprietary nano- and micro-particle technology, and its business areas include drug discovery for the pharmaceutical industry and preventive medicine for the health food industry. Its nanoparticle technology improves the solubility and absorption of poorly soluble small-molecule drugs, enabling lower dosages and less frequent administration, which improves patient quality of life and supports innovative drug creation. Through this partnership, we will jointly develop services for formulating active pharmaceutical ingredients into nanoparticles and microcapsules and offer CDMO services as we work to expand our business in the Healthcare field. We will also apply this technology in the Agriculture field, contributing to establishment of a sustainable farming system by lowering environmental impact through reduced agrochemical usage.

## Policy for Investing in Intellectual Property

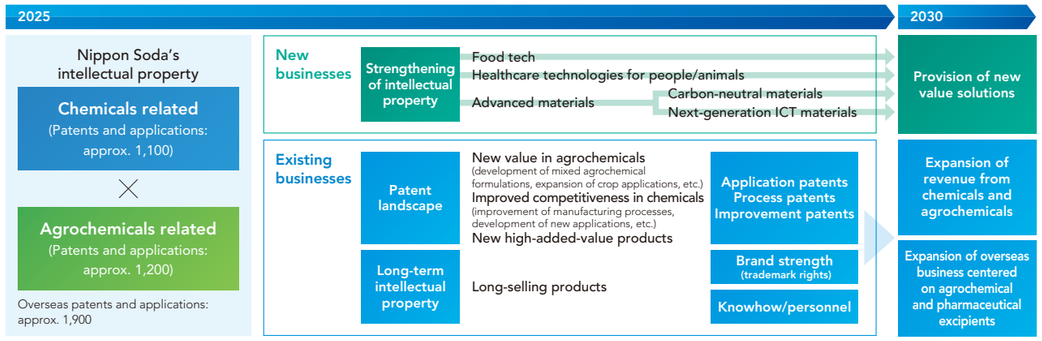
### Proactively acquiring IP rights to maintain and strengthen the superiority of our products

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 our 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




## Spotlight Generative AI initiatives from a working group led by young researchers

In 2023, Nippon Soda launched the Data Science Initiative (DSI), a working group led by young researchers to promote adoption of data science across the Company. This effort was sparked by the rapid evolution of generative AI and strong expectations from frontline employees that AI would boost efficiency and sophistication in R&D. It started from the bottom up, with proof-of-concept trials and proposals from frontline employees. The president and other senior management then recognized its effectiveness, and actively promoted its company-wide adoption.

The rollout was built on two foundations: environment and tools. First, we established an in-house generative-AI environment meeting all security and legal requirements, enabling employees to experiment with confidence. In parallel, we developed usage guidelines and training programs so that even non-experts could adopt the technology. As a result, use of generative AI has spread beyond R&D to other areas including sales and administrative operations. Today, roughly 70% of all employees are using it, contributing to up to a 30% reduction in working hours.

There are a wide variety of use cases. Examples include: (1) assistance with writing research reports, such as summarizing experimental data, assisting with data interpretation, and revising English-language manuscripts; (2) analyzing public patent information and competitors' patent trends to strengthen our IP strategy; (3) generating ideas for novel materials that leverage our proprietary technologies; (4) matching market needs with in-house technological capabilities to propose new business ideas; and (5) generating fresh research themes that stimulate creative thinking. These wide-ranging uses demonstrate how generative AI is being leveraged in fields that accelerate innovation across the Company. A survey of approximately 150 researchers using generative AI confirmed time savings of at least 1,000 hours per month.

Through this approach combining grassroots enthusiasm with strategic support from top management, digital technology has spread rapidly throughout the entire company, delivering significant gains in operational speed and quality. The DSI will continue to evolve as a driving force behind Nippon Soda's R&D capabilities and overall business competitiveness.

Members of DSI working group to promote adoption of data science

## Increasing the Sophistication of Production Technologies

Fostering a company-wide perspective and boosting organizational efficiency to foster a research culture of creativity and innovation

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

### Sensing positive momentum from progress in organizational integration

It has now been one year since we integrated four production technology research departments that were previously scattered across multiple plants. By consolidating these departments under the control of the Research & Development Division, we have boosted recognition and sharing of company-wide challenges while also improving efficiency by promoting interaction among researchers and integrating facilities. Over the past year, we have completed a thorough inventory and reassessment of our research activities, clarifying issues and eliminating duplication of effort while steadily moving toward a leaner operating structure, in line with our plans. Research functions once scattered across plants are now classified into two groups: those directly linked to specific products or production lines, and those that can be handled at centralized research facilities. Thanks to this, we now have a clear direction for streamlining operations in each function. While some researchers feel apprehensive about the personnel reassignments scheduled for next year, I can sense positive momentum toward organizational change as we engage at ongoing dialogue with frontline employees.

### Addressing the declining working population

In response to Japan's declining working population due to the declining birthrates and aging population, we are building a system that can handle a 10% personnel reduction by FY 2030/3. The Production Technology Center is boosting efficiency by consolidating functions that were once scattered across plants. Previously, employees with product- or equipment-specific expertise tended to stay in the same role for years, but we are shifting to a multi-skilled model with teams covering entire product groups. This should strengthen our ability to quickly respond to problems when they arise, ensure staffing for streamlining studies, and provide opportunities for employees to think beyond their own product line and plant.

As we strive to boost the efficiency of our personnel system through these initiatives, we are also reshaping our research operations to align with workstyle reforms. We are considering introducing automated synthesis equipment that will allow research to continue 24/7, with no human supervision required. In addition, junior researchers are leading the creation of a data digitization and sharing system for rapid searching and reuse of past results. We are also leveraging generative AI to establish a system providing immediate, keyword-based access to relevant data, helping avoid redundant research and significantly reducing time spent conducting searches. The Production Division is also making steady progress in a smart factory initiative involving deployment of AI-driven soft sensors[1] to improve efficiency and ensure quality.

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.

### Enhancing competitiveness by increasing the sophistication of our manufacturing technology

We are increasing the sophistication of our manufacturing technology by pursuing practical application of continuous flow synthesis technology.[2] The Production Technology Center and the Research & Innovation Center have launched joint research into application of this technology. Introducing flow reactors will give us more precise control of reaction conditions than conventional batch processing, while also allowing us to flexibly adjust production volumes with only minor changes in equipment or operating conditions. This will enable us to respond to demand fluctuations without large-scale capital investments, establishing a production system to support business expansion while keeping initial investment low. It will also reduce strain on both equipment and the environment by boosting yields, productivity, and energy efficiency. We also see potential applications for flow synthesis in mass production of new products currently under development.

In tandem with these technological innovations, the Production Division is leading optimization initiatives across the entire supply chain through cross-functional teams organized by theme. They are evaluating a wide range of strategies to optimize the production system, including use of facilities at group companies and contract manufacturers in addition to our own plants, stabilization of raw-material procurement, and either partnering with domestic and overseas contract manufacturers or establishing our own overseas production sites with an eye toward business continuity planning (BCP). The Production Technology Center will also join this project soon, aiming to build a competitive production system.

2. Flow synthesis technology: An innovative organic synthesis method in which chemical reactions are carried out by continuously flowing raw material solutions through a tubular flow reactor, providing an alternative to conventional batch processes.

### Advancing alignment of technological capabilities with organizational structure

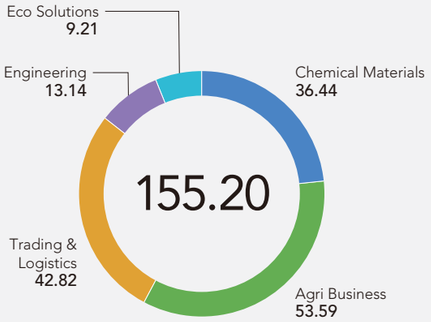
Although organizational integration remains a work in progress, it is already prompting researchers to re-examine their own projects within a broader framework of the Company's overall research activities. We also expect that this organizational integration will facilitate interaction and collaboration among researchers. The aim is for researchers who once focused narrowly on individual themes to encounter knowledge from other disciplines as they engage in projects across multiple themes, sparking fresh ideas and more efficient research methods. However, there have also been some challenges with organizational integration. One such challenge is that an increasing number of researchers are moving from plants to research centers without direct knowledge of production operations. To ensure we can create an optimal production system, we are developing a new training program and will establish a rotation system between development research and manufacturing research. These measures will broaden researchers' perspectives and encourage more practical R&D. By cultivating a company-wide perspective, we will further accelerate the integration of our organizational structure and technological capabilities to build an R&D system that blends efficiency with creativity.

# 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.

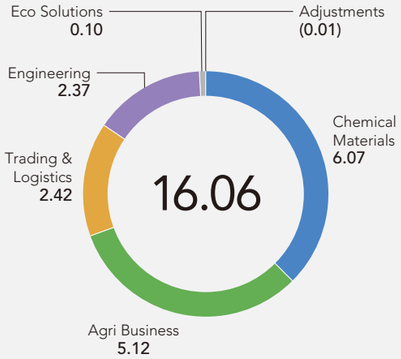
## Net Sales by Segment (FY 2025/3)

(Billions of yen)




## Operating Profit by Segment (FY 2025/3)

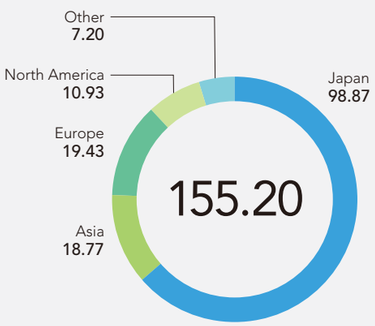
(Billions of yen)




Note: Profit reporting categories for the Eco Solutions segment were changed in FY 2025/3. Items related to Nisso Metallochemical Co., Ltd., which were previously listed under "Chemical Materials" and "Adjustments," are now included in "Eco Solutions."

## Net Sales by Region (FY 2025/3)

(Billions of yen)




## Chemical Materials

See p. 30–31

### Healthcare

**Pharmaceuticals and pharmaceutical intermediates**

— Main Products —

Pharmaceutical excipient
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**

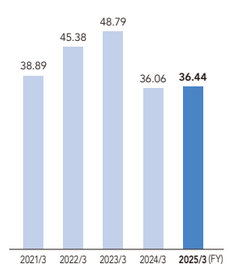
Caustic soda, phosphorus oxychloride, etc.

**Fine chemicals**

Color developers for thermal paper
Specialty isocyanates, etc.

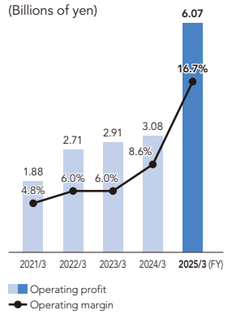
### Net Sales

(Billions of yen)



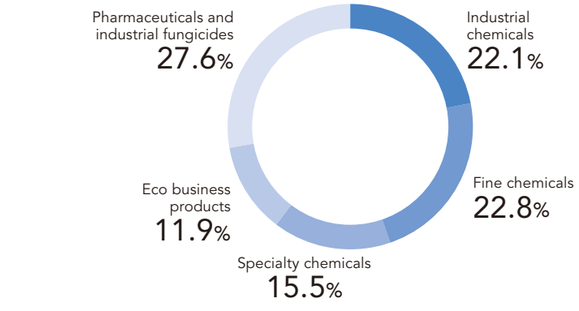

### Operating Profit / Operating Margin

(Billions of yen)




### Net Sales Ratio

(FY 2025/3, non-consolidated basis)




## Agri Business

See p. 32–33

### Agriculture

Product development specializing in fruit and vegetables
Expanding the applications of existing 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 (ipflufenoquin)

**Insecticides and acaricides**

— Main Products —

MOSPILAN (acetamiprid)
NISSORUN (hexythiazox)
DANYOTE (acynonapyr)

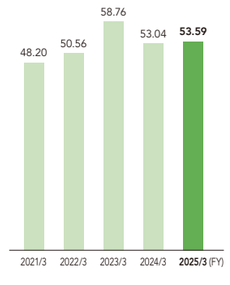
**Herbicides**

— Main Products —

NABU (sethoxydim)
CONCLUDE (flupoxam)
ALPHARD (topramezone)

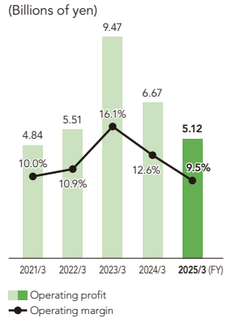
### Net Sales

(Billions of yen)



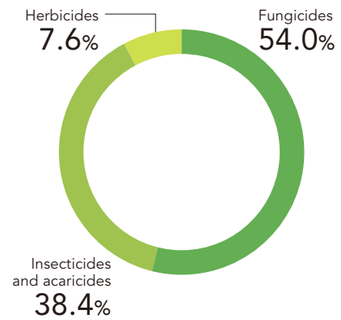

### Operating Profit / Operating Margin

(Billions of yen)



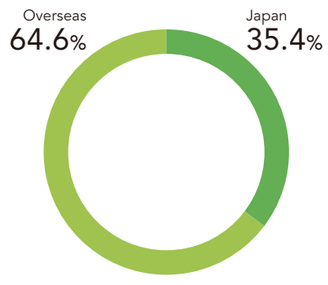

### Sales Ratio by Product Category

(FY 2025/3, non-consolidated basis)




### Overseas Sales Ratio

(FY 2025/3, non-consolidated basis)

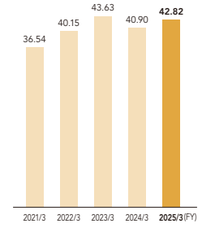



## Trading & Logistics

See p. 34

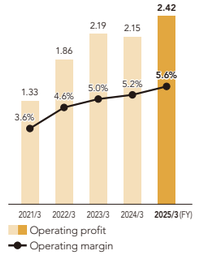
**Net Sales**

(Billions of yen)




**Operating Profit / Operating Margin**

(Billions of yen)

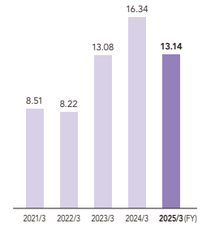



## Engineering

See p. 34

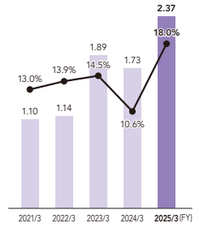
**Net Sales**

(Billions of yen)




**Operating Profit / Operating Margin**

(Billions of yen)

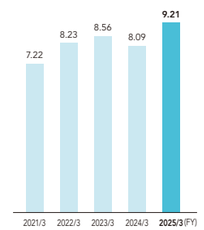



## Eco Solutions

See p. 34

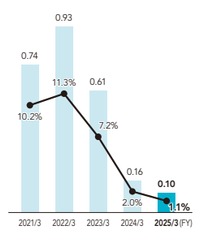
**Net Sales**

(Billions of yen)

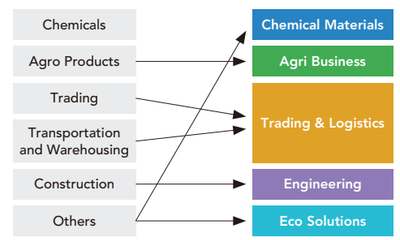



**Operating Profit / Operating Margin**

(Billions of yen)



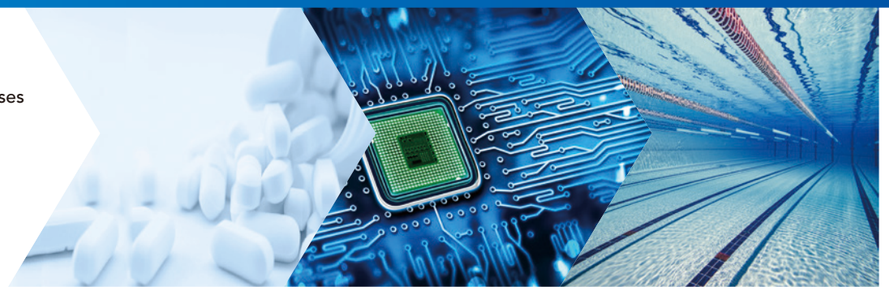

### Segment classifications were changed in the fiscal year ended March 2024




We integrated Trading with Transportation and Warehousing, and transferred some products from Others to Chemical Materials

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 product—the pharmaceutical excipient NISSO HPC—we are moving forward with work to significantly increase our production capacity. 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**

### Risks and opportunities
- 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

### Competitive advantages
- 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

### Challenges
- Creation of production systems to cope with rising demand
- Provision of global technological support services for advanced formulation technologies
- Shift to higher performance products, development of new pharmaceutical excipients, and expansion of peripheral business domains

## NISSO HPC

Our pharmaceutical excipient NISSO HPC is a growth-driver product that is used as a binder to form tablets, primarily for pharmaceuticals. As one of the few excipients 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 excipient 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 2027/3.

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.

In addition, in February 2025, we opened NISSO CTAC EU in Germany to expand delivery of customer solutions and technical services in the European, American, and Indian markets. This new hub will work alongside our original CTAC in Japan to boost the global presence of NISSO HPC.


Cellulose Technical Application Center (CTAC)

ICT

**Proprietary living anionic polymerization technology** | **Supply capabilities that respond to increasing demand**

### Risks and opportunities
- Expansion of semiconductor demand in line with the spread of electric vehicles, autonomous cars, and AI
- 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

### Competitive advantages
- 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

### Challenges
- 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 completed work to double our previous production capacity for VP-POLYMER in FY 2025/3.

## 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**

### Risks and opportunities
- 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

### Competitive advantages
- Supplying 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

### Challenges
- 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. 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 produced using culture technology that improves the treatment of industrial wastewater, has 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.

Visit our website for more details on our main products.
**https://www.nippon-soda.co.jp/e/fields_and_products/**

The Nippon Soda Group's Businesses

# Agri Business

**Kazuo Oba**
Executive Officer
General Manager,
Agro Products
Division

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 weed damage, 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, and improving safety assurance for users of agrochemicals and consumers, as well as reducing environmental impact. In line with the Japan Green Food System Strategy of the Ministry of Agriculture, Forestry and Fisheries, we will continue to propose an integrated pest-management approach combining chemical pesticides, biopesticides, biostimulants, and cultural control practices. We will expand sales in these areas to ensure we can support agricultural production sites and realize the vision of sustainable agriculture.

Agriculture

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

### Risks and opportunities
- Rising needs for greater efficiency in food and feed production in line with growing populations and increasing meat consumption
- Increase in crop pests and damage due to rising average temperatures
- Expiration of registration of environmentally harmful agrochemicals, and expansion of demand for low-risk agrochemicals

### Competitive advantages
- Accurate understanding of market needs through technology sales
- An integrated Group system covering everything from R&D to production
- 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

### Challenges
- Development of agrochemicals with low environmental impact that can demonstrate highly effective pest control with a low dose
- Development of agrochemicals that can reduce the required manpower in agriculture and reduce overall agricultural production costs
- Efficient new drug discovery in response to rising development costs due to stricter safety standards, etc.

## 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.

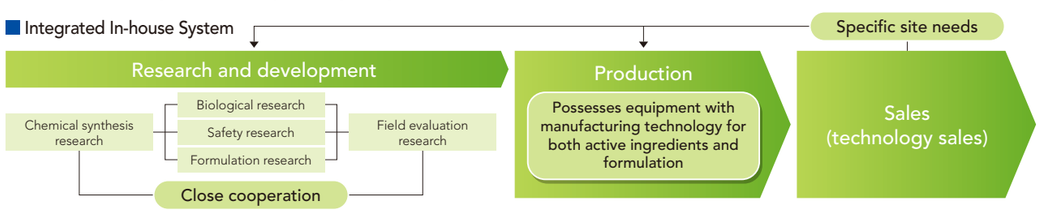
The Nippon Soda Group is developing specialized products for fruit and vegetables for which there is comparatively little competition with major overseas manufacturers and generic products, and for which there is no competition with genetically modified seed varieties. Moreover, by expanding the application 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 agrochemical-related technology, and they provide technical support for farmers and community members and conduct awareness-raising activities and hold seminars domestically and abroad to promote 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.

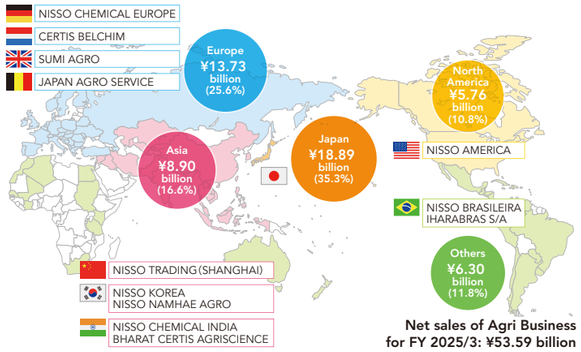
In this way, our strengths are in an integrated value chain that can be consistently managed within the Group, and contribute to boosting farm productivity and realizing the vision of sustainable agriculture, both in Japan and overseas.




## Promotion of Global Expansion

The Nippon Soda Group started expanding overseas early on, and in FY 2025/3 the overseas sales ratio for the Agro 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 Indústrias Químicas—in which we are the largest shareholder—we are collecting requests and information from customers to develop products and further expand sales.

In addition, we are focusing on dissemination and awareness activities in Asian countries such as China, South Korea, and India. Through our overseas group companies—Nisso Trading (Shanghai), Nisso Korea, and Nisso Chemical India—we are promoting the sales of existing pesticides while collaborating with local distributors in each country to launch sales of new pesticides. Through these efforts, we aim to contribute to securing food yields in global markets.




**Net sales of Agri Business for FY 2025/3: ¥53.59 billion**

## Efforts to Expand Sales of New Agrochemicals

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 (ipflufenoquin). We are working to expand sales globally and to achieve ¥10.0 billion in sales through these three agents in the near term.

| Product name | Classification | State of development and characteristics | Launch |
|---|---|---|---|
| PYTHILOCK (picarbutrazox) | Fungicide | · New modes of action, effective against fungi that are resistant to existing fungicides<br>· On sale in Japan, other Asian countries, and in the US for golf courses<br>· Conclusion of global licensing agreement with Syngenta<br>▸ On sale in North America as a new seed treatment agent, application made for registration in China<br>· Under development for vegetables in the US, and under development in various Asian countries<br>▸ Sales started in India, and acquired registration in Egypt in 2025 | 2017 |
| DANYOTE (acynonapyr) | Acaricide | · New modes of action, and effective against resistant spider mites<br>· Immediate efficacy, and low impact on beneficial insects<br>· On sale in Japan, South Korea, and India<br>· Applications made for registration in the US and Sri Lanka<br>· Under Development in Thailand | 2020 |
| MIGIWA (ipflufenoquin) | Fungicide | · New modes of action, effective against fungi that are resistant to existing fungicides<br>· Effective against a wide range of pests, expected to become a major fungicide<br>· Acquired first domestic registration for priority review<br>· On sale in Japan, South Korea, Australia, US, Canada, and Brazil<br>· Application made for registration in the EU | 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 (thiophanatemethyl) | Fungicide | · Highly safe and used as a key ingredient<br>· Expand sales in the markets of emerging economies, particularly for paddy rice in Asia<br>· Achieve differentiation from generic products by developing mix formulations | 1971 |
| NISSORUN (hexythiazox) | Acaricide | · Consistent performance with corn and nuts in the US<br>· Expand sales of fruit, vegetables, and tea in India | 1985 |
| MOSPILAN (acetamiprid) | Insecticide | · Highly effective while having minimal impact on beneficial insects<br>· Expanding sales as an alternative to competitors' products in Europe<br>▸ Passed re-registration assessment for active ingredients in the EU, extended registration until 2033<br>· Promote sales strategies in anticipation of generic product trends | 1995 |
| PANCHO TF (cyflufenamid-triflumizole) | Fungicide | · Consistent performance in Europe for fruit, vegetables, and wheat<br>· Expand application to fruit and vegetables in the US | 2003 |

The Nippon Soda Group's Businesses

# High-level Expertise Supporting Chemical Materials and Agri Business

## Trading & Logistics

Nisso Shoji Co., Ltd. is a specialist trading company that handles chemical products, functional products, synthetic resins, industrial equipment, construction-related products, and non-ferrous metals. 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 India and other parts of Asia. 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 operates state-of-the-art logistics facilities, and is building logistics systems that can respond instantly 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

## Opening of the Cellulose Technical Application Center Europe (NISSO CTAC EU)

We opened the Cellulose Technical Application Center Europe (NISSO CTAC EU) in Düsseldorf, Germany, as a division of our consolidated subsidiary NISSO CHEMICAL EUROPE GmbH. At this hands-on collaborative facility, we will work with customers to create new value for our pharmaceutical excipients NISSO HPC and NISSO SSF.

In October 2019, we opened the Cellulose Technical Application Center (CTAC) in Ichihara City, Chiba Prefecture. At CTAC, we have been working to expand our business in the healthcare sector, a key growth driver, by providing solutions tailored to customer needs, including proposing solutions and supporting product development using NISSO HPC and NISSO SSF to address our customers' goals and requirements.

The opening of NISSO CTAC EU strengthens our international operations ahead of the scheduled completion of construction to increase NISSO HPC production in FY 2027/3. The center will serve as a hub for international market development in Europe and beyond, and will work in tandem with CTAC to boost the market presence of NISSO HPC and NISSO SSF by providing more finely tuned and timely technical services.


## 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: smart factories/measures for production reforms, smart laboratories/measures for research reforms, and smart offices/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 smart factories/production reforms, we will aim to improve productivity, stabilize quality, and bolster preventive maintenance. For smart laboratories/research reforms, we will pursue greater competitiveness through more advanced research and development. Finally, for smart offices/operational reforms, we will work to enhance management through the preparation and utilization of data.

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 company-wide 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.

Digital Transformation Certification

### DX Vision: Details of Three Reforms

| | |
|---|---|
| **Smart factories/ production reforms** | Creation of environments toward the introduction of digital twin technology<br>- Digitalize existing operations<br>- Cultivate a DX mindset |
| **Smart laboratories/ research reforms** | Construction and promotion of smart research platforms<br>- Make dramatic improvements in performance through AI and data-driven research and development<br>- Evolve into an innovative next-generation laboratory |
| **Smart offices/ operational reforms** | Creation of DX foundations<br>- Establish a digital data infrastructure, including ERP package renewal, and standardize business operations<br>- Promote reinforcement of information security |

# 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 Managing Officer
Supervision of CSR, General Affairs Dept., Legal Dept., Finance & Accounting Dept.

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, with Responsible Care (RC) activities addressing the E (Environment) and S (Social) aspects of ESG as the foundation. We have continued to engage in RC activities since our Declaration on the Promotion of Responsible Care Activities in 1998. RC activities are voluntary environmental, health, and safety activities conducted by companies handling chemical substances throughout the entire lifecycle 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. RC 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 consider these to be prerequisites for business continuity, and have positioned them as CSR Activities to Protect Corporate Value.

With our CSR Activities to Improve Corporate Value, we are also aiming to contribute to the creation of a sustainable society through our businesses. We have identified Agriculture, Healthcare, Environment, and ICT as fields through which we can tackle the issues facing society, and have identified materiality (important issues) within these fields. In addition to tackling social issues through our existing products and services, we are also working 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. 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 the entire Group using a top-down approach and maintain a governance system. 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 continuously improve 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 2031/3 we are aiming to reduce GHG emissions by more than 42% for direct emissions and energy-related indirect emissions (Scopes 1 and 2) and by more than 25% for other indirect emissions (Scope 3), compared to FY 2023/3 levels. Through these initiatives, the Group aims to develop a GHG emissions reduction plan aligned with the targets of the Paris Agreement, and to commit to international initiatives.

In response to the growing importance of human rights, we have begun formulating a human rights policy and exploring development of a human rights due diligence plan. These efforts reflect the UN Guiding Principles on Business and Human Rights and rising societal expectations for respecting human rights across the supply chain, and we consider them as key efforts in identifying and addressing human rights risks in our business activities as a management responsibility and to further strengthen stakeholder trust.

To achieve our long-term vision, Brilliance through Chemistry 2030, human capital is our most important management resource. In our human capital management vision, Make Employees Brilliant, we are promoting autonomy and growth of employees. Through flexible, efficient workstyles, 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. We have also established the HR policy: Fostering Brilliance through Chemistry, and are working to build a human resources system that encourages employees to take on challenges, learn, and apply those lessons to their work. Through these measures, we will aim to achieve the KPIs in our medium-term business plan (Brilliance through Chemistry Stages Ⅰ-Ⅲ), working together as a group to drive a range of policies that will help us achieve them.

* Led by Keidanren (Japan Business Federation).

## Materiality Concept

In May 2020, Nippon Soda Group identified materiality (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 1. 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 (considering megatrends and the value that Nippon Soda offers) |
| 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 | • Tackling climate change (participation in the Keidanren Carbon Neutrality Action Plan)<br>• Tackling the preservation of biodiversity (promoting activities to preserve forests and water sources) |
| Social Activities | • Promoting dialogue with customers, business partners, employees, and local communities, and responding appropriately<br>• Promoting diversity, work-life balance and career development programs<br>• Conducting constructive dialogue with shareholders and investors and disclosing information in a timely and appropriate manner |
| Governance | • Enhancing corporate governance<br>• Promoting compliance management (enhance and properly operate systems and conduct training) |

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

**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 |

### 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.**

p. 22

**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

**Healthcare**
**Healthy lives to all people**
- Support services for high-performance products and formulation technologies

**Environment**
**Toward a resource recycling society**
- Steady supply of water resources
- Reduction of environmental burden caused by waste

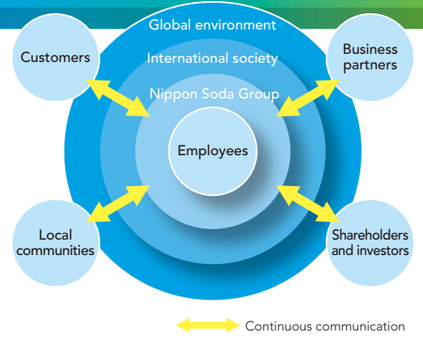
**Achieving sustainable plant protection**
- Protection of precious trees, such as pines, from harmful insects

**ICT**
**Applying the functionality of chemicals to IT devices**
- Supply of high-performance materials that are friendly to the environment and people

To learn more about Nippon Soda's sustainability management approach, visit:
**https://www.nippon-soda.co.jp/e/sustainability/**

## Stakeholder Engagement

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 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 2025 (p. 23–34)

## Basic Policy

- Continuing efforts to prevent environmental pollution, complying with laws and regulations, and promoting other environmental activities.
- Reducing 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).
- Developing products and processes with less environmental burden.
- Implementing an environmental management system, and reducing energy consumption while maintaining productivity.
- Conserving water resources.
- Reducing impact on biodiversity and ecosystems.

The Nippon Soda Group is proactively tackling environmental challenges such as climate change and contributing to the achievement of a sustainable society through chemistry and related services.

In the area of addressing climate change, we support the Paris Agreement and endorse the TCFD recommendations, and are making efforts to achieve carbon neutrality by 2050. Specifically, we are working to reduce greenhouse gas emissions from our business activities by shifting to renewable energy, improving energy intensity by boosting manufacturing process efficiency, and investing in solar panels and in natural-gas-fired boilers as a transitional measure. In the area of R&D, we are working to establish biomanufacturing and continuous flow synthesis technologies to shift toward environmentally friendly, sustainable manufacturing methods that significantly reduce energy consumption compared with conventional processes.

In the area of achieving a circular society, we are drawing on established technologies we have developed over many years (including industrial waste detoxification, heavy metal removal, resource recycling, and water treatment) to provide a wide range of products and services. Through these efforts, we are contributing to the creation of a circular society by preventing environmental pollution, ensuring the proper treatment and recycling of industrial waste, and promoting the effective use of water resources.

In the area of preservation of biodiversity, we are engaged in environmental conservation initiatives in cooperation with local communities, including conservation of forests and watershed protection forests that efficiently absorb carbon dioxide, which helps to mitigate climate change while also protecting ecosystems. In our Agri Business, we are also helping to maintain and preserve healthy and richly diverse ecosystems by effectively protecting native plants such as pine and cherry trees from pests, contributing to sustainable reforestation management.

Through these comprehensive environmental conservation initiatives across the areas of response to climate change, creation of a circular society, and preservation of biodiversity, our Group aims to leverage the power of chemistry to contribute to achieving a sustainable society while increasing corporate value.

## 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.

To reduce GHG emissions, we are purchasing electricity generated from renewable sources. At the Takaoka Plant, renewable electricity accounted for 10% of electricity used in FY 2024/3. We increased this percentage to 20% in FY 2025/3, and plan to further increase it going forward. At the Nihongi Plant, we have also replaced 100% of the electricity used on the plant grounds with renewable electricity as of FY 2025/3.

At the Chiba Plant, we installed solar panels within the plant grounds in the second half of FY 2025/3. Introduction of this solar power system will enable us to reduce our $CO_2$ emissions by about 1,140 metric tons per year.

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.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### Governance

We have set up the Corporate Social Responsibility Administration Meeting, chaired by the president and executive officer, to serve as the chief company-wide 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 | Medium to long term | Major |
| | | Difficulty in securing water resources | 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. We aim to achieve a more than 20% reduction in groupwide GHG emissions by FY 2026/3 (compared with FY 2014/3) along with a more than 42% reduction in Scope 1 and 2 emissions and more than 25% reduction in Scope 3 emissions by FY 2031/3 (compared with FY 2023/3), with the ultimate aim of achieving carbon neutrality by FY 2051/3. In FY 2025/3, Scope 1 and 2 GHG emissions fell 43.6% over FY 2014/3 (Nippon Soda, non-consolidated).

For more details, see ESG Data Book 2025 (p. 25–26)

## 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 2025/3, Nippon Soda maintained its achievement of 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 under the PRTR System

We are making efforts to reduce emissions of Class I Designated Chemical Substances specified under the PRTR System (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 (SOX), nitrogen oxide (NOX), 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 (Research & Innovation Center, Odawara)

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 Otosan 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



# 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 2025 (p. 61–69)

## Basic Policy

- Respecting 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.
- Creating a company where diverse human resources can grow and thrive by focusing on promoting diversity, human resources development, and creating a rewarding workplace that employees can be proud of, and proactively reviewing our personnel systems and operations to ensure continuous improvement.

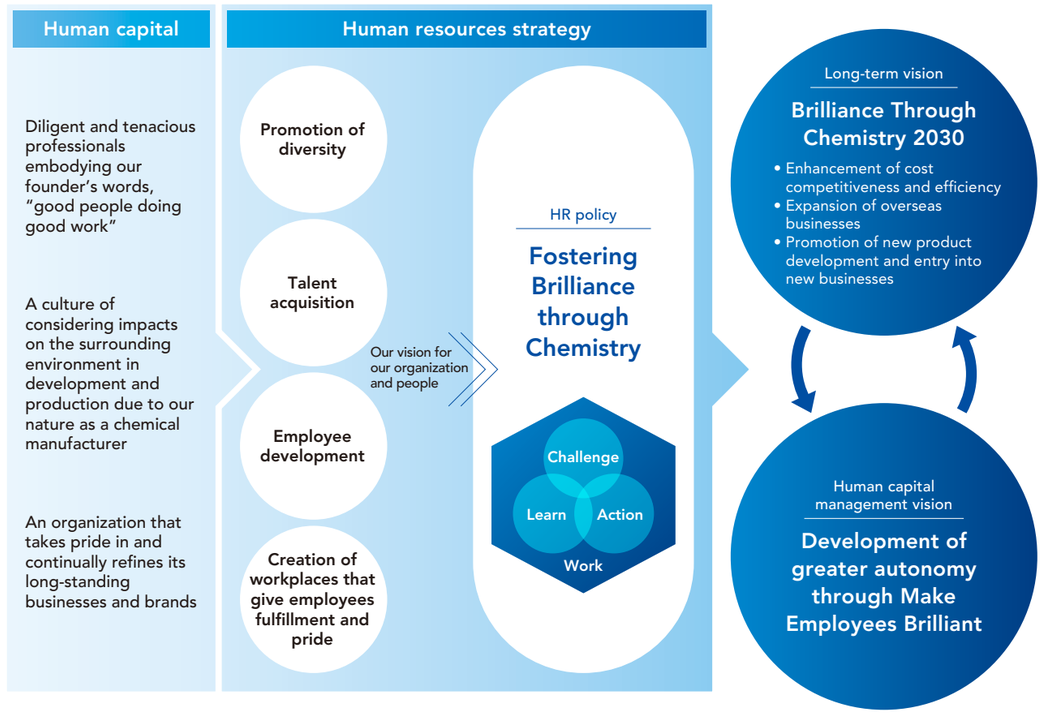
## Our Human Capital Management Vision—Make Employees Brilliant

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.

We define "Brilliant People" as people who possess the brilliance needed to contribute to our long-term vision. In terms of human resources development, we are also examining and implementing various measures with a focus on the development of greater autonomy that enables employees to take initiative to tackle challenges, learn from them, and take action based on what they have learned.

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 updating our personnel system and promoting health and productivity management.

### Overview of our human resources strategy and its relationship to our medium-term business plan and long-term vision



## Promotion of Diversity

Diversity is one of our primary strategies for achieving 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.

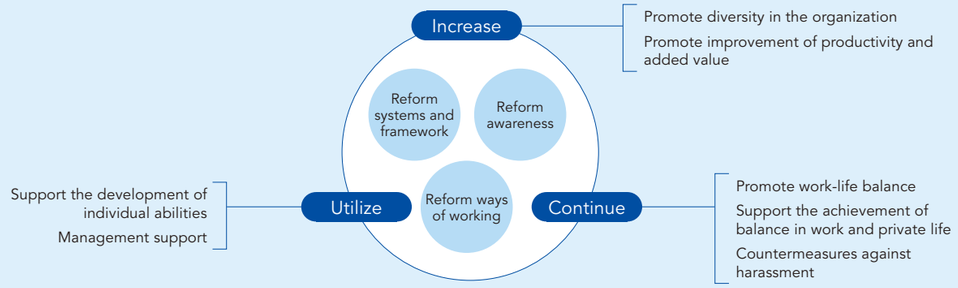
### Diversity Policy

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**




### 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.


Eruboshi certification mark
(Level 2 certification)

### 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."

The main measures we have introduced include providing nursing care leave for employees with sick children and restricting overtime work. We have also established a reduced-hour work system that exceeds legal requirements by covering employees raising children up to the sixth grade of elementary school. Furthermore, we have introduced a leave of absence system for employees to accompany spouses who are relocating due to a job transfer or other reasons, both within Japan and overseas.


## 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).

### 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 2016/3 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 2020/3, 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 company-wide 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, we also moved toward paperless office environments and introduced unassigned seating plans, reducing office size while enhancing office environments. After making these workstyle changes, we moved to an efficiently designed office that is more conducive to working comfortably, aiming to enhance employees' creativity, improve productivity, and further create a sense of unity among employees and management. We are also boosting operational efficiency by promoting adoption of generative AI. Moving forward, we will further promote workstyle reforms from both perspectives by utilizing digital technologies and improving work-life balance.

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

Pursuing a human resources strategy that harnesses our strength of "good people doing good work" to foster an organizational culture where more people embrace and enjoy challenges, with organizational support and encouragement

**Takatoshi Shinbo**
Executive Officer
Manager of Human Resources Dept.

### "Good people doing good work" A culture of unwavering dedication to building up technology and expertise is our pride and our asset

The spirit of "good people doing good work," in the words of our founder Tomonori Nakano, is deeply rooted in the Nippon Soda Group. We have many earnest and diligent employees who have unwaveringly taken on challenges and overcome them through technology and expertise. While our name may not be widely known, we have long leveraged our accumulated technologies and expertise to provide essential products and services, with basic chemicals that support the foundations of society at the core of our business. Simply put, we have a mentality of steady cultivation, similar to that of a farmer. In the past, there was concern that this mentality had become an overly cautious approach to avoid undermining the trust and track record we had earned in the market over many years. In recent years, however, we have begun to see major changes, particularly among junior employees. For example, in the area of promoting digital transformation, junior employees are taking the initiative to form teams and are proactively tackling projects with enthusiasm. At the same time, more employees are breaking out of their shells to voice ambitious ideas, such as targeting big profits with a new business, signaling that a bold and proactive spirit of embracing challenges is beginning to take root.

Even senior employees and managers are becoming more open to embracing the bold ideas of their junior colleagues and supporting their realization, however surprising they may be. These kinds of interactions are adding a spirit of embracing challenge to the diligence that has long been a strength of our company.

### Advocating the "Challenge, Learn, Action" principles to create an environment that encourages embracing challenge through respectful dialogue

As part of our human resources strategy, we introduced the HR Policy: Fostering Brilliance Through Chemistry and selected "Challenge," "Learn," and "Action" as three guiding principles for this policy. We define the "good people" in our Company DNA of "good people doing good work" as "Brilliant People," reflecting our hope that our employees will become Brilliant People by following these three principles. "Challenge" means continuously taking on challenges, giving your work a brilliant shine (becoming personally invested in your work). "Learn" means pursuing things that spark your curiosity, so the path ahead shines brilliantly (boosting your abilities and inspiring you to apply them to your work). "Action" means putting those learnings into practice, so you and others you work with shine brilliantly (leading to successful results). This brilliance also illuminates those around us, creating a virtuous cycle of "chemical reactions" that bring brilliance to the future of the whole company, as well as society. We will continue to foster an environment that encourages employees to become Brilliant People like this.

To foster a culture of embracing challenges, it is important to have an evaluation system that recognizes such efforts. In May 2025, we introduced a new personnel system for managers, with plans to expand it to non-management positions in the future. Key features of the system are reducing seniority-based elements and facilitating recognition of achievements and skill development through the "Challenge, Learn, Action" principles. For example, employees who obtain professional certifications useful to the Company are awarded points, enabling them to meet promotion requirements more quickly. Employee feedback about the system has been highly positive, with numerous questions and applications for certification exams. In addition to performance evaluations, we introduced the CLA Assessment, a proprietary system that scores nine competencies based on the "Challenge, Learn, Action" principles. This approach provides evaluators with clear assessment methods, ensuring both fairness and employee confidence in the system.

Junior employees who enthusiastically take on challenges are essential to achieving our vision. Although our turnover rate is 1.8%, far below the manufacturing industry average of 8.8% (2024 figure), we still face the challenge of regretful losses of employees in their 20s and 30s. We believe one factor that contributes to this is the lack of systems for offering flexibility to employees navigating significant life events. To address this, we introduced measures to support diverse and flexible working styles, including establishing a "Regional Assignment Track" for career-track employees who may face transfers and expanding spousal accompaniment leave to cover domestic as well as overseas transfers.

To foster an organizational culture of embracing challenge, we emphasize respectful dialogue and reliable information sharing. To prepare for these system reforms, we conducted preliminary interviews with a wide range of employees at different levels, and senior management visited sites across Japan to provide in-person explanations. By listening to frontline employees and addressing their concerns, we are fostering an environment where each and every employee can embrace our systems and policies with a sense of conviction. As these systems begin to take root, we emphasize steady and sincere efforts, drawing on the diligence we have cultivated since our founding.

I am confident that taking on this spirit of embracing challenges on top of our tradition of diligence and reliability will open up new fields for growth. We will steadily promote our human resources strategy to foster an organization where each and every employee autonomously takes on challenges, and is supported by others in doing so.

# 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 2025 (p. 58–60)

## Basic Policy

- Interacting with our business partners with good sense and integrity, and adopting fair and impartial transactions as our fundamental principle.
- Regarding the procurement of raw materials and other purchasing activities, maintaining stable relationships of trust with our suppliers based on our purchasing policy, while also working together to address environmental and social issues in the supply chain in accordance with the Nippon Soda Group Sustainable Procurement Guidelines.

## 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. In addition, as part of our commitment to sustainable procurement, we began a supplier survey in February 2025 using the CSR/Sustainable Procurement Self-Assessment Tool (ver. 1.2) developed by the UN Global Compact Network Japan (GCNJ) to evaluate fulfillment of social responsibilities across the supply chain. In FY 2025/3, we had 36 raw material suppliers complete the survey, and the overall average score percentage[1] reached 92.9%.

The Nippon Soda Group Sustainable Procurement Guidelines
**https://www.nippon-soda.co.jp/e/sustainability/engage/pdf/sustainable_procurement_guidelines.pdf**

Through this survey, we determined what initiatives our business partners were implementing across the following nine categories:

I. Corporate governance (e.g., CSR administration systems, internal controls, BCP, and internal reporting systems)
II. Human rights (e.g., respect for human rights, prohibition of discrimination, and avoidance of complicity in human rights abuses)
III. Labor (e.g., prohibition of employment discrimination, inhumane treatment, forced labor, and child labor)
IV. Environment (e.g., chemical substance management, wastewater and emissions control, reduction of greenhouse gas emissions, waste management, and conservation of biodiversity)
V. Fair business practices (e.g., prevention of corruption, compliance with competition laws, and exclusion of antisocial forces)
VI. Quality and safety (e.g., product/service quality and safety assurance and accident response)
VII. Information security (e.g., protection of personal information and management of confidential information)
VIII. Supply chain (e.g., practicing responsible procurement and taking measures to avoid use of conflict minerals)
IX. Coexistence with local communities (e.g., contribution to and collaboration with local communities)

Based on the results of this survey, we will continue dialogue with business partners to promote CSR activities across the entire supply chain. We will continue to regularly conduct this assessment based on the Ten Principles of the UN Global Compact (covering the areas of human rights, labor, the environment, and anti-corruption) to build a sustainable supply chain that meets international standards.

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,[2] 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, health, and safety, we aim for smooth information sharing across the supply chain, and request that suppliers provide information on contained materials using the chem SHERPA format.[3]

1. Average score ratio: the average of the ratios of actual scores to allocated points (percent score) across the nine evaluation categories.
2. Materials are checked based on the Conflict Minerals Reporting Template put together and provided by the Responsible Minerals Initiative.
3. 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 2025 (p. 35–40)

## Basic Policy

- Conducting regular inspections, repair and renewal of equipment and training of operators at each manufacturing site.
- Continuing emergency drills and education to prepare employees for possible accidents and disasters, and strengthening the risk management system.
- Conducting safety reviews by internal experts to verify safety when facilities are constructed or renovated. Receiving regular diagnoses of disaster prevention capabilities by external specialists.
- Conducting regular reviews and improvements of the business continuity plan (BCP), assuming scenarios involving natural disasters such as large-scale earthquakes and other crises 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, 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 achieving higher levels of safety to reach 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 assuming different disaster scenarios 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, improvements are continuously made 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 2025 (p. 41–47)

## Basic Policy

- Introducing an Occupational Safety and Health Management System (OSHMS), and implementing risk assessments. Acquiring ISO 45001 certification.
- Continuously implementing PDCA (Plan-Do-Check-Act) for occupational safety and health activities with the aim of achieving the goal of zero occupational accidents.
- Continuously providing health guidance based on medical examination results and implementing measures to reduce incidents of personal injury or illness to help employees maintain and improve their health.
- Performing stress tests and providing consultation services by qualified mental health specialists as a mental healthcare service. Establishing and 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.

### 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.

### 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.

### Third-party occupational health and safety survey

At Nippon Soda, we undergo occupational health and safety surveys by Sompo Risk Management Inc. (The Nihongi Plant was inspected on December 6, 2024).

## Promotion of Health and Productivity Management

Nippon Soda considers the maintenance and improvement of health to be an important management issue. In March 2025, Nippon Soda was recognized again in the 2025 KENKO Investment for Health (large enterprise category) for the eighth 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 and their families.

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門

# 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 2025 (p. 48–50)

## Basic Policy

- Reducing the risks related to hazards, toxicity and accidents during transportation of products. Ensuring the safety of our customers, those involved in the distribution process and local residents, as well as protection of the environment.
- Providing information that helps customers use high-quality products safely, securely 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[1] and Container Yellow Card[2] product labels

The Nippon Soda Group promotes the use of Yellow Cards and Container Yellow Cards. 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[3] 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[4]) for chemical hazards.

# Chemical and Product Safety

The Nippon Soda Group takes into consideration the potential environmental, health, and safety 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 2025 (p. 51–52)

## Basic Policy

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

## 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[4]) 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.

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 carry out an array of social contribution activities. In addition, through dialogue with local communities, we aim to share information about the impact of chemical substances on the environment, health, and safety with high transparency, and further our understanding of their needs and values, striving to build and strengthen trusting relationships.

For more details, see ESG Data Book 2025 (p. 70–76)

## Basic Policy

- Promoting 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 based on the concept of contributing to the sustainable development of society through business activities.
- Developing good relationships with local residents through various activities that meet the local community needs at 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 Group

Nippon Soda Group is engaged in diverse social contribution activities to coexist with and promote the development of local communities. Each Nippon Soda work site is engaged in a variety of activities that match the needs of the community and strive to build good relationships with local residents. We have made several notable donations in recent years. In March 2023, with the aim of contributing to sustainable agriculture and regional development efforts in our communities, we donated ¥30 million (using the corporate hometown tax system) to promote the citrus fruit industry in Uwajima City in Ehime Prefecture, one of Japan's leading citrus-producing regions. In the area of disaster relief, the Nippon Soda Group provided donations and emergency relief supplies equivalent to ¥73 million to the areas affected by the 2024 Noto Peninsula Earthquake. In the area of educational support, in January 2025 we also donated ¥40 million (using the corporate hometown tax system) to support education of the next generation of Joetsu City, Niigata Prefecture where our company was founded.

## 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.

Selected as a constituent of Sompo Sustainability Index for five consecutive years

2025 Sompo Sustainability Index

Selected as a constituent of FTSE Blossom Japan Index (three consecutive years) and FTSE Blossom Japan Sector Relative Index (four consecutive years)

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

Shinfuji Kaseiyaku Co., Ltd. acquired "Gold" rating in Eco Vadis sustainability survey

GOLD | Top 5% ecovadis Sustainability Rating MAR 2025

Selected as a constituent of MSCI Japan ESG Select Leaders Index

2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

THE INCLUSION OF NIPPON SODA CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NIPPON SODA CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

# Outside Director Discussion


**Aiming to continuously enhance corporate value by further improving our governance to adapt to a changing business environment**

## Further boosting the effectiveness of governance through operational changes

**Watase:** Outside directors have always attended Management Council meetings, but since July 2024 we have been participating online. Though it may seem counterintuitive, I feel that this change has deepened my understanding because executives are now having more open discussions, which has allowed me to grasp the reasons behind decisions and witness genuine exchanges.

**Meiga:** The president likely changed the format after feeling that earlier meetings focused too much on briefing outside directors, leaving too little room for the discussion they were meant to foster.

**Sakai:** Management Council meetings are a valuable opportunity for outside directors to collect information and grasp management realities, but the topics executives should discuss naturally differ from those that directors should discuss. I believe our Board of Directors meetings also maintain a good atmosphere that encourages open discussion between internal and outside directors.

**Meiga:** We discuss important matters not only at Board of Directors meetings but also in other, less formal settings. Over the past year, we have had several such discussions. After Ms. Watase noted that oversight of Group companies was insufficient, we began inviting Group company presidents to share updates directly with us. There is still room for improvement, but being able to hear what is happening at our Group companies feels like a step forward.

## Making steady progress with structural reforms despite a challenging business environment

**Meiga:** As we all know, the Stage II medium-term business plan was a challenging period, as sales of our main products slumped amid changes in the business environment due to international affairs. At the same time, growth in potential next-generation core products has slowed for a number of reasons. Even so, I can see that we are steadily carrying out essential measures such as upgrading production facilities, investing in new projects, and advancing structural reforms.
Our next challenge will be to rebuild the market position of our lagging main products and accelerate the growth of our next-generation core products.

**Sakai:** What I consider most important is not how closely we meet our numerical targets, but how we improve our underlying profitability. While earnings are affected by exchange rates and other external factors, it is essential to understand our true earning power, take appropriate measures, and continue building our profit-generating potential. This will require taking calculated risks under firm risk management and making forward-looking investments that may take time to produce returns.

**Watase:** It takes roughly 10 years to develop a new agrochemical product, requiring long-term investment in R&D. During that time, external conditions such as exchange rates and market competition continue to change. Therefore, it is important that we secure stable earning power from existing products to support these kinds of long-term investments and adapt to a changing business environment.

**Meiga:** While I view quality and other aspects of product performance as the most important factors in maintaining competitiveness, the ability to produce high-quality products at low cost is also a key source of strength. The chemical industry in particular involves many processes spanning from raw material procurement to final production, and raw material prices and supply and demand conditions are constantly in flux. In this business environment, reducing production costs and securing a stable supply of raw materials are also important challenges.

**Sakai:** When we reviewed the financial KPIs for our long-term vision, the executives proposed that we evaluate their feasibility based on long-term forecasts, peer company trends, and input from external experts. Through this process, we reinforced our foundation. However, progress will not necessarily be as smooth going forward. Japan's chemical industry, which is closely linked to our supply chain and other aspects of our business, is undergoing major restructuring, and our business environment continues to change significantly. As we approach our Stage III medium-term business plan in FY 2027/3, I believe this is a pivotal time to hold in-depth discussions on how to address our fundamental business challenges before setting new financial targets. We must have substantive discussions to define the Company's high-level direction, with active participation from outside directors.

**Watase:** We have arranged a series of sessions to review the Stage III business plan, with separate discussions for each business segment. While I hope we can move forward with the previously announced KPIs, I am confident that even if challenges arise, we can develop more concrete strategies in future sessions.

## Enhancing management sophistication by strengthening our governance functions

**Watase:** Mr. Meiga, as the newly appointed Chair of the Nomination and Remuneration Advisory Committee, would you agree that discussions on succession planning and compensation structure have become more in-depth?

**Meiga:** Succession planning discussions mainly focus on competencies, background, and personal qualities. In the area of human resource development, we have shifted to a personnel system that better motivates employees, which may help us to attract new talent. At the same time, I can see that the Company is increasingly using M&A as a means of acquiring talent in new business domains.

**Sakai:** Since we already have a highly specialized and diverse talent portfolio across R&D, manufacturing, sales, and the Head Office, we need to determine how to boost employee motivation while remaining competitive. I believe that initiatives such as a new personnel system, mid-career hiring, and workstyle reforms show that we are taking a proactive approach to human capital management.

**Meiga:** When I think about the role of governance in addressing management challenges, I believe outside directors can contribute by examining how sensitively the Company responds to changes in the business environment and by evaluating the potential opportunity losses if certain measures are not implemented, which encourages rational decision-making.
In particular, for new business domains where management has limited understanding of market conditions, discussions that place greater emphasis on risk management are essential. I hope to draw on my many years of experience in the manufacturing industry to contribute to the Company's sustainable growth by helping it respond appropriately to changes in the business environment and to risks.

**Sakai:** There are two areas I particularly focus on in governance. The first is making the rationale behind management decisions as transparent and quantifiable as possible. Since outside directors may not possess the same technical expertise in chemistry as management, we have the essential role of confirming the soundness of the Company's internal reasoning from an external viewpoint and promoting accountability in management decision-making. The second is constantly increasing our risk awareness and ensuring that risk management systems are functioning, given the Company's wide-ranging operations in Japan and overseas. I emphasize this perspective and strive to provide recommendations as needed. Drawing on my experience in the financial industry, I hope to help enhance corporate value through open exchange of opinions grounded in an understanding of market and investor perspectives.

**Watase:** More so than offering my own opinions, I like to spark insights from executives by asking a lot of questions. Since the executives have such strong technical expertise, I see my role as guiding rational decision-making. Drawing on my experience observing many companies, I intend to continue asking questions and offering suggestions from an objective standpoint. Each of the three outside directors brings a distinct area of expertise, and I feel we complement each other well. I hope to leverage this system to support Nippon Soda's further growth.

# Directors and Executive Officers

## Directors

### Eiji Aga
Representative Director, President

| | |
|---|---|
| April 1985 | Joined the Company |
| April 2010 | Manager, Fine Chemical Dept., Chemicals Business Div. |
| February 2012 | Executive Vice President, Alkaline S.A.S.(Secondment) |
| April 2015 | Manager, Business Strategy & Administration Dept., Chemicals Business Div. |
| April 2017 | Executive Officer, General Manager, Chemicals Business Div., management of Osaka Branch Office |
| April 2018 | Executive Officer, General Manager, Chemicals Business Div. |
| April 2020 | Executive Officer, management of Human Resources Dept. |
| June 2020 | Director, Executive Officer, Supervision of Marketing & Sales, management of Human Resources Dept., and Purchasing & Logistics Dept. |
| April 2021 | Representative Director, President |
| April 2022 | Representative Director, President, management of New Business Planning & Development Dept. |
| April 2023 | Representative Director, President, Supervision of Marketing & Sales and New Business Planning & Development Dept. |
| April 2024 | Representative Director, President Supervision of Marketing & Sales |
| April 2025 | Representative Director, President (current position) |

Board of Directors' meeting attendance: 17/17

### Osamu Sasabe
Director
Senior Executive Managing Officer
Management of Corporate Strategy Dept., DX Promotion Dept., Human Resources Dept., Purchasing & Logistics Div.

| | |
|---|---|
| April 1986 | Joined the Company |
| April 2012 | Manager, Information Systems Dept. |
| April 2016 | Manager, Finance & Accounting Dept. |
| April 2018 | Manager, Corporate Strategy Dept. |
| April 2019 | Executive Officer, Manager, Corporate Strategy Dept. |
| April 2020 | Executive Officer, Group Leader, Corporate Strategy Group, Corporate Strategy Dept., Group Leader, DX Promotion Group, Corporate Strategy Dept. |
| April 2021 | Executive Officer, Manager, Corporate Strategy Dept., Group Leader, DX Promotion Group |
| June 2021 | Director, Executive Officer, management of Human Resources Dept., Manager, Corporate Strategy Dept., Group Leader, DX Promotion Group Representative Director and President of NS Business Support Co., Ltd. (until June 2023) |
| April 2022 | Director, Executive Officer, management of Corporate Strategy Dept., DX Promotion Dept. and Human Resources Dept. |
| June 2022 | Director, Executive Officer, management of Corporate Strategy Dept., DX Promotion Dept., Secretariat Dept. and Human Resources Dept. |
| April 2023 | Director, Executive Managing Officer, management of Corporate Planning Dept. and DX Promotion Dept., General Manager, Purchasing & Logistics Div. |
| April 2024 | Director, Executive Managing Officer, management of Corporate Strategy Dept., DX Promotion Dept., Secretariat Dept., and Human Resources Dept., General Manager, Purchasing & Logistics Div. |
| June 2024 | Representative Director and President, NS Business Support Co., Ltd. (until June 2025) |
| April 2025 | Director, Senior Executive Managing Officer, management of Corporate Strategy Dept., DX Promotion Dept., Human Resources Dept., and Purchasing & Logistics Div. (current position) |

Board of Directors' meeting attendance: 17/17

### Osamu Shimizu
Director
Executive Managing Officer
Supervision of CSR Promotion, management of General Affairs Dept., Legal Dept., and Finance & Accounting Dept.

| | |
|---|---|
| April 1986 | Joined the Industrial Bank of Japan, Limited |
| April 2015 | Joined the Company |
| April 2016 | Deputy Manager, Corporate Strategy Dept. |
| April 2018 | Manager, Finance & Accounting Dept. |
| April 2019 | Executive Officer, Manager, Finance & Accounting Dept. |
| April 2021 | Executive Officer, management of General Affairs Dept., Manager, Finance & Accounting Dept. |
| April 2022 | Executive Officer, management of General Affairs Dept. and Finance & Accounting Dept. |
| June 2022 | Director, Executive Officer, Supervision of CSR Promotion, management of Internal Control & Audit Dept., General Affairs Dept. and Finance & Accounting Dept. |
| April 2023 | Director, Executive Officer, Supervision of Administration and CSR Promotion, Representative Chairman and President, Nisso Namhae Agro Co., Ltd. (current position) |
| June 2023 | Director, Executive Officer, Supervision of Administration and CSR Promotion, Representative Director and President, NS Business Support Co., Ltd. (until June 2024) |
| April 2024 | Director, Executive Officer, Supervision of CSR Promotion, management of Internal Control & Audit Dept., General Affairs Dept., Legal Dept., and Finance & Accounting Dept., Manager, Finance & Accounting Dept. |
| April 2025 | Director, Executive Managing Officer, Supervision of CSR Promotion, management of General Affairs Dept., Legal Dept., and Finance & Accounting Dept. (current position) |

Board of Directors' meeting attendance: 17/17

### Atsuhiro Seshimo
Director
Senior Executive Officer
Supervision of Technology, General Manager of Production Div., Manager of Trade Administration Dept.

| | |
|---|---|
| April 1989 | Joined the Company |
| April 2018 | Manager, Technical Research Laboratory, Nihongi Plant |
| April 2022 | Executive Officer, Deputy General Manager, Production & Technology Div. and Manager, Production Planning & Management Dept. |
| April 2023 | Executive Officer, General Manager, Takaoka Plant |
| April 2024 | Executive Officer, General Manager, Takaoka Plant, Production Div. |
| January 2025 | Executive Officer, General Manager, Takaoka Plant & Nihongi Plant, Production Div. |
| April 2025 | Senior Executive Officer, General Manager, Production Div. |
| June 2025 | Director, Senior Executive Officer, Supervision of Technology, General Manager, Production Div., Manager, Trade Administration Dept. (current position) |

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

### Yuko Watase
Director (Outside Director)

| | |
|---|---|
| April 1982 | Joined Seika Sangyo GmbH |
| October 1988 | Joined KPMG Minato Audit Corporation (now KPMG AZSA LLC) |
| April 1992 | Registered as a certified public accountant |
| August 1993 | Seconded to KPMG Fides (now KPMG AG, Switzerland) |
| October 1996 | Joined KPMG Century Audit Corporation (now KPMG AZSA LLC) |
| October 2002 | Director, KPMG FAS Co., Ltd. |
| October 2003 | Partner, KPMG FAS Co., Ltd. |
| June 2018 | Managing Director, KPMG FAS Co., Ltd. |
| June 2021 | Resigned as Managing Director, KPMG FAS Co., Ltd. |
| June 2022 | Outside Director of the Company (current position) |

Board of Directors' meeting attendance: 17/17

### Takayoshi Meiga
Director (Outside Director)

| | |
|---|---|
| April 1977 | Joined Nippon Steel Corporation |
| November 2000 | Manager, Steel Dept., Sakai Steelworks, Construction Materials Business Division, Nippon Steel Corporation |
| April 2007 | Executive Officer, General Manager, Sakai Steelworks, Construction Materials Business Division, Nippon Steel Corporation |
| April 2009 | Executive Officer, General Manager, Yahata Steelworks, Nippon Steel Corporation |
| April 2011 | Managing Executive Officer, Nippon Steel Corporation |
| June 2011 | Managing Director, Nippon Steel Corporation |
| November 2011 | Managing Director, General Manager, Plant Engineering and Facility Management Center, Nippon Steel Corporation |
| April 2012 | Managing Director, Nippon Steel Corporation |
| April 2013 | Director, Nippon Steel Corporation Advisor, Godo Steel, Ltd. |
| June 2013 | Executive Vice President and Sales Supervisor, Godo Steel, Ltd. |
| June 2014 | President and Representative Director, Godo Steel, Ltd. |
| June 2020 | Director and Consultant, Godo Steel, Ltd. |
| June 2021 | Consultant, Godo Steel, Ltd. |
| June 2022 | Retired from Consultant, Godo Steel, Ltd. |
| June 2023 | Outside Director of the Company (current position) |

Board of Directors' meeting attendance: 17/17

### Tatsufumi Sakai
Director (Outside Director)

| | |
|---|---|
| April 1984 | Joined the Industrial Bank of Japan, Limited |
| April 2011 | Executive Officer, Mizuho Corporate Bank, Ltd. Senior Corporate Officer to Director of Strategic Planning Group |
| April 2012 | Executive Officer, General Manager, Group Planning Div., Mizuho Financial Group, Inc. |
| April 2013 | Managing Executive Officer, Head, Investment Banking Unit, Mizuho Financial Group, Inc. |
| April 2014 | Managing Executive Officer, Head, International Banking Unit, Mizuho Financial Group, Inc. |
| April 2015 | Managing Officer, Mizuho Financial Group, Inc. |
| April 2016 | President and CEO, Mizuho Securities Co., Ltd. |
| April 2018 | President and Group CEO, Mizuho Financial Group, Inc. Director, Mizuho Bank, Ltd. Director, Mizuho Trust & Banking Co., Ltd. Director, Mizuho Securities Co., Ltd. |
| June 2018 | Director, President and Group CEO, Mizuho Financial Group, Inc. |
| February 2022 | Director, Mizuho Financial Group, Inc. |
| April 2022 | Advisor, Mizuho Financial Group, Inc. |
| July 2022 | Senior Advisor, Mizuho Financial Group, Inc. (current position) |
| June 2024 | Outside Director of the Company (current position) |
| June 2025 | Audit & Supervisory Board Member, Tokyo Metro Co., Ltd. (current position) |

Board of Directors' meeting attendance: 12/12
(since becoming Company director)

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

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

| | |
|---|---|
| April 1987 | Joined the Company |
| April 2012 | Group Leader, Fine Chemical Group, Chemicals Business Div. |
| July 2013 | Group Leader, Sodium Business Group, Chemicals Business Div. |
| April 2014 | Manager, Sodium Business Dept. and Business Strategy & Administration Dept., Chemicals Business Div. |
| April 2015 | Executive Vice President, Alkaline S.A.S. (Secondment) |
| October 2017 | Chief, Chemicals Business Div. |
| April 2018 | Deputy Manager, Corporate Strategy Dept. |
| April 2020 | Executive Officer, management of Special Missions (until March 2021) |
| June 2020 | Managing Director, Nisso Fine Co., Ltd. |
| April 2021 | Executive Officer of the Company |
| April 2022 | Executive Officer, management of Special Missions |
| June 2022 | 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 | Registered as attorney-at-law (Dai-Ichi Tokyo Bar Association) and joined South Toranomon Law Offices (now STLM Law Offices) |
| January 2012 | Partner (current position) |
| June 2019 | Independent Director, HIGASHI TWENTY ONE CO., LTD. (now HIGASHI HOLDINGS CO.,LTD.) (current position) |
| June 2020 | Outside Director and Audit and Supervisory Committee member of the Company (current position) |
| June 2025 | Director, Higashi Twenty One Co., Ltd. (newly established 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 | Joined Nissan Motor Co., Ltd. |
| October 1988 | Joined Chuo Shinko Audit Corporation (now MISUZU Audit Corporation) |
| March 1992 | Registered as a Certified Public Accountant |
| November 1993 | Seconded to Coopers & Lybrand in Germany |
| August 2000 | Joined MISUZU Audit Corporation |
| September 2006 | Senior Partner, MISUZU Audit Corporation |
| August 2007 | Partner, Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC) |
| July 2021 | Representative, Yoshida Hayato Certified Public Accountant Office (current position) |
| June 2022 | Outside Director and Audit and Supervisory Committee member of the Company (current position) Outside 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
**Akira Mitani**
General Manager, Research & Development Div.

Executive Officer
**Akemi Osawa**
General Manager, Nihongi Plant, Production Div.
General Manager, Takaoka Plant, Production Div.

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

Executive Officer
**Tamotsu Tanimura**
President, Nisso Fine Co., Ltd.

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

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

Executive Officer
**Satoshi Sekizawa**
Supervision of Business Process Re-engineering Project

Executive Officer
**Jiro Sawada**
General Manager, Purchasing & Logistics Div., Manager, Purchasing Dept., and Deputy General Manager, Chemicals Business Div.

Executive Officer
**Takatoshi Shinbo**
Manager, Human Resources Dept.

Executive Officer
**Kunihito Ito**
Manager, Corporate Strategy Dept.

# Corporate Governance

## Corporate Governance Highlights

| Directors | Directors who are members of the Audit and Supervisory Committee | Outside directors | Female directors |
|---|---|---|---|
| 7 (Average duration of tenure: 2.57 years) | 3 | 5 (50%) | 2 (20%) |

| Members of the Nomination and Remuneration Advisory Committee | Number of meetings of the Board of Directors | Number of meetings of the Audit and Supervisory Committee | Number of meetings of the Management Council | Number of investors with whom we held meetings |
|---|---|---|---|---|
| 4 (President and three outside directors) | 17 | 15 | 34 | 301 |

## 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**

## A History of Strengthening Governance

### Aiming to Strengthen Governance

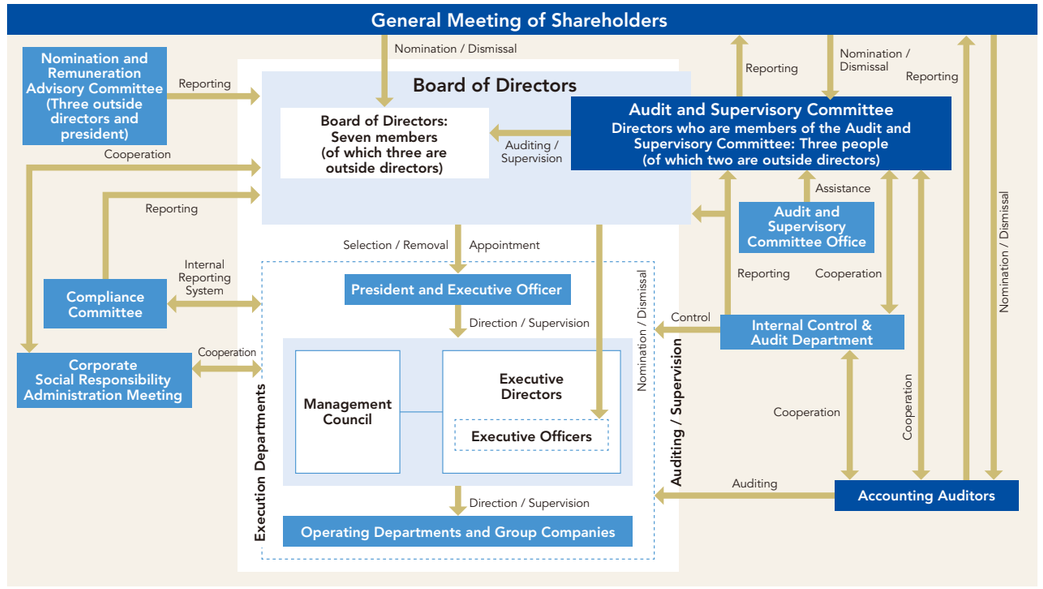
- Strengthen management supervision and improve operational agility
- Increase the diversity of the Board of Directors
- Enhance management transparency and fairness
- Strictly comply with laws and ordinances and corporate ethics

| | |
|---|---|
| FY 2013/3 | Established CSR Administration Meeting<br>Abolished the executive retirement benefit system |
| FY 2014/3 | Introduced an executive officer system (number of directors reduced from 14 to 7)<br>Nominated 1 outside director |
| FY 2016/3 | Nominated 2 outside directors (increased by 1 person; including 1 woman)<br>Started effectiveness assessment of the Board of Directors |
| FY 2017/3 | Reviewed the executive remuneration system (introduced a performance-based share remuneration plan, board benefit trust (BBT)) |
| FY 2018/3 | Established Remuneration Advisory Committee |
| FY 2019/3 | Established Nomination and Remuneration Advisory Committee<br>Utilized external organization for effectiveness assessment of the Board of Directors |
| FY 2021/3 | Transitioned to a company with an audit and supervisory committee |
| FY 2023/3 | 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, and chaired by an outside director. 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 company-wide 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, driving the PDCA cycle to promote continuous improvement.

## 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.

## Nomination of 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:

(1) A person who does business with the Company or its subsidiaries as a principal customer or an executive thereof
(2) A primary business partner of the Company or its subsidiaries or an executor of such business
(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
(4) A person who has fallen into any of the above categories (1) to (3) in the past year
(5) The spouse or a relative within the second degree of kinship of the following persons:
1. A person who falls under (1) to (4) on the left
2. A person who is, or has been in the past year, an executive of the Company or its subsidiaries
3. A person who is currently, or has been in the past year, a nonexecutive director of the Company or a subsidiary of the Company

## Skills Matrix

At the Nippon Soda Group, the mission we have set in our long-term vision (FY 2021/3–FY 2030/3) 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) | 5 years | ● | | ● | | ● | | |
| Osamu Sasabe | Male | Director, Senior Executive Managing Officer | 4 years | | ● | ● | | | | |
| Osamu Shimizu | Male | Director, Executive Managing Officer | 3 years | | ● | | | ● | ● | |
| Atsuhiro Seshimo | Male | Director, Senior Executive Officer | New appointment | | | | ● | ● | ● | |
| Yuko Watase | Female | Director | 3 years | | ● | ● | | ● | | |
| Takayoshi Meiga | Male | Director | 2 years | ● | | | ● | | ● | |
| Tatsufumi Sakai | Male | Director | 1 year | ● | ● | | | ● | | |
| Nobuyuki Hori | Male | Director, Audit and Supervisory Committee member (Full time) | 3 years | | ● | | | | | ● |
| Yoko Waki | Female | Director, Audit and Supervisory Committee member | 5 years | | | | | | | ● |
| Hayato Yoshida | Male | Director, Audit and Supervisory Committee member | 3 years | | ● | | | | | ● |

Outside / Independent

## 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 2025/3 was discussed by the Nomination and Remuneration Advisory Committee on June 7, 2024. 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 27, 2024. 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 2025/3 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.

* This was revised to up to 60,000 shares per year due to the share split (two-for-one split of common shares) carried out on October 1, 2024

### 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] | 218 [34] | 101 [34] | 95 [ − ] | 21 [ − ] | 8 [4] |
| Directors (Audit and Supervisory Committee members) [Outside directors] | 48 [22] | 48 [22] | − [ − ] | − [ − ] | 3 [2] |
| Total [Outside directors] | 267 [56] | 149 [56] | 95 [ − ] | 21 [ − ] | 11 [6] |

Note 1: The above number of persons and remuneration include one outside director (excl. Audit and Supervisory Committee members) who left office on June 27, 2024 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[1] + Performance-linked amount for the current fiscal year.[2]
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 (%)[3] × 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: ¥1,097 million (compared with plan)
- Increase/decrease in consolidated ROE: -1.0 percentage points (compared with the previous year result)
- Increase/decrease ratio in non-consolidated operating profit: 91.6% (compared with plan), 92.5% (compared with the previous year result)
- ROE: 9.3%
- Increase/decrease in consolidated operating profit: ¥938 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: ¥5,316

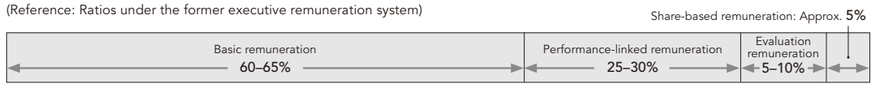
Note 3: Four directors (excl. outside directors, part-time directors, and directors who are members of the Audit and Supervisory Committee) are eligible for the transfer restricted share remuneration system.
Note 4: Of total non-monetary remuneration for directors (excl. members of the Audit and Supervisory Committee and outside directors), transfer restricted share remuneration accounts for ¥21 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.

## 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 | Calculated by the following formula, using an index that shows the results and performance of the current fiscal year.<br>Policy on decisions (formula)<br>Prior-fiscal year performance-linked remuneration + Adjustment of performance-linked remuneration for the current fiscal year[1] + Performance-linked amount for the current fiscal year.[2]<br>1. Adjustment of performance-linked remuneration for the current fiscal year:<br>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<br>2. Performance-linked amount for the current fiscal year:<br>Calculated based on the following formula.<br>Standard points based on position × Index coefficient for the current fiscal year (%)[3] × Prior-fiscal year average share price<br>3. Index coefficient for the current fiscal year<br>Determined within a range of 0% to 200% using a matrix table with the two indices below.<br>(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)<br><br>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. |
| (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 | Approximate ratios<br>Basic remuneration: Performance-linked remuneration: Evaluation remuneration: Share-based remuneration 40%:40%:5%:15%<br>  <br>(Reference: Ratios under the former executive remuneration system)<br>  |
| (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 shares are granted every year based on an allotment agreement. Transfer restrictions are lifted when the recipient 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 2016/3, 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. These interviews were conducted in FY 2019/3, FY 2022/3, and FY 2025/3. In FY 2025/3, a questionnaire comprising the topics below that was created by an outside organization was given to all directors, including directors who are Audit and Supervisory Committee members. Based on these results, the outside organization conducted interviews with all directors, and the Board of Directors examined and discussed its understanding of its current level of effectiveness in consideration of the interview findings.

As a result, overall, it was confirmed that the Board of Directors was functioning effectively. Most notably, the assessment confirmed that key strengths include that the Board of Directors is well balanced in terms of members' experience and skills, that meetings are conducted in an open manner that encourages active discussion, and that information is appropriately shared with and provided to outside directors. However, it also confirmed that meetings of the Board of Directors should include more in-depth discussion from a medium- to long-term perspective.

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

Survey topics
(1) Board of Directors' roles and functions (enhancement of discussions on medium- to long-term management strategies and fulfillment of supervisory functions for matters related to nomination and remuneration)
(2) Board of Directors' size and composition (number of directors and independent outside director ratio, and ensuring skill and diversity)
(3) Operation of the Board of Directors (number of meetings, frequency, time; provision of materials; meeting proceedings, etc.)
(4) Establishment of internal control systems and related systems (establishment and supervision of internal control, risk management, and internal reporting systems, etc.)
(5) Outside directors' functions (advice and supervision from outside directors, etc.)
(6) Relationship with shareholders and investors (systems for dialogue with shareholders and investors, shareholder and investor feedback on Board of Directors, etc.)

# Compliance

For more details, see ESG Data Book 2025 (p. 85–88)

## 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) Responding to stakeholder expectations and trust (3) Compliance with various kinds of business laws (4) Regulation of donations and political fund contributions (5) Severance of relations with anti-social forces (6) Environmental conservation/protection (7) 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) Accountability for this Code of Conduct (4) Violation of this Code of Conduct / consultation hotline (5) Penalty |

The Nippon Soda Group Code of Conduct
**https://www.nippon-soda.co.jp/e/sustainability/governance/pdf/code_of_conduct.pdf**

## Compliance Promotion System

Nippon Soda has established a Compliance Committee, chaired by the director in charge of compliance and with legal departments serving as the secretariat, to ensure thorough corporate conduct based on compliance with laws and ordinances and corporate ethics throughout the Group. An effective governance system for the Committee has been established, with the Board of Directors receiving reports on the Committee's meetings and overseeing amendments and abolition of its regulations, and the representative director overseeing the appointment and dismissal of the chair and vice-chair. Furthermore, to ensure thorough implementation of the Nippon Soda Group Code of Conduct, the Group has assigned compliance officers to each department, worksite, and subsidiary.

The Nippon Soda Group has established an internal reporting system (consultation desk) whereby employees of the Group who have committed acts that violate the Nippon Soda Group Code of Conduct or who become aware of violations by other employees, can consult directly with the Compliance Committee Secretariat, an external attorney or members of the Audit and Supervisory Committee.

## 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 promoting 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 per year or more. In addition, we have e-learning programs aimed at promoting 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 conduct seminars on responding to internal reports. Furthermore, we conduct an annual compliance survey of all employees to monitor the level of awareness of the Code of Conduct.

For more details, see ESG Data Book 2025 (p. 86)

# Risk Management

For more details, see ESG Data Book 2025 (p. 89–91)

### Building a Risk Management System

Under the supervision of the Board of Directors, we establish our risk management system to ensure it remains effective and responsive to changes in the business environment. Critical risks that may significantly impact management must be reported to the Board of Directors, and response measures must be approved by the Board to ensure appropriate decision-making. At the same time, we strengthen our internal control environment through organizational structure enhancements such as establishing specialized committees and responsible departments based on the nature of each risk, building an audit system independent of business departments, and coordinating with accounting audit firms. In parallel with these organizational structure enhancements, we develop operational rules and internal regulations tailored to specific risk types for proactive risk management. Should a risk materialize, we take a cross-functional approach to ensure timely resolution and implement recurrence prevention measures to maintain business continuity and safeguard corporate value. Through this series of initiatives, we strengthen our risk management system in support of sustainable growth.

## Internal Controls

### Status of Internal Control 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, process safety and disaster prevention/business continuity plan (BCP), occupational safety and health, 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 before they occur.
(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 of 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 53% of our sales in Chemical Materials and Agri Business 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; changes in trade policy in major countries; 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 that 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 revising 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 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 when selling new products or making quality improvements in accordance with ISO 9001 to ensure that PL problems are prevented. 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 in areas such as environmental protection, process safety and disaster prevention, occupational safety and health, logistics safety, and chemical and product safety, 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 2016/3 | FY 2017/3 | FY 2018/3 | FY 2019/3 | FY 2020/3 | FY 2021/3 | FY 2022/3 | FY 2023/3 | FY 2024/3 | FY 2025/3 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating Results | | | | | | | | | | | |
| Net sales | (Millions of yen) | 142,711 | 128,647 | 141,230 | 145,663 | 144,739 | 139,363 | 152,536 | 172,811 | 154,429 | 155,199 |
| Operating profit | (Millions of yen) | 7,415 | 5,365 | 6,390 | 7,906 | 8,135 | 9,980 | 11,930 | 16,893 | 13,872 | 16,063 |
| Operating profit on sales (ROS) | (%) | 5.2 | 4.2 | 4.5 | 5.4 | 5.6 | 7.2 | 7.8 | 9.8 | 9.0 | 10.4 |
| Share of profit (loss) of entities accounted for using equity method | (Millions of yen) | 11,728 | 4,898 | 2,239 | (1) | 1,841 | 1,856 | 3,063 | 7,841 | 6,319 | 2,701 |
| Ordinary profit | (Millions of yen) | 18,952 | 9,908 | 9,204 | 8,888 | 10,312 | 12,743 | 16,512 | 26,456 | 23,297 | 19,529 |
| Profit attributable to owners of parent | (Millions of yen) | 14,313 | 8,785 | 6,378 | 5,802 | 6,759 | 7,360 | 12,683 | 16,692 | 16,612 | 15,011 |
| Financial Position | | | | | | | | | | | |
| Total assets | (Millions of yen) | 220,587 | 217,302 | 219,457 | 216,212 | 210,556 | 227,975 | 245,585 | 251,350 | 290,492 | 288,097 |
| Net assets | (Millions of yen) | 131,489 | 138,069 | 144,801 | 144,916 | 144,440 | 149,203 | 158,298 | 170,959 | 189,474 | 188,102 |
| Equity ratio | (%) | 58.5 | 62.3 | 64.6 | 65.6 | 67.1 | 63.9 | 63.5 | 67.3 | 64.7 | 64.8 |
| Interest-bearing debt | (Millions of yen) | 49,847 | 39,240 | 31,939 | 26,116 | 29,220 | 39,145 | 40,247 | 32,376 | 48,996 | 50,304 |
| Debt-to-equity ratio[1] | (Times) | 0.39 | 0.29 | 0.23 | 0.18 | 0.21 | 0.27 | 0.26 | 0.19 | 0.26 | 0.27 |
| Return on equity (ROE) | (%) | 11.5 | 6.6 | 4.6 | 4.1 | 4.8 | 5.1 | 8.4 | 10.3 | 9.3 | 8.0 |
| Operating profit on assets (ROA) | (%) | 3.4 | 2.5 | 2.9 | 3.6 | 3.8 | 4.6 | 5.0 | 6.8 | 5.1 | 5.6 |
| Cash Flows | | | | | | | | | | | |
| Cash flows from operating activities | (Millions of yen) | 10,639 | 41,236 | 12,085 | 11,677 | 12,449 | 13,821 | 14,545 | 15,590 | 5,729 | 22,636 |
| Cash flows from investing activities | (Millions of yen) | (9,424) | (7,858) | (8,327) | (15,280) | (10,399) | (13,770) | (11,620) | (4,863) | (9,594) | (17,557) |
| Free cash flow[2] | (Millions of yen) | 1,215 | 33,377 | 3,758 | (3,603) | 2,050 | 51 | 2,924 | 10,726 | (3,865) | 5,079 |
| Cash flows from financing activities | (Millions of yen) | (1,323) | (14,620) | (9,485) | (7,534) | (1,161) | 1,722 | (4,802) | (10,441) | 6,694 | (5,389) |
| Cash and cash equivalents at end of period | (Millions of yen) | 14,494 | 33,146 | 27,585 | 16,536 | 17,200 | 19,253 | 17,898 | 18,484 | 22,187 | 21,634 |
| Per Share Indicators | | | | | | | | | | | |
| Earnings per share | (Yen) | 232.02 | 143.52 | 105.67 | 96.14 | 112.14 | 127.59 | 227.19 | 299.39 | 298.71 | 272.56 |
| Net assets per share | (Yen) | 2,072.28 | 2,242,55 | 2,349.29 | 2,349.05 | 2,367.12 | 2,582.54 | 2,798.51 | 3,035.05 | 3,414.78 | 3,391.15 |
| Dividend per share | (Yen) | 30 | 30 | 30 | 30 | 40 | 55 | 90 | 120 | 120 | 140 |
| Dividend payout ratio | (%) | 12.9 | 20.9 | 28.4 | 31.2 | 35.7 | 43.1 | 39.6 | 40.1 | 40.2 | 51.4 |
| Others | | | | | | | | | | | |
| Capital expenditure | (Millions of yen) | 6,764 | 6,512 | 8,589 | 8,026 | 8,824 | 7,718 | 13,113 | 13,255 | 7,484 | 10,313 |
| Depreciation | (Millions of yen) | 6,242 | 6,397 | 6,532 | 6,966 | 7,578 | 7,662 | 8,577 | 9,078 | 7,842 | 7,832 |
| R&D costs | (Millions of yen) | 6,670 | 6,495 | 7,250 | 6,241 | 6,127 | 5,791 | 5,844 | 6,309 | 6,422 | 6,609 |
| Non-financial Indicators | | | | | | | | | | | |
| Carbon dioxide emissions | (Thousand metric tons) | 194 | 200 | 207 | 201 | 200 | 189 | 192 | 148 | 130 | 109 |
| Energy consumption (in crude oil equivalent) | (ML) | 96.1 | 97.0 | 98.8 | 96.3 | 93.3 | 90.3 | 95.2 | 71.1 | 63.3 | 63.2 |
| Number of employees (consolidated) | (Persons) | 2,664 | 2,684 | 2,683 | 2,724 | 2,744 | 2,770 | 2,785 | 2,418 | 2,402 | 2,432 |

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 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.

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 earlier stagnation of economic activity. However, there was continued uncertainty surrounding the future due to concerns surrounding overseas economies and growing geopolitical risks.

Under such circumstances, at the Nippon Soda Group we promoted our long-term vision (FY 2021/3–FY 2030/3) and medium-term business plan (FY 2024/3–FY 2026/3), and poured all our efforts into various measures aimed at enhancing corporate value.

In the consolidated fiscal year under review, although we adjusted export sale shipments to optimize distribution inventory in our Agri Business, due to steady performance in sales in the Chemical Materials business and plant construction projects in the Engineering business, net sales was ¥155,199 million (on par with the previous year) and operating profit was ¥16,063 million (up 15.8% year on year).

Meanwhile, ordinary profit was ¥19,529 million (down 16.2% year on year) due to a decrease in profit of entities accounted for using the equity method and foreign exchange gains recorded in the previous year. Profit attributable to owners of parent was ¥15,011 million (down 9.6% year on year) mainly due to recorded gains on the sale of investment securities.

## Results by Segment

### Chemical Materials

Although sales of industrial chemicals decreased, sales of fine chemicals, pharmaceuticals and industrial fungicides, and specialty chemicals increased.

As a result, net sales and operating profit in the consolidated fiscal year under review were ¥36,442 million (up 1.1% year on year) and ¥6,074 million (up 97.0% year on year), respectively.

In industrial chemicals, although sales of phosphorous chloride increased, overall sales decreased due to decreases in sales of sodium cyanide and caustic soda.

Overall sales of fine chemicals increased due to growth in non-phenolic color developer for thermal paper.

Overall sales also increased in specialty chemicals due to growth in sales of the resin additive NISSO-PB.

Sales of eco business products were on par with the previous year.

Moreover, growth in sales of our pharmaceutical excipient NISSO HPC ensured that sales of pharmaceuticals and industrial fungicides increased.

### Agri Business

Due to factors such as our adjustment of export sale shipments to optimize distribution inventory and declining sales in overseas markets, sales of insecticides, acaricides for export decreased.

As a result, net sales and operating profit in the consolidated fiscal year under review stood at ¥53,588 million (up 1.0% year on year) and ¥5,115 million (down 23.4% year on year), respectively.

In fungicides, despite a decrease in sales of TOPSIN-M (thiophanate-methyl) for export, increases in sales of PYTHILOCK (picarbutrazox) and PANCHO TF (cyflufenamid-triflumizole) for export meant that overall sales increased.

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

Overall sales of herbicides increased due to an increase in sales of CONCLUDE (flupoxam).

### Trading & Logistics

Despite a decrease in sales of products such as organic and inorganic materials, sales of resin raw materials increased. As a result, net sales and operating profit in the consolidated fiscal year under review were ¥42,818 million (up 4.7% year on year) and ¥2,417 million (up 12.7% year on year), respectively.

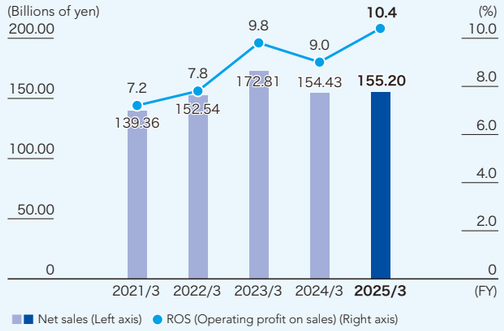
### Engineering

A jump in profitability of plant construction works saw net sales and operating profit in the consolidated fiscal year under review come to ¥13,138 million (down 19.6% year on year) and ¥2,368 million (up 37.2% year on year), respectively.

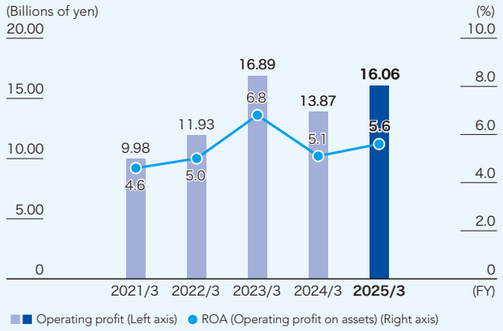
### Eco Solutions

Although sales of nonferrous metals and recycled sulfuric acid showed steady performance, performance in waste disposal was sluggish. As a result, net sales and operating profit in the consolidated fiscal year under review were ¥9,212 million (up 13.9% year on year) and ¥99 million (down 39.6% year on year), respectively.

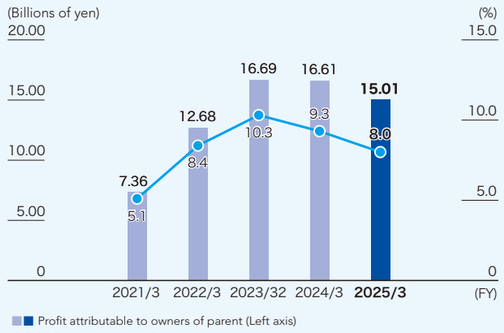
### Net Sales, ROS



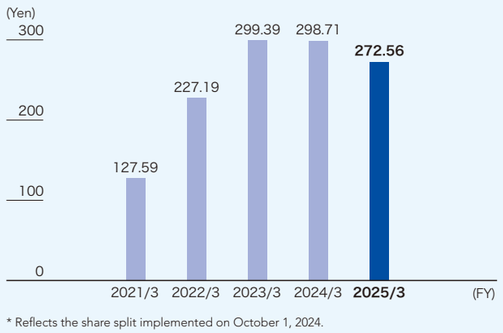

### Operating Profit, ROA




### Profit Attributable to Owners of Parent, ROE




### Earnings per Share




* Reflects the share split implemented on October 1, 2024.

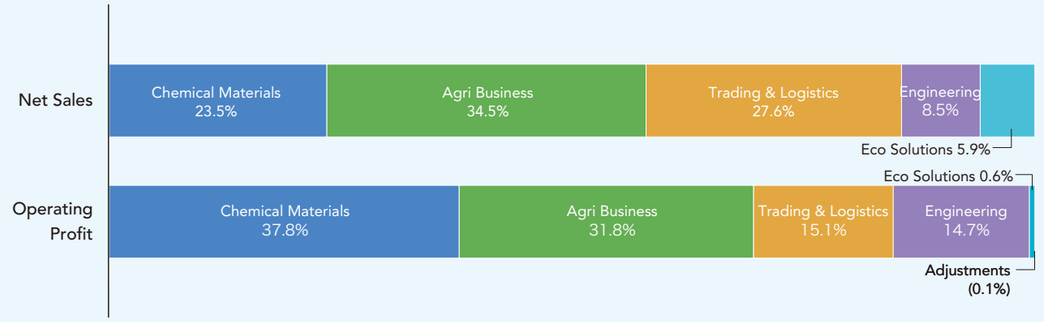
### Consolidated Results for FY 2025/3 (By Segment)

(Billions of yen)

| | FY 2023/3 | | FY 2024/3 | | FY 2025/3 | |
|---|---|---|---|---|---|---|
| | Net Sales | Operating Profit | Net Sales | Operating Profit | **Net Sales** | **Operating Profit** |
| Chemical Materials* | 48.79 | 2.92 | 36.06 | 3.08 | **36.44** | **6.07** |
| Agri Business | 58.76 | 9.47 | 53.04 | 6.67 | **53.59** | **5.12** |
| Trading & Logistics | 43.63 | 2.19 | 40.90 | 2.15 | **42.82** | **2.42** |
| Engineering | 13.08 | 1.89 | 16.34 | 1.73 | **13.14** | **2.37** |
| Eco Solutions* | 8.56 | 0.48 | 8.09 | 0.16 | **9.21** | **0.10** |
| Adjustments* | — | (0.05) | — | 0.08 | **—** | **(0.01)** |
| Total | 172.81 | 16.89 | 154.43 | 13.87 | **155.20** | **16.06** |

* Profit reporting segments were changed in FY 2025/3. Items related to Nisso Metallochemical Co., Ltd., which were previously listed under "Chemical Materials" and "Adjustments," are now included in "Eco Solutions."

### Revenue Structure in FY 2025/3



## Financial Position

Despite a ¥8,799 million increase in construction in progress, investment securities decreased by ¥6,755 million, and notes and accounts receivable and contract assets decreased by ¥4,820 million. As a result, total assets at the end of the consolidated fiscal year under review decreased ¥2,395 million year on year to ¥288,097 million.

Despite a ¥1,325 million increase in borrowings, total liabilities in the consolidated fiscal year under review decreased ¥1,023 million year on year to ¥99,994 million due to a ¥1,612 million decrease in notes and accounts payable - trade.

Net assets at the end of the consolidated fiscal year under review decreased ¥1,372 million year on year to ¥188,102 million. As a result, the equity ratio as of the end of the consolidated fiscal year under review stood at 64.8%

## Cash Flows

Cash and cash equivalents for the consolidated fiscal year under review decreased ¥552 million to ¥21,634 million. Despite profit before income taxes of ¥20,265 million (including ¥2,701 million of share of profit of entities accounted for using the equity method, a non-cash item) and depreciation of ¥7,832 million, this was mainly attributable to purchase of property, plant and equipment of ¥17,605 million, dividend payments of ¥6,598 million, and corporate tax payments of ¥2,498 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 Agri Business, based on the key concepts of fusion of knowledge, fusion of technologies, and global. With our vision Brilliance through Chemistry, 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 ¥6,609 million (4.3% of consolidated net sales).

### Chemical Materials

The Group is carrying out development of new polymer materials and functional chemicals using precision polymerization technology and organic synthesis technology. We have already launched 1,2-SBS (styrene-butadiene-styrene), a CCL material for advanced telecommunications that uses our precision polymerization technology. Moreover, we have developed a new heat-resistant, flame-retardant CCL material (based on butadiene polymerization) for use in the growing generative AI market, and are currently proposing it to the market. In the precision synthesis area, we are aiming to conduct contract manufacturing using our unique raw materials such as phosgene and metallic sodium, and to create new products. For our existing products, such as 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 enhancing our competitiveness in the market while proactively engaging in R&D for new applications in adjacent areas and new brand development. We are also developing a new brand of cellulose derivative for the pharmaceutical and food sectors, mainly at our in-house Cellulose Technical Application Center (CTAC).

In our development activities for new businesses, we are pursuing new businesses in the animal health field as well as in electronic materials, including technology related to organic electroluminescence and front-end semiconductor manufacturing. We are also committed to ongoing creation of new businesses for the future through partnerships with startups and academia.

R&D costs in Chemical Materials were ¥2,154 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. We anticipate a further increase in sales in Asia, particularly China, South Korea, and Indonesia. DANYOTE (acynonapyr), an acaricide that has a new mode of action, continues to grow in popularity, mainly in Japan and South Korea, five years on from its launch. MIGIWA (ipflufenoquin), a fungicide that is effective against a broad range of diseases, has seen steady sales growth for both its fruit formulation, which was released nationwide in Japan in December 2022, and its vegetable formulation, released the following year. On an international level, as we work to register products in various countries, we are continuing to sell in countries where they are already registered. Moreover, last 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, 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 Agri Business were ¥4,441 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 ¥13 million.

## Capital Expenditure

The Nippon Soda Group made capital investments of ¥10,313 million in the consolidated fiscal year under review, mainly to build mass production facilities for chemical materials and to streamline other manufacturing facilities. Capital expenditures in each segment are as follows.

### Chemical Materials

We made capital investments of ¥5,941 million, mainly focusing on facility work to support increased production of our KrF photoresist material and enhancement, streamlining, maintenance and updating of the manufacturing equipment for various products.

### Agri Business

We made capital investments of ¥1,919 million, mainly focusing on the enhancement, streamlining, maintenance and updating of the manufacturing equipment for various products.

### Trading & Logistics

We made capital investments of ¥1,443 million mainly in streamlining, maintenance and updating.

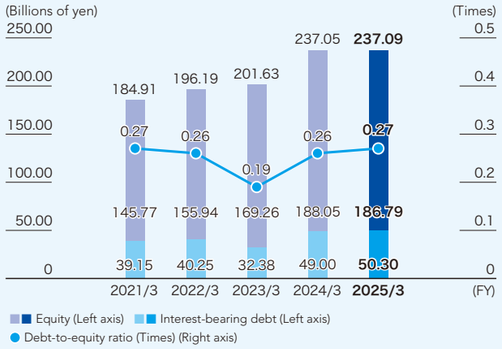
### Engineering

We made capital investments of ¥125 million mainly in streamlining, maintenance and updating.

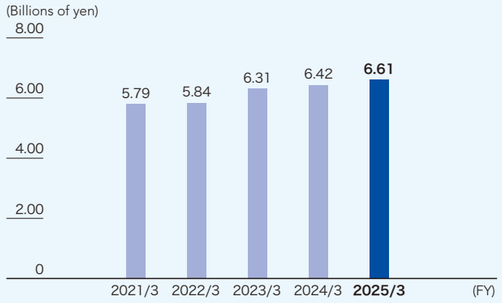
### Eco Solutions

We made capital investments of ¥882 million mainly in streamlining, maintenance and updating.

### Debt-to-Equity Ratio

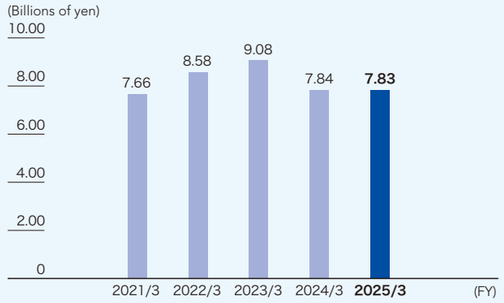



### R&D Costs




### Capital Expenditure


### Depreciation



# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 22,215 | 22,267 |
| Notes and accounts receivable and contract assets | 50,755 | 45,935 |
| Electronically recorded monetary claims - operating | 4,268 | 4,203 |
| Inventories | 51,729 | 53,419 |
| Others | 5,162 | 3,826 |
| Allowance for doubtful accounts | (8) | (9) |
| Total current assets | 134,123 | 129,643 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 69,341 | 71,139 |
| Accumulated depreciation | (45,941) | (46,958) |
| Buildings and structures, net | 23,400 | 24,181 |
| Machinery, equipment and vehicles | 121,442 | 123,015 |
| Accumulated depreciation | (102,391) | (103,642) |
| Machinery, equipment and vehicles, net | 19,051 | 19,373 |
| Tools, furniture and fixtures | 13,573 | 14,001 |
| Accumulated depreciation | (11,051) | (11,597) |
| Tools, furniture and fixtures, net | 2,522 | 2,403 |
| Land | 15,024 | 15,018 |
| Construction in progress | 3,379 | 12,179 |
| Others | 278 | 289 |
| Accumulated depreciation | (196) | (221) |
| Others, net | 81 | 68 |
| Total property, plant and equipment | 63,460 | 73,224 |
| Intangible fixed assets | | |
| Goodwill | 100 | 69 |
| Others | 3,606 | 2,694 |
| Total intangible fixed assets | 3,706 | 2,763 |
| Investments and other assets | | |
| Investment securities | 70,084 | 63,328 |
| Retirement benefit assets | 15,233 | 14,502 |
| Deferred tax assets | 1,797 | 2,082 |
| Others | 2,087 | 2,554 |
| Allowance for doubtful accounts | (1) | (1) |
| Total investments and other assets | 89,201 | 82,465 |
| Total non-current assets | 156,369 | 158,454 |
| Total assets | 290,492 | 288,097 |

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 18,658 | 17,045 |
| Electronically recorded obligations - operating | 3,891 | 3,680 |
| Short-term borrowings | 23,795 | 26,913 |
| Income taxes payable | 914 | 1,797 |
| Provision for bonuses | 6,151 | 5,798 |
| Others | 6,818 | 6,674 |
| Total current liabilities | 60,228 | 61,910 |
| Non-current liabilities | | |
| Long-term borrowings | 25,118 | 23,325 |
| Deferred tax liabilities | 11,076 | 10,675 |
| Retirement benefit liability | 1,283 | 1,270 |
| Provision for environmental measures | 422 | 14 |
| Others | 2,888 | 2,799 |
| Total non-current liabilities | 40,789 | 38,083 |
| Total liabilities | 101,018 | 99,994 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 29,166 | 29,166 |
| Capital surplus | 26,099 | 24,823 |
| Retained earnings | 116,174 | 124,566 |
| Treasury shares | (4,497) | (3,191) |
| Total shareholders' equity | 166,942 | 175,365 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 14,968 | 11,398 |
| Deferred gains or losses on hedges | 30 | (39) |
| Foreign currency translation adjustment | 3,559 | (999) |
| Accumulated remeasurements of defined benefit plans | 2,547 | 1,059 |
| Total accumulated other comprehensive income | 21,105 | 11,419 |
| Non-controlling interests | 1,425 | 1,317 |
| Total net assets | 189,474 | 188,102 |
| Total liabilities and net assets | 290,492 | 288,097 |

## Consolidated Statements of Income

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|---|---|
| Net sales | 154,429 | 155,199 |
| Cost of sales | 111,729 | 110,264 |
| Gross profit | 42,699 | 44,934 |
| Selling, general and administrative expenses | 28,827 | 28,871 |
| Operating profit | 13,872 | 16,063 |
| Non-operating income | 10,412 | 5,050 |
| Non-operating expenses | 987 | 1,584 |
| Ordinary profit | 23,297 | 19,529 |
| Extraordinary income | 1,611 | 3,262 |
| Extraordinary losses | 3,569 | 2,526 |
| Profit before income taxes | 21,338 | 20,265 |
| Income taxes - current | 3,146 | 3,787 |
| Income taxes - deferred | 1,487 | 1,351 |
| Total income taxes | 4,634 | 5,138 |
| Profit | 16,704 | 15,127 |
| Profit attributable to non-controlling interests | 91 | 115 |
| Profit attributable to owners of parent | 16,612 | 15,011 |

## Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|---|---|
| Profit | 16,704 | 15,127 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,975 | (3,570) |
| Deferred gains or losses on hedges | (2) | (2) |
| Foreign currency translation adjustment | 1,385 | (456) |
| Remeasurements of defined benefit plans | 2,341 | (1,467) |
| Share of other comprehensive income of entities accounted for using equity method | 3,950 | (4,319) |
| Total other comprehensive income | 11,649 | (9,817) |
| Comprehensive income | 28,353 | 5,309 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 28,142 | 5,324 |
| Comprehensive income attributable to non-controlling interests | 211 | (15) |

# Consolidated Statements of Changes in Equity

## Fiscal year ended March 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| 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 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Accumulated remeasurements of defined benefit plans | Total accumulated other comprehensive income | Non-controlling interests | Total net assets |
| 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 |

## Fiscal year ended March 31, 2025

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 29,166 | 26,099 | 116,174 | (4,497) | 166,942 |
| Changes during period | | | | | |
| Dividends of surplus | | | (6,619) | | (6,619) |
| Profit attributable to owners of parent | | | 15,011 | | 15,011 |
| Purchase of treasury shares | | | | (2) | (2) |
| Disposal of treasury shares | | 10 | | 22 | 32 |
| Cancellation of treasury shares | | (1,285) | | 1,285 | — |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | (1,275) | 8,392 | 1,306 | 8,422 |
| Balance at end of period | 29,166 | 24,823 | 124,566 | (3,191) | 175,365 |

| | Accumulated other comprehensive income | | | | | | |
|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Accumulated remeasurements of defined benefit plans | Total accumulated other comprehensive income | Non-controlling interests | Total net assets |
| Balance at beginning of period | 14,968 | 30 | 3,559 | 2,547 | 21,105 | 1,425 | 189,474 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (6,619) |
| Profit attributable to owners of parent | | | | | | | 15,011 |
| Purchase of treasury shares | | | | | | | (2) |
| Disposal of treasury shares | | | | | | | 32 |
| Cancellation of treasury shares | | | | | | | — |
| Net changes in items other than shareholders' equity | (3,570) | (69) | (4,558) | (1,487) | (9,686) | (108) | (9,795) |
| Total changes during period | (3,570) | (69) | (4,558) | (1,487) | (9,686) | (108) | (1,372) |
| Balance at end of period | 11,398 | (39) | (999) | 1,059 | 11,419 | 1,317 | 188,102 |

# Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 21,338 | 20,265 |
| Depreciation | 7,842 | 7,832 |
| Amortization of goodwill | 30 | 30 |
| Impairment loss | 908 | 91 |
| Share of loss (profit) of entities accounted for using equity method | (6,319) | (2,701) |
| Increase (decrease) in provision for bonuses | (266) | (351) |
| Increase (decrease) in allowance for doubtful accounts | 0 | 0 |
| Decrease (increase) in retirement benefit assets | (480) | (863) |
| Increase (decrease) in retirement benefit liabilities | (46) | 5 |
| Increase (decrease) in provision for environmental measures | (1,024) | (408) |
| Interest and dividend income | (1,322) | (1,645) |
| Interest expenses | 281 | 425 |
| Loss on abandonment of non-current assets | 1,172 | 1,811 |
| Loss (gain) on valuation of investment securities | 18 | 5 |
| Loss (gain) on sales of investment securities | (1,593) | (3,003) |
| Decrease (increase) in trade receivables | (5,323) | 4,766 |
| Decrease (increase) in inventories | (7,256) | (1,775) |
| Increase (decrease) in trade payables | 2,340 | (1,727) |
| Others | 389 | 395 |
| Subtotal | 10,689 | 23,155 |
| Interest and dividend received | 2,337 | 2,404 |
| Interest paid | (278) | (425) |
| Income taxes paid | (7,018) | (2,498) |
| Cash flows from operating activities | 5,729 | 22,636 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (9,921) | (17,605) |
| Proceeds from sales of property, plant and equipment | 14 | 63 |
| Purchase of intangible assets | (494) | (94) |
| Purchase of investment securities | (413) | (1,332) |
| Proceeds from sales of investment securities | 2,348 | 3,674 |
| Purchase of shares of subsidiaries and associates | (10) | (6) |
| Payment of loans receivable | (1) | (61) |
| Collection of loans receivable | 4 | 4 |
| Payments for retirement of property, plant and equipment | (1,005) | (1,454) |
| Others | (116) | (744) |
| Cash flows from investing activities | (9,594) | (17,557) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 2,900 | (1,650) |
| Proceeds from long-term borrowings | 16,000 | 10,300 |
| Repayment of long-term borrowings | (2,325) | (7,325) |
| Dividends paid | (7,505) | (6,598) |
| Purchase of treasury shares | (2,007) | (2) |
| Dividends paid to non-controlling interests | (130) | (93) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (205) | — |
| Others | (31) | (21) |
| Cash flows from financing activities | 6,694 | (5,389) |
| Effect of exchange rate change on cash and cash equivalents | 873 | (433) |
| Net increase (decrease) in cash and cash equivalents | 3,702 | (743) |
| Cash and cash equivalents at beginning of period | 18,484 | 22,187 |
| Increase in cash and cash equivalents due to merger with a non-consolidated subsidiary | — | 190 |
| Cash and cash equivalents at end of period | 22,187 | 21,634 |

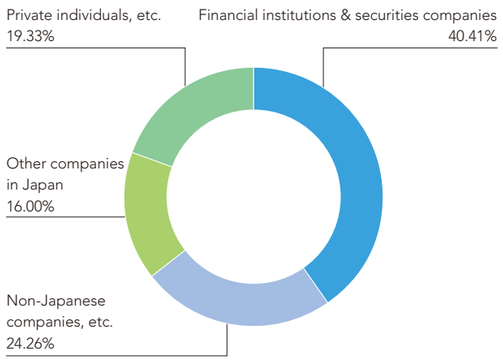
# Company Information / Shareholder and Investor Information

(As of March 31, 2025)

## 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<br>Representative Director, President |
| Established | February 1920 |
| Share capital | ¥29,166 million |
| Fiscal year end | March |
| Number of employees | 2,432 (consolidated)<br>1,346 (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 | 192,000,000 shares |
| Total number of issued shares | 56,787,734 shares<br>(Includes 1,707,450 shares of treasury stock) |
| Number of shareholders | 29,202 (5,075 more than March 31, 2024) |
| Fiscal year | April 1 to March 31 |
| Annual general meeting of shareholders | June of each year |
| Dividend record dates | Year-end dividend: March 31<br>Interim dividend: September 30 |
| Shareholder registrar | Mizuho Trust & Banking Co., Ltd.<br>1-3-3, Marunouchi, Chiyoda-ku, Tokyo |
| Handling office | Stock Transfer Agency Department<br>of the Head Office of<br>Mizuho Trust & Banking Co., Ltd.<br>1-3-3, Marunouchi, Chiyoda-ku, Tokyo<br><br>Contact:<br>Stock Transfer Agency Department<br>Mizuho Trust & Banking Co., Ltd.<br>2-8-4 Izumi, Suginami-ku, Tokyo,<br>Japan 168-8507<br>Tel.: 0120-288-324<br>(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) | 7,691 | 13.94% |
| Custody Bank of Japan, Ltd. (Trust Account) | 4,410 | 8.00% |
| Nippon Soda Client Shareholding Association | 2,038 | 3.70% |
| Mitsui & Co., Ltd. | 2,030 | 3.68% |
| The Norinchukin Bank | 1,769 | 3.21% |
| Mizuho Bank, Ltd. | 1,633 | 2.96% |
| THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AG FUND 2024-09 (LIMITED OT FINANC IN RESALE RSTRCT) | 1,050 | 1.90% |
| Sompo Japan Insurance Inc. | 912 | 1.65% |
| DFA INTL SMALL CAP VALUE PORTFOLIO | 881 | 1.60% |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 873 | 1.58% |

* Of the 1,707,450 shares of treasury stock held by the Company, the above does not include 1,621,602 shares, excluding the 85,848 shares held under the share benefit plan (J-ESOP).

## Group Companies

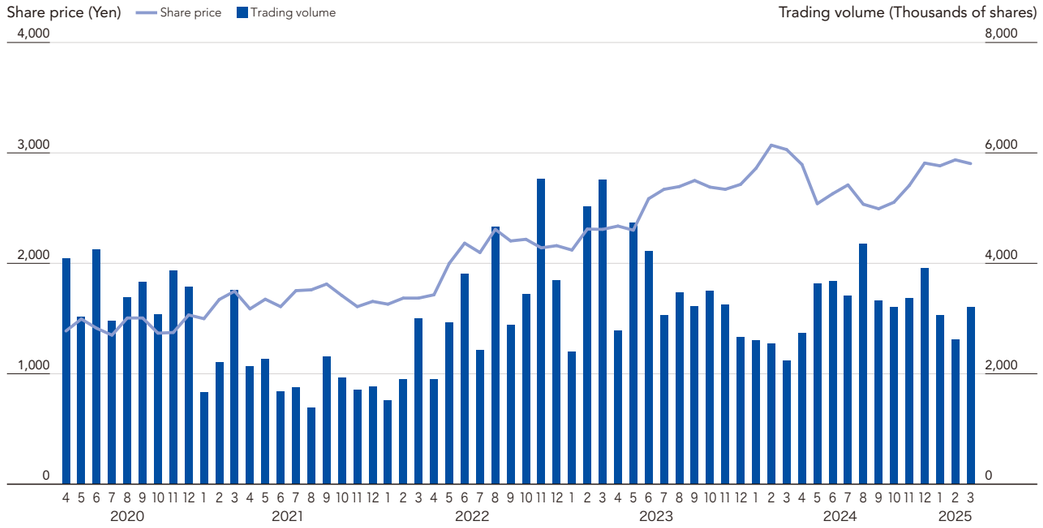
### Consolidated subsidiaries

- **Chemical manufacturing**
  Nisso Fine Co., Ltd.
  Shinfuji 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 carried out a two-for-one share split of its common shares on October 1, 2024. The above graph shows figures that reflect the effects of the share split.

| | | FY 2021/3 | FY 2022/3 | FY 2023/3 | FY 2024/3 | FY 2025/3 |
|---|---|---|---|---|---|---|
| Profit attributable to owners of parent | (Billions of yen) | 7.36 | 12.68 | 16.69 | 16.61 | 15.01 |
| Total dividends | (Billions of yen) | 3.13 | 5.03 | 6.69 | 6.66 | 7.72 |
| Dividend payout ratio | (%) | 43.1 | 39.6 | 40.1 | 40.2 | 51.4 |
| Purchase of treasury shares | (Billions of yen) | 4.83 | 1.23 | 0.00 | 2.00 | 0.00 |
| Total return ratio | (%) | 108.2 | 49.3 | 40.1 | 52.1 | 51.4 |

## 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/