

ANNUAL REPORT 2016

For the fiscal year ended March 31, 2016



NIPPON SODA CO., LTD.

Profile

Creating new value through the power of chemistry

Working on diverse themes to create new value through the power of chemistry.

Since our founding in 1920, Nippon Soda has accumulated unique technologies and know-how, and provided highly functional and high-value-added chemical products in such diverse fields as agriculture, pharmaceuticals and specialty chemicals.

Furthermore, as a company that handles chemical substances, we have always been mindful of the doctrine of responsible care and have driven business activities with attention to the environment, safety and health.

Additionally, amid desires for environmental protection and a safe, comfortable lifestyle, we have responded to the varied needs of society as a trusted company.

Going forward, Nippon Soda will contribute to the building of a rich society that realizes the dreams of the next generation through innovative technologies and products.



Nisso



**Chemicals
Division**



**Agro
Products
Division**



**Trading
Division**



**Transportation/
Warehousing
Division**



**Construction
Division**



**Other
Division**

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Disclaimer Regarding Forward-Looking Statements

Statements made in this annual report with respect to Nippon Soda Co., Ltd.'s current plans, strategies and beliefs are not historical facts. Rather, they are forward-looking statements based on the Company's estimates and beliefs, which management formed through analysis of currently available information. Many factors could cause actual results to differ from these forward-looking statements. These factors include the potential risks and uncertainties of all business environments, as well as the changing consumer preferences and demands, the acceptance of our products and our ability to continue providing necessary services in the face of stiff competition in the Japanese chemical field, the Company's main line of business.

Consolidated Financial Highlights

Nippon Soda Co., Ltd. and its consolidated subsidiaries
Years ended March 31

| | Millions of Yen | | | | Thousands of U.S. Dollars | |
|--|-----------------|-----------|-----------|-----------|---------------------------|--------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2016 |
| Net sales | ¥ 121,118 | ¥ 127,581 | ¥ 140,649 | ¥ 148,062 | ¥ 142,711 | \$ 1,274,212 |
| Gross profit | 29,184 | 30,681 | 35,325 | 36,285 | 37,036 | 330,681 |
| Selling, general and administrative expenses | 24,477 | 26,586 | 28,926 | 29,000 | 29,620 | 264,468 |
| Operating income | 4,706 | 4,094 | 6,399 | 7,285 | 7,415 | 66,213 |
| Profit before income taxes | 9,307 | 7,346 | 8,196 | 13,070 | 18,992 | 169,577 |
| Profit attributable to owners of parent | 7,044 | 5,303 | 5,833 | 10,945 | 14,313 | 127,797 |
| Net assets | 91,671 | 100,246 | 108,224 | 127,181 | 131,489 | 1,174,015 |
| Total assets | 179,230 | 193,344 | 204,297 | 221,285 | 220,587 | 1,969,531 |

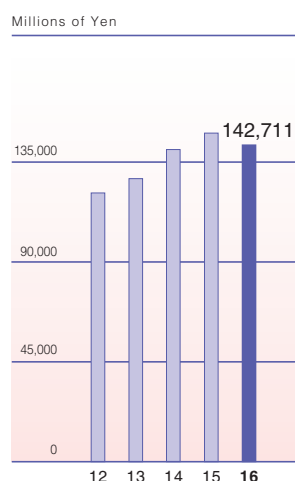
| | | | | | | |
|----------------------|-----|-----|-----|-----|------|--|
| Return on equity (%) | 8.4 | 5.9 | 5.9 | 9.9 | 11.5 | |
| Return on assets (%) | 3.9 | 2.7 | 2.9 | 4.9 | 6.5 | |
| Operating margin (%) | 3.9 | 3.2 | 4.5 | 4.9 | 5.2 | |

Per Share Data

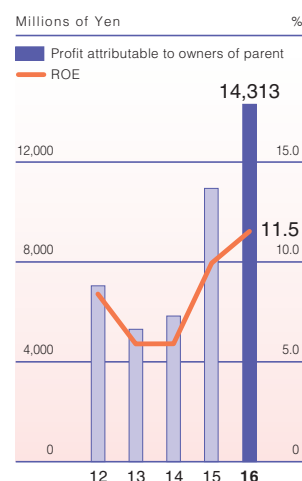
| | Yen | | | | U.S. Dollars | |
|----------------------|---------|---------|---------|---------|--------------|--------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2016 |
| Earnings per share | ¥ 46.31 | ¥ 34.87 | ¥ 38.36 | ¥ 72.00 | ¥ 92.81 | \$ 0.8 |
| Shareholders' equity | 566.26 | 621.16 | 672.41 | 794.87 | 828.91 | 7.40 |

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥112=U.S. \$1.00.

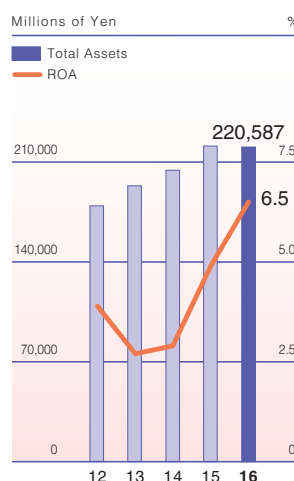
Net Sales



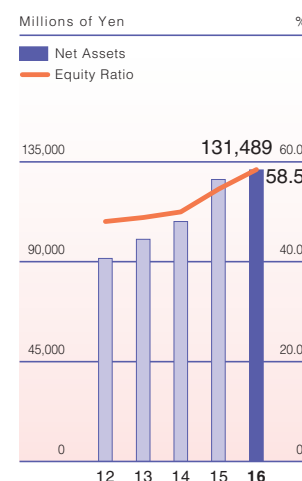
Profit attributable to owners of parent & ROE



Total Assets & ROA



Net Assets & Equity Ratio



In presenting the Annual Report 2016, first allow me to give you an overview of our business performance and activities

Analysis and evaluation of the operating environment and results for the fiscal year under review (fiscal 2016, ended March 31, 2016)

During fiscal 2016, the Japanese economy continued to recover at a moderate pace, supported by improvement in the employment situation and pickup in personal consumption. Nevertheless, the future outlook remained uncertain due in part to concerns over the business slowdown in China and sluggish growth in emerging economies. In February 2016, the

Bank of Japan introduced a policy of negative interest rates to spur economic recovery, but the results have yet to become apparent.

In the chemicals industry, the continuing low price of crude oil worked to reduce costs, but the business environment remained shaky from the beginning of the year due to rapid yen appreciation and falling stock prices.



Akira Ishii
President



In this situation, the Nippon Soda Group worked to boost sales of existing products, develop new ones, and expand its overseas operations. However, in the Agro Products Division, exports of insecticide, acaricide, and herbicide were weak, reflecting a drop in grain prices. Domestic sales were also weak, due to unseasonable weather and a decrease in agricultural disease and pests. Additionally, R&D costs increased with progress in the development of new agrochemicals that we plan to gradually start selling from 2017 onward, putting pressure on income.

In the Chemicals Division, sales of industrial chemicals and chemical products were lackluster due to the stagnation of demand in and outside Japan reflecting the slowdown in the Chinese economy. Still, overall sales were strong, as steady progress was made with the sales promotion and development of applications in the

cellulose derivatives business and functional polymer business, which we have positioned as growth drivers.

As a result, consolidated net sales declined 3.6% year on year to ¥142,711 million, and operating income advanced 1.8% to ¥7,415 million. Ordinary income rose 27.0% to ¥18,952 million with an increase in income from investments accounted for by the equity reflecting the strong performance of a feed additive manufacturing company in the United States. Profit attributable to owners of parent jumped 30.8% to ¥14,313 million.

Taking a comprehensive view of the need to maintain stable dividends, enhance shareholders' equity, and improve our financial position, we set a year-end dividend of ¥7 per share. Combined with the already-paid interim dividend of ¥5 per share, this will increase the annual dividend by ¥2 per share to ¥12.

Implementation of the medium-term business plan (April 2013 to March 2017) and future challenges

The current medium-term business plan represents the second step of Nippon Soda's long-term vision, *Chemigress to 100*, which aims to take us to even greater heights by 2020, the centenary of our foundation. Under the plan, we are focusing on three priority initiatives: (1) increase the driving force for growth, (2) strengthen and restructure our business foundation, and (3) enhance the Group's comprehensive capabilities.

Priority initiative 1:

Increase the driving force for growth

In the Agro Products Division, the development of new agrochemicals is proceeding smoothly. We plan to launch the new fungicide NF-171 in 2017. Aiming to follow this with the launch of the acaricide NA-89 and the fungicide NF-180, we are proceeding with full-scale development.

Together with the development of new products, we are working to boost productivity in the production of agrochemical progenitors and

to strengthen our stable supply system in South Korea and China, the same as with production in Japan, with the aim of implementing global sales promotion measures for existing mainstay products such as Mospilan and Topsin-M.

In the Chemicals Division, sales promotion is proceeding smoothly for NISSO HPC pharmaceutical additive, which is a key strategic product in the cellulose derivatives business. We are trying particularly to enhance our local technical and sales staff to ramp up overseas sales. Moreover, the expansion of new brands is proceeding with research results obtained using a medium-sized testing facility that was completed last year (the Nihongi Plant in Joetsu City, Niigata Prefecture).

In the functional polymer business, sales of NISSO-PB resin additive (liquid polybutadiene) were strong for use in electronics materials, and we expect NISSO-PB to be used for a wide range of applications in the future.

The metallic sodium business is a global niche field that uses our unique technologies. We are conducting product development and putting in place a stable supply system to meet the needs in this area.

However, there are fields where we have not attained our desired results, and so we must accelerate enhancement of the driving forces for growth, to achieve our long-term goals. We will not only promote this through self-development but also consider early achievement through mergers and acquisitions, to expand and strengthen our businesses.

Priority initiative 2:

Strengthen and restructure our business foundation

We are also taking steps to address globalization, including human resources development. Going forward, we will foster personnel who can achieve successful results by working with a broader perspective and embracing diversity, while promoting the sales growth and development of products and applications for overseas markets, and expanding our overseas production and supply systems.

In addition, we are working to improve the efficiency of business operations and streamline them by promoting information sharing through effective use of information technology devices.

We are also striving continuously to constantly cut costs in production divisions, boost R&D efficiency through cooperation with outside organizations, and improve the efficiency of administrative divisions.

Concurrently, we will explore improvement measures for businesses whose competitiveness is declining and, depending on the results of this, implement measures such as drastic business restructuring.

Priority initiative 3:

Enhance the Group's comprehensive capabilities

Companies in the Nippon Soda Group are working together to implement measures under the Group's current medium-term business plan while strengthening group-wide cooperation and making effective use of business resources. We are striving to establish optimal research,



production, and sales systems and to enhance the competitiveness of both domestic and foreign group companies. As part of this initiative, in 2015 Nippon Soda turned Sanwa Soko Co., Ltd., a subsidiary listed on the Tokyo Stock Exchange's Second Section, into a wholly owned subsidiary through a simplified share exchange.

We will also strive to improve the mobility of the Group as a whole, including making organic, mutual use of human resources.

Priority initiative 4:

Future challenges (in light of income and expenditure)

Fiscal 2017 is the last year for our current medium-term business plan. We will continue to work on measures aimed at achieving our long-term vision, *Chemigress to 100*.

However, it will be difficult to achieve the numerical targets set out in the current medium-term business plan for fiscal 2017, given the fact that we are behind in a number of initiatives. These include the development of new products and the expansion into peripheral fields in the Chemicals Division, which has been positioned as a business to foster, the entry into new fields based on the utilization of company-owned technology, and the expansion of operations

through M&As and business tie-ups with outside organizations. Additionally, the operating environment surrounding the Group is changing greatly, including a slowdown in the global economy and the effects of exchangerate fluctuations on income and expenditure. In view of these circumstances, we have decided to revise the performance goals in the Group's long-term vision and to start formulating the next medium-term business plan aimed at achieving this vision.

In May 2016, a capital increase took place at Novus International, Inc., our company accounted for using the equity method, changing our ownership interest from 35% to 20%. While our ownership interest changed, we will continue working to contribute to the development of the global livestock industry and the resolution of food problems through ongoing investment in and support of Novus International.

In addition, Novus International paid out a special dividend in association with the change in shareholder composition, with Nippon Soda receiving a dividend of ¥30,593 million. We will use this dividend to invest in future growth, make a return to shareholders, and strengthen our financial footing to further develop our business and boost our corporate value.

Outlook for the next fiscal year and priority measures

In fiscal 2017, we forecast consolidated net sales of ¥140 billion (down 1.9% year on year), ordinary income of ¥10,800 million (down 43.0%), and profit attributable to owners of parent of ¥9,300

million (down 35.0%).

We assume exchange rates of ¥110 to the U.S. dollar and ¥130 to the euro. Ordinary income is expected to decline due to a continuing high level

of costs for the development of new products and a decrease in gain on investments accounted for by equity method. Accordingly, profit attributable to owners of parent is also expected to drop slightly year on year.

Although there is extreme uncertainty over the business environment, including prices of raw

materials and fuels and electricity costs, reflecting crude oil prices, as well as the yen appreciation that has continued since the beginning of the year, we will strive to outperform the forecast through steady efforts to enhance our competitiveness.

Message to shareholders (including an overview of our CSR initiatives)

The feeling of uncertainty over the future of the Japanese economy is deepening. As for the Nippon Soda Group, we find ourselves in an operating environment where we must revise the performance goals in our long-term management vision. In fiscal 2017, we will first of all mobilize all the Group's resources to achieve this plan and also start formulating our next medium-term business plan for the performance goals of our new long-term vision. Going forward, we will contribute even more to society through the development and supply of useful products in the agricultural, medical, environmental, and information fields, which are the business fields established in our long-term vision, *Chemigress to 100*.

Nippon Soda started serious corporate social responsibility (CSR) activities in fiscal 2013, and it extended such activities throughout the Group starting in fiscal 2015.

Through these activities, we carry out business activities with ample consideration given to the environment, safety, and quality. At the same time, we will work comprehensively to ensure corporate behavior based on legal compliance and

corporate ethics and further enhance compliance.

With regard to corporate governance, we will improve our monitoring and supervisory functions while speeding up business decision-making and strengthening the business execution function in light of the entry into force of the amended Companies Act and the Corporate Governance Code. At the same time, we will work to promote diversity management so that all employees in the Group's diverse workforce can reach their maximum capability.

Although the environment surrounding the Group remains uncertain, we are determined to continue pushing ahead resolutely with a can-do spirit in fiscal 2017.

We appreciate our shareholders' continued support.

Nippon Soda is actively involved in corporate social responsibility (CSR) activities, and it extended such activities throughout the Group, starting in fiscal 2015. From the perspective of environmental protection and product safety and quality, we will promote business activities that consider the entire lifecycle of products, from production to disposal. At the same time, we will make thorough efforts to ensure corporate behavior based on legal compliance and corporate ethics and further enhance compliance.

As a chemical manufacturer aiming to grow our business while at the same time dealing with dangerous and toxic substances, we give maximum consideration to safety and the environment, maintain harmonious relationships with society and stakeholders, and provide new value.

Corporate Governance

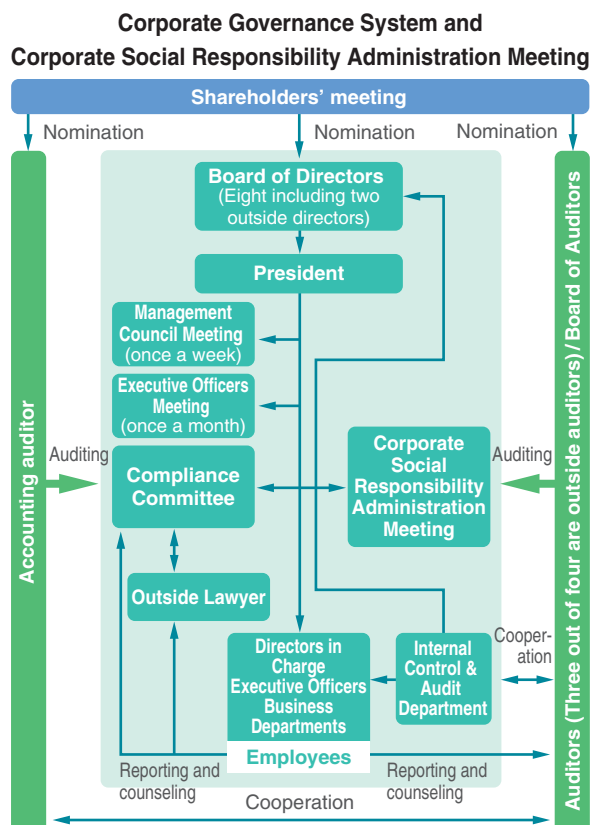
Nippon Soda places primary importance on sound and transparent business management in compliance with the law. Its management philosophy is to contribute to social development through chemistry, to meet expectations from stakeholders, including shareholders, business partners, employees and local communities, and to promote environmentally conscious business practices and activities. Under this philosophy, Nippon Soda is committed to growing into a technology-oriented group that develops high-value-added products by making best use of its proprietary technologies and expands its business with focus on chemistry from international perspectives. We well recognize that, in order to respond, in line with our philosophy, promptly and accurately to a sudden change in the business environment, it is essential to have good corporate governance.

Corporate Governance Status

| | |
|---|--|
| Board Structure | Traditional Two-Tier Board with Auditors |
| Directors | |
| Term | 1 year |
| Minimum/Maximum Number | 3/10 |
| Reduction or Release of Responsibilities | Outsiders only |
| Removal of Directors | Ordinary resolution |
| Auditors | |
| Term | 4 years |
| Minimum/Maximum Number | 3/5 |
| Reduction or Release of Responsibilities | Outsiders only |
| Removal of Directors | Special resolution |
| Shareholder Rights | |
| Share Buybacks | The Board of Directors can make decisions without shareholder approval |
| Appropriation of Surplus Shareholder Proposals on Dividends | Matters to be resolved at General Meeting of Shareholders |

Directors

| Name | Position | Classification | Gender | Tenure (years) |
|------------------|------------------|------------------------|----------------------|----------------|
| Yutaka Kinebuchi | Chairman (Rep.) | Insider | Male | 13 |
| Akira Ishii | President (Rep.) | Insider | Male | 7 |
| Makoto Masuda | | Insider | Male | 9 |
| Hiroyuki Adachi | | Insider | Male | 1 |
| Noriyuki Haketa | | Insider | Male | New |
| Tsutomu Sakuma | | Insider | Male | New |
| Yasuko Takayama | | Outsider | Female | 1 |
| Tetsuo Narukawa | | Outsider | Male | New |
| | | 25.0% Outsiders | 12.5% Females | 3.87 |



Environmental Protection

With the goal of minimizing the impact of our business activities on the environment, the Nippon Soda Group is engaged in environmental protection with a focus on saving energy and resources, reducing and recycling waste, and reducing emissions of harmful substances.

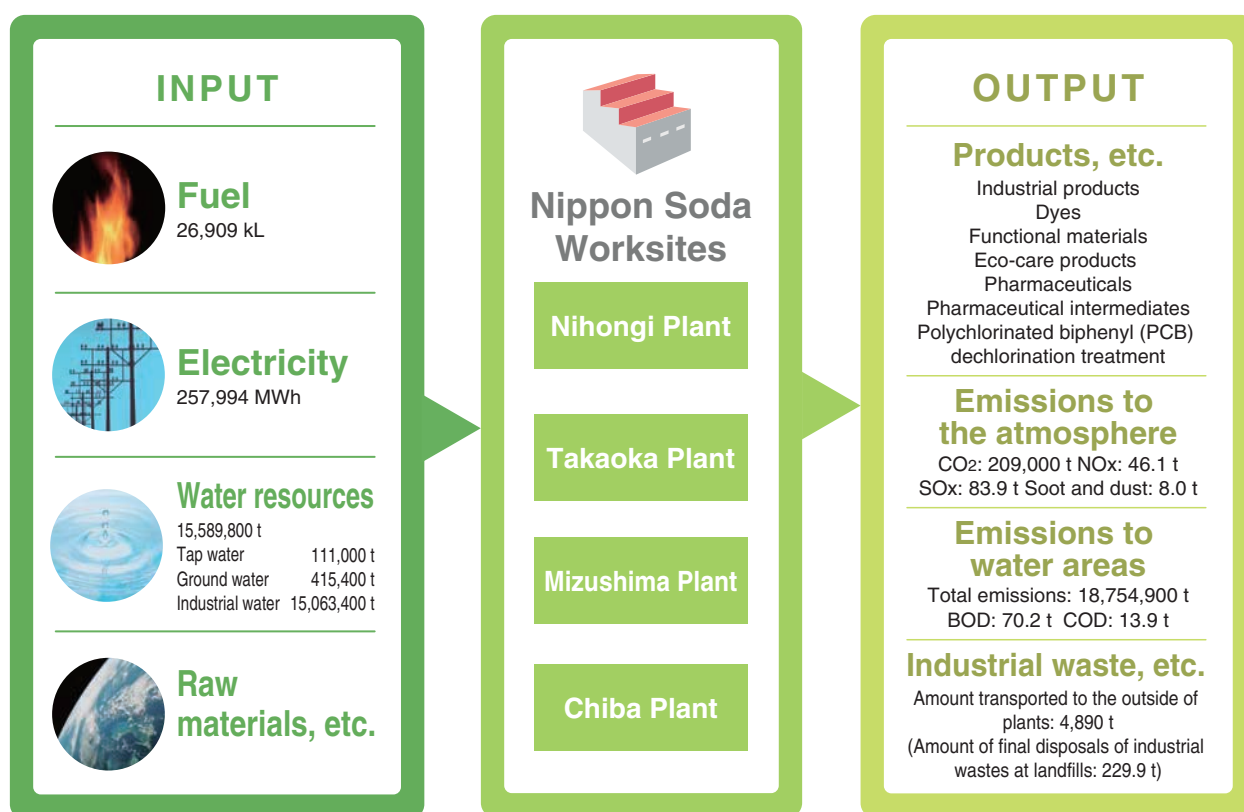
Management approach

It is our responsibility to protect the global environment and contribute to the sustainable development of society. The Nippon Soda Group will continue its efforts not only in preventing environmental pollution and complying with laws and regulations but also in

reducing environmental impacts associated with our business activities (global warming prevention, reduction in generation of waste, and reduction of amount of final, non-reusable waste going to landfills) and developing products and processes with less environmental impact.

Major environmental impacts

The environmental impacts of Nippon Soda's four plants in Japan in fiscal 2016 are shown in the figure below:



Energy saving

Nippon Soda promotes efforts to reduce greenhouse gases. The efficiency of our soda electrolysis technology in particular is ranked among the highest in the world. Furthermore, we place the utmost emphasis on reducing our energy consumption, saving resources and recycling.

Nippon Soda was recognized on the website of the Agency for Natural Resources and Energy of the

Ministry of Economy, Trade and Industry as a company that met the energy benchmark for the soda chemicals sector for fiscal 2015. (This benchmarking system is used to compare energy saving efforts among companies in a specified sector and assess the progress of each company's efforts.)

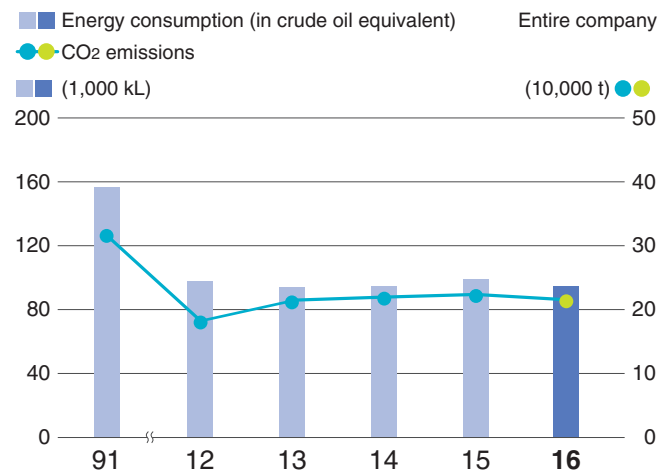
The figure on page 9 shows the change in Nippon Soda's energy consumption and CO₂ emissions.

During the period from 1990, the base year of the



Kyoto Protocol, to last year, Nippon Soda not only improved the energy efficiency of its energy-intensive products (typically represented by electrolysis products), but also added higher functionality and more value to its products. As a result, energy consumption in terms of crude oil equivalent was reduced by 40.0% and CO₂ emissions were cut by 32.9% from 1990 levels. In comparison with the previous year, the energy consumption in crude oil equivalent was cut by 5.1% and CO₂ emissions were also reduced by 4.0%. The major cause for the reduction is the implementation of an energy reduction plan and decreased production.

Changes in energy consumption and CO₂ emissions



Notes: In fiscal 2010 and later years, the amounts of consumption at Head Office, branches and other offices were included. The data collection area at Chiba Plant was changed.

Human Rights / Labor Practices

The Nippon Soda Group focuses its proactive efforts on creating a work environment where human rights are respected and all employees can find their work meaningful and maximize their abilities.

Management approach

Nippon Soda respects individual human rights, recognizes the importance and universality of individual human rights, understands and appreciates diversity among cultures, customs and values, and prohibits the practice of any discriminatory activities.

Nippon Soda respects the unique characteristics of individual employees and consistently takes proactive measures to maintain and improve working conditions by developing and reviewing personnel and employment systems to ensure a work environment where employees can feel comfortable and fulfilled.

Summary of efforts in fiscal 2016

The priority goals in fiscal 2016 were “promotion of diversity” and “improvement in employee satisfaction with the workplace.”

We promoted the employment and promotion of women, older workers, and disabled candidates, partly in accordance with the objective of the Act on Promotion of Women's Participation and Advancement in the Workplace enforced in April 2016. We also improved the work environment and HR systems to encourage a wide variety of employees to actively and willingly engage in their job. To raise awareness and acceptance of diversity, we provided members of the

executive team with training on diversity awareness and line managers with management training.

An employee satisfaction (ES) survey was conducted for the first time in fiscal 2014 to help us understand actual worksite situations. In fiscal 2016, we implemented specific solutions to issues identified in the first ES survey to improve employee satisfaction.

Respect for human rights

Nippon Soda's management philosophy describes our desire to contribute to social development through chemistry and, in doing so, to comply with laws and regulations while promoting sound and transparent business practices. As a matter of course, we place the utmost emphasis on respecting and advocating human rights. The Code of Conduct for the Nisso Group contains a statement on our commitment to stand up for human rights and prohibit discrimination, declaring our respect for the uniqueness and individuality of each employee as well as our pledge to provide a range of personnel and employment systems to suit different employees and to offer working conditions that give rise to comfortable and fulfilling workplaces.

In fiscal 2016, we received no complaints or other reports about discrimination or the infringement of human rights.

Chemicals Division

Fiscal 2016 Results

In the Chemicals Division, sales of industrial chemicals and chemical products were weak because of stagnant demand at home and abroad due to the effects of a slowdown in the Chinese economy, among other factors. On the other hand, overall sales were strong, as steady progress was made in sales promotion and development of applications in the cellulose derivatives business and functional polymer business, which we have positioned as growth drivers.

As a result, the Chemicals Division recorded net sales of ¥40,628 million (down 1.8% year on year) and operating income of ¥2,141 million (up 306.5%).

Despite robust sales of sodium cyanide, industrial chemicals sales declined reflecting a drop in sales of caustic soda and other products.

Chemical product sales fell on a drop in sales of PCB detoxification treatment agent, developer for thermal paper and other products.

Functional materials sales increased, as robust sales of NISSO-PB resin additive and other product offset a decline in sales of some materials for the IT industry.

Eco-care products sales rose with robust exports of the NISSO Hi-Chlon water treatment agent and strong sales of HIDION, a chelating agent for heavy metals, and other products.

Sales of pharmaceuticals and pharmaceutical intermediates advanced with higher sales of HPC pharmaceutical additive and other products.

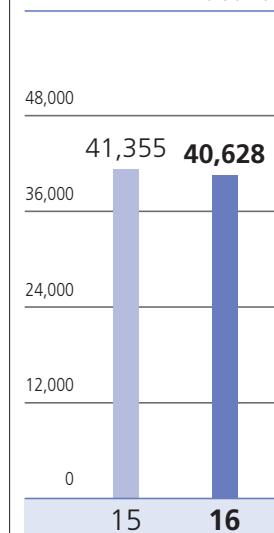
Industrial fungicide sales increased with robust sales of anti-mold agents and antiseptic agents for housing applications.

Business Description

The Chemicals Division is characterized by a diverse product lineup that draws on use of proprietary technology. Its extensive array of products is employed in a wide range of areas. These include the liquid polybutadiene NISSO-PB, which is a specialty chemical created with unique technology, the NISSO HPC pharmaceutical additive, which has a solid reputation as a binding agent in the pharmaceuticals field, where needs are growing, and chlor-alkali products, which have been part of Nippon Soda's business since its founding. The Chemicals Division will continue to create high-quality, high-value-added products that are driven by special technology while focusing on providing stable supplies.

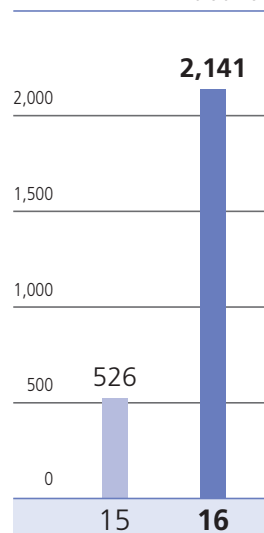
Net Sales

Millions of Yen



Operating Income

Millions of Yen



Chlor-Alkali (Industrial Chemicals)

Caustic soda (liquid, solid, flake)
 Caustic potash (liquid, flake)
 Potassium carbonate
 Hydrochloric acid
 Chlorine (liquid)
 Sodium metal
 Sodium alcoholates (sodium methylate, sodium ethylate)
 Sodium cyanide
 Potassium cyanide
 Aluminum chloride anhydrous
 Phosphorus oxychloride, phosphorus trichloride
 Sulfur derivatives

Specialty Chemicals

Organic Titanate (TPT, TBT, TST, etc.)
 NISSO-PB (liquid-1, 2-polybutadiene)
 O-tolidine diisocyanate
 TITA BOND (adhesive agent for film lamination)
 VP-Polymer (photo resist base resin)
 PSD (color former for carbonless and thermal paper)
 D-8, D-90 (developer for thermal paper)

Eco Business

NISSO HI-CHLON (calcium hypochlorite, AC70%, 65% min)
 NISSO MELSAN (trichloroisocyanuric acid)
 TAKE-ONE (uroliths remover)
 HIDION (the chelating agent for heavy metal)
 NUMERITORI (slime inhibitor for kitchens)
 BISTRAITER (photocatalyst)
 PCB detoxification treatment agent

Pharmaceuticals/Intermediates

DAMN (diaminomaleonitril)
 AOSA (acetoxazetidinone)
 NISSO-HPC, CELNY (hydroxypropyl cellulose)
 FAROPENEM-Sodium

Biocide

Bestcide (bactericides)
 Biocut (fungicides/algaecides)
 Millcut (fungicides for wood)

Agro Products Division

Fiscal 2016 Results

In the Agro Products Division, exports of insecticide, acaricide and herbicide were weak due to a recent drop in grain prices, despite the expectation of a rise in demand for agrochemicals over the medium term as a result of climbing food demand stemming from population growth and economic development in emerging countries. (The percentage of overseas sales was 57.6%.) Domestic sales were also weak because of unseasonable weather and a decrease in agricultural disease and pests. Additionally, R&D costs increased with progress in the development of new agrochemicals that we plan to gradually start selling from 2017 onward.

As a result, the Agro Products Division posted net sales of ¥43,878 million (down 6.7% year on year) and operating income of ¥2,380 million (down 45.2%).

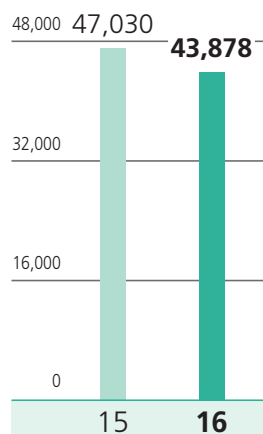
Fungicide sales grew with robust exports of Topsin-M, Bellkute and Pancho. Sales of insecticide and acaricide decreased due to lower exports of Mospilan. Herbicide sales decreased as lower exports of Hoenest outweighed robust sales of Alphard.

Business Description

Since expanding its business into the agrochemical field in the 1950s, Nippon Soda has provided a range of agrochemical products, focused on effectiveness and safety. Topsin-M fungicide, which has become a long-seller since its launch in 1971, is currently used widely in some 90 countries, mainly in the area of fruits and vegetables. In the field of insecticides and acaricides, the insecticide Mospilan, which we began selling in 1995, has found favor in about 100 countries, including Japan, thanks to its effectiveness in exterminating numerous pests, including ones that are difficult to control. We will continue to focus on the development of distinctive agrochemicals that find support around the world for their combination of effectiveness and safety.

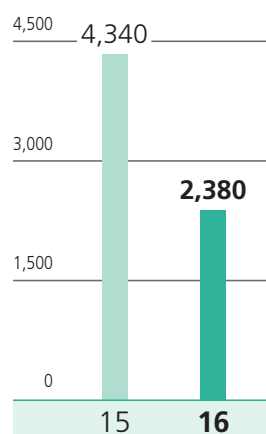
Net Sales

Millions of Yen



Operating Income

Millions of Yen



Fungicides

TOPSIN-M (thiophanate-methyl)
 BEFRAN (iminocladine triacetate)
 BELLKUTE (iminocladine tris (albesilate))
 TRIFMINE (triflumizole)
 PANCHO TF (cyflufenamid·triflumizole)
 AGROCARE (bacillus subtilis)
 MASTERPIECE (pseudomonas rhodesiae)
 FANTASISTA (pyribencarb)
 ETHOFIN (ethaboxam)
 MONSIEUR BORDEAUX (basic copper sulfate)

Insecticides-Acaricides

MOSPILAN (acetamiprid)
 ROMDAN (tebufenozide)
 PHOENIX (flubendiamide)
 VERIMARK (cyantraniliprole)
 NISSORUN (hexythiazox)
 KOTETSU (chlorfenapyr)

Herbicides-Plant Growth Regulator

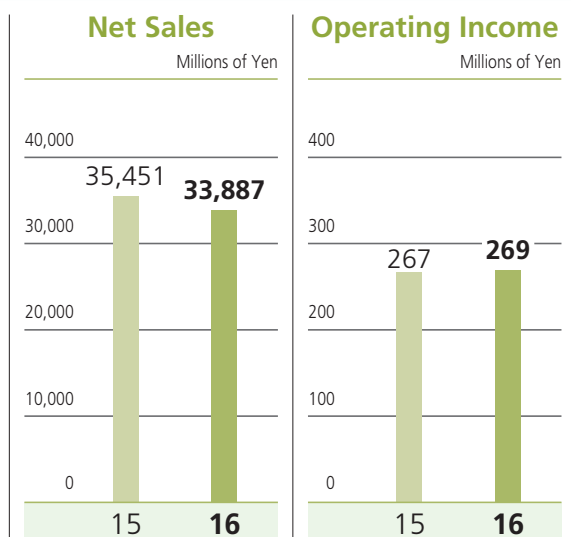
NABU (sethoxydim)
 HOENEST (tepaloxydim)
 CLETHODIM
 EIGEN (pyributicarb)
 CONCLUDE (flupoxam)
 ALPHARD (topramezone)

Fumigants

Trading Division

Fiscal 2016 Results

The Trading Division recorded net sales of ¥33,887 million (down 4.4% year on year) and operating income of ¥269 million (unchanged from the previous year) due to a decline in sales of inorganic chemicals, urethane materials and other products.



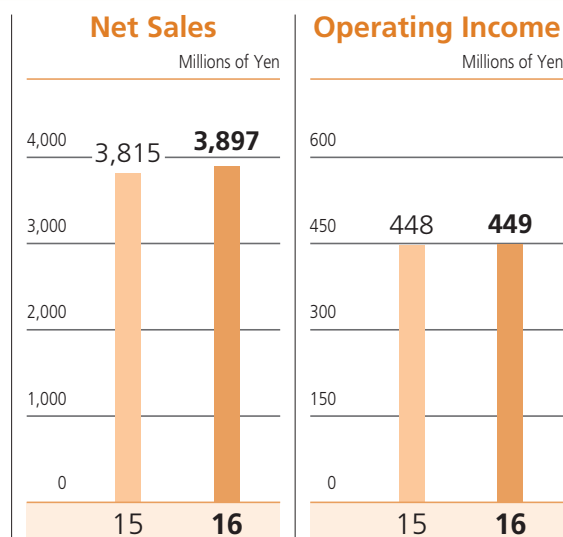
Business Description

Chemical products, functional products, synthetic resins, industrial machines and devices, construction products

Transportation/Warehousing Division

Fiscal 2016 Results

The Transportation/Warehousing Division recorded net sales of ¥3,897 million (up 2.1% year on year) and operating income of ¥449 million (unchanged from the previous year) due to the strong performance of both the transportation and warehousing businesses.



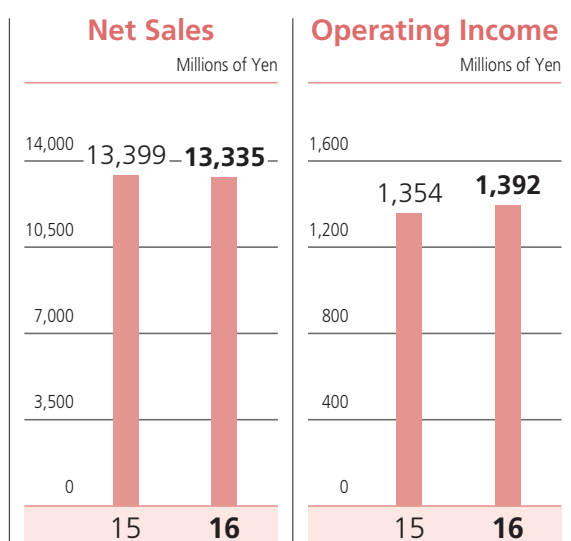
Business Description

Transportation and warehousing of chemicals and hazardous items

Construction Division

Fiscal 2016 Results

The Construction Division posted net sales of ¥13,335 million (unchanged from the previous year) and operating income of ¥1,392 million (up 2.8% year on year) as a result of robust demand for plant construction works.



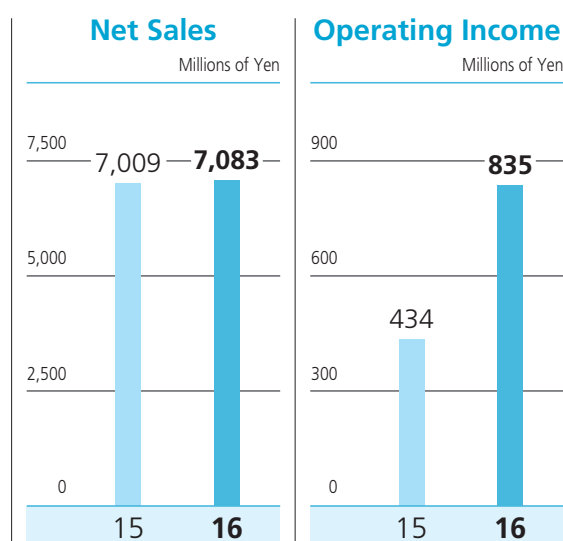
Business Description

Plant construction, civil engineering

Other Divisions

Fiscal 2016 Results

The Other Division recorded net sales of ¥7,083 million (up 1.1% year on year) and operating income of ¥835 million (up 92.2% year on year).



Business Description

Non-ferrous metals, industrial waste treatment

The Nippon Soda Group's basic policy calls for the development of high-value-added products based on our distinctive, proprietary technology. We are working on the R&D of a number of organic chemical products that make use of functional materials and fine organic synthesis technology, which are part of the Chemicals Division. We also undertake R&D in the Agro Products Division with the aim of developing new agricultural chemicals. To anticipate developments in our operating environment, we will further strengthen and expand our product lineup and vigorously promote new product development in fields that are peripheral to existing businesses, as well as in priority fields. At the same time, we aim to enhance the technological capability of Group companies as a whole through technological cooperation with affiliated companies, advance into new technological fields, and create new businesses by fusing new technologies with ones that we already own.

The overview of R&D by business segment for the fiscal year under review is as follows. The aggregate amount of R&D expenses totaled ¥6,670 million (4.7% of consolidated net sales), and there were 382 R&D personnel (14.3% of all employees) in the entire Group.

● Chemicals Division

In the functional materials field, we are proceeding with R&D that leverages our technical features in fields such as new polymer materials created through fine polymerization technology, thin-film lubricant materials, basecoat materials, inclusion catalysts for curing epoxy resin, photocatalyst coating agents, and others. In addition, we work actively to enter new fields, while striving to enhance the competitiveness of the Group's distinctive existing products, including cellulose derivatives, polybutadiene products, developer agents, eco-care and biocide products, and polysilane products.

In the field of precise organic synthetics, we develop material intermediates by utilizing our characteristic raw materials, such as phosgene and hydrocyanic acid. We also aim to create new products by employing new manufacturing technologies.

Our R&D expenses in the Chemicals Division totaled ¥1,516 million.

● Agro Products Division

Given the increasing concern over the safety and reliability of foods, we are conducting R&D in horticulture and farming agrochemicals with sufficient effects in even small volumes and low residuals.

In Japan, we started selling Verimark, an irrigation insecticide, and Ethofin, a fungicide for oomycetes, in 2014, and in 2016 we began selling Avail, a soil insecticide for the seedling period, and Lamic, a fungicide that is effective against powdery mildew and gray mold, aiming to develop new markets.

With respect to new agents developed in-house, in September 2014 we completed an application in Japan for the registration of NF-171, a fungicide with outstanding effectiveness against downy mildew and Pythium blight, and anticipate receiving approval in 2017. We have also steadily advanced the development of NA-89, an acaricide with new effects, and aim to apply for registration in Japan later in 2016. In 2014 we began full-scale development of NF-180, a fungicide effective against a broad spectrum of diseases, and are proceeding smoothly. We have other promising compounds in our pipeline as well, and are earnestly moving them toward the next phase.

In addition to chemistry agrochemicals, we have started selling biological agrochemicals, beginning with Agrocure in 2010 followed by Masterpiece, which is effective against bacterial diseases, in 2014. We will continue our efforts to enhance our line of biological agrochemicals that utilize the diverse abilities of microorganisms.

Our R&D expenses in the Agro Products Division amounted to ¥5,136 million.

● Other Divisions

In the environmental development business, our research seeks to improve processes for resource recycling of various refractory industry waste products.

Our R&D expenses in other divisions totaled ¥18 million.

Consolidated Balance Sheets (Unaudited)

Nippon Soda Co., Ltd. and its consolidated subsidiaries

As of March 31

Millions of Yen

Thousands of
U.S. Dollars

| ASSETS | 2015 | 2016 | 2016 |
|-------------------------------------|-----------|-----------|--------------|
| Current assets | | | |
| Cash and deposits with banks | ¥ 14,875 | ¥ 14,517 | \$ 129,616 |
| Notes and accounts receivable—trade | 44,049 | 42,790 | 382,056 |
| Inventories | 28,400 | 27,913 | 249,225 |
| Deferred tax assets | 1,834 | 2,001 | 17,868 |
| Other | 3,105 | 2,974 | 26,561 |
| Allowance for doubtful accounts | (36) | (214) | (1,915) |
| Total current assets | 92,229 | 89,982 | 803,411 |
| Fixed assets | | | |
| Tangible fixed assets | | | |
| Buildings and structures | 17,177 | 17,079 | 152,491 |
| Machinery, equipment and vehicles | 17,946 | 18,076 | 161,398 |
| Tools, furniture and fixtures | 1,590 | 1,626 | 14,520 |
| Land | 15,370 | 15,341 | 136,974 |
| Lease assets | 353 | 286 | 2,555 |
| Construction in progress | 1,143 | 1,144 | 10,219 |
| Total tangible fixed assets | 53,581 | 53,553 | 478,159 |
| Intangible fixed assets | | | |
| Trade right | 1,173 | 939 | 8,384 |
| Other | 1,322 | 1,140 | 10,183 |
| Total intangible fixed assets | 2,496 | 2,079 | 18,568 |
| Investments and other assets | | | |
| Investment securities | 59,556 | 63,096 | 563,359 |
| Net defined benefit asset | 7,486 | 7,030 | 62,772 |
| Deferred tax assets | 3,065 | 2,319 | 20,712 |
| Other | 2,936 | 2,623 | 23,425 |
| Allowance for doubtful accounts | (66) | (98) | (877) |
| Total investments and other assets | 72,977 | 74,971 | 669,391 |
| Total fixed assets | 129,055 | 130,605 | 1,166,119 |
| Total assets | ¥ 221,285 | ¥ 220,587 | \$ 1,969,531 |

The financial statements are a translation of the Japanese annual securities report's financial statements.



As of March 31

Millions of Yen

Thousands of
U.S. Dollars

| LIABILITIES | 2015 | 2016 | 2016 |
|--|-----------|-----------|--------------|
| Current liabilities | | | |
| Notes and accounts payable—trade | ¥ 21,355 | ¥ 14,670 | \$ 130,982 |
| Electronically recorded obligations—operating | — | 3,376 | 30,145 |
| Short-term borrowings | 31,706 | 35,712 | 318,860 |
| Lease obligations | 231 | 82 | 737 |
| Corporation and inhabitants taxes payable | 1,433 | 905 | 8,088 |
| Accrued bonuses | 3,350 | 3,449 | 30,802 |
| Other | 7,765 | 5,814 | 51,916 |
| Total current liabilities | 65,842 | 64,011 | 571,533 |
| Long-term liabilities | | | |
| Long-term borrowings | 17,292 | 14,019 | 125,172 |
| Lease obligations | 113 | 33 | 296 |
| Deferred tax liabilities | 4,835 | 5,251 | 46,886 |
| Net defined benefit liability | 2,837 | 2,564 | 22,899 |
| Other | 3,182 | 3,217 | 28,727 |
| Total long-term liabilities | 28,261 | 25,086 | 223,983 |
| Total liabilities | 94,104 | 89,097 | 795,516 |
| NET ASSETS | | | |
| Shareholders' equity | | | |
| Capital stock | 29,166 | 29,166 | 260,416 |
| Capital surplus | 26,095 | 29,359 | 262,136 |
| Retained earnings | 52,790 | 64,806 | 578,626 |
| Treasury stock | (659) | (20) | (186) |
| Total shareholders' equity | 107,393 | 123,311 | 1,100,993 |
| Accumulated other comprehensive income | | | |
| Valuation differences on available-for-sale securities | 7,043 | 4,605 | 41,118 |
| Deferred gains or losses on hedges | 34 | (166) | (1,487) |
| Translation adjustments | 5,663 | 1,525 | 13,619 |
| Pension liability adjustment | 689 | (291) | (2,600) |
| Total accumulated other comprehensive income | 13,430 | 5,672 | 50,649 |
| Non-controlling interests | 6,356 | 2,505 | 22,372 |
| Total net assets | 127,181 | 131,489 | 1,174,015 |
| Total liabilities and net assets | ¥ 221,285 | ¥ 220,587 | \$ 1,969,531 |

The financial statements are a translation of the Japanese annual securities report's financial statements.

Consolidated Statements of Income (Unaudited)

Nippon Soda Co., Ltd. and its consolidated subsidiaries

For the years ended March 31

Millions of Yen

Thousands of
U.S. Dollars

| | 2015 | 2016 | 2016 |
|--|-----------|-----------|--------------|
| Net sales | ¥ 148,062 | ¥ 142,711 | \$ 1,274,212 |
| Cost of sales | 111,776 | 105,675 | 943,530 |
| Gross profit | 36,285 | 37,036 | 330,681 |
| Selling, general and administrative expenses | 29,000 | 29,620 | 264,468 |
| Operating income | 7,285 | 7,415 | 66,213 |
| Nonoperating income | 9,067 | 13,513 | 120,658 |
| Interest income | 7 | 7 | 68 |
| Dividends received | 536 | 523 | 4,678 |
| Income from investments accounted for by equity method | 6,338 | 11,728 | 104,714 |
| Other | 2,184 | 1,254 | 11,197 |
| Nonoperating expenses | 1,428 | 1,977 | 17,652 |
| Interest expenses | 564 | 500 | 4,464 |
| Foreign exchange losses | — | 445 | 3,981 |
| Other | 864 | 1,031 | 9,206 |
| Ordinary income | 14,924 | 18,952 | 169,219 |
| Special income | 51 | 636 | 5,682 |
| Gain on sales of noncurrent assets | 47 | 99 | 884 |
| Gain on sales of investment securities | 4 | 509 | 4,551 |
| Other | — | 27 | 246 |
| Special loss | 1,905 | 596 | 5,323 |
| Impairment loss | 1,520 | — | — |
| Loss on disposal of fixed assets | 345 | 352 | 3,143 |
| Loss on valuation of investment securities | — | 173 | 1,548 |
| Other | 39 | 70 | 631 |
| Profit before income taxes | 13,070 | 18,992 | 169,577 |
| Corporation, inhabitants and enterprise taxes | 2,088 | 1,803 | 16,099 |
| Deferred income taxes and other | (206) | 2,711 | 24,206 |
| Profit | 11,188 | 14,478 | 129,271 |
| Profit attributable to non-controlling interests | 243 | 165 | 1,473 |
| Profit attributable to owners of parent | ¥ 10,945 | ¥ 14,313 | \$ 127,797 |

The financial statements are a translation of the Japanese annual securities report's financial statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

Nippon Soda Co., Ltd. and its consolidated subsidiaries

For the years ended March 31

Millions of Yen

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|--|------------------------------------|-------------------------|------------------------------|--|---------------------------|------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Valuation differences on available-for-sale securities | Deferred gains or losses on hedges | Translation adjustments | Pension liability adjustment | Total accumulated other comprehensive income | | |
| Balance as of April 1, 2014 | ¥ 29,166 | ¥ 26,095 | ¥ 44,174 | ¥ (644) | ¥ 98,792 | ¥ 2,919 | ¥ (112) | ¥ 2,067 | ¥ (1,441) | ¥ 3,433 | ¥ 5,999 | ¥ 108,224 |
| Cumulative effects of changes in accounting policies | — | — | (1,112) | — | (1,112) | — | — | — | — | — | (43) | (1,156) |
| Restated balance | 29,166 | 26,095 | 43,061 | (644) | 97,679 | 2,919 | (112) | 2,067 | (1,441) | 3,433 | 5,955 | 107,068 |
| Changes of items during period | | | | | | | | | | | | |
| Dividends from surplus | — | — | (1,216) | — | (1,216) | — | — | — | — | — | — | (1,216) |
| Profit attributable to owners of parent | — | — | 10,945 | — | 10,945 | — | — | — | — | — | — | 10,945 |
| Acquisition of treasury stock | — | — | — | (14) | (14) | — | — | — | — | — | — | (14) |
| Changes of items other than shareholders' equity (net) | — | — | — | — | — | 4,124 | 146 | 3,596 | 2,130 | 9,997 | 400 | 10,398 |
| Total changes of items during period | — | — | 9,729 | (14) | 9,714 | 4,124 | 146 | 3,596 | 2,130 | 9,997 | 400 | 20,113 |
| Balance as of April 1, 2015 | ¥ 29,166 | ¥ 26,095 | ¥ 52,790 | ¥ (659) | ¥ 107,393 | ¥ 7,043 | ¥ 34 | ¥ 5,663 | ¥ 689 | ¥ 13,430 | ¥ 6,356 | ¥ 127,181 |
| Changes of items during period | | | | | | | | | | | | |
| Dividends from surplus | — | — | (2,298) | — | (2,298) | — | — | — | — | — | — | (2,298) |
| Profit attributable to owners of parent | — | — | 14,313 | — | 14,313 | — | — | — | — | — | — | 14,313 |
| Acquisition of treasury stock | — | — | — | (20) | (20) | — | — | — | — | — | — | (20) |
| Disposal of treasury stock | — | (152) | — | 247 | 94 | — | — | — | — | — | — | 94 |
| Increase by share exchanges | — | 3,416 | — | 411 | 3,828 | — | — | — | — | — | — | 3,828 |
| Acquisition by the parent company of the parent company's shares held by its consolidated subsidiaries | — | (0) | — | (0) | (0) | — | — | — | — | — | — | (0) |
| Changes in treasury stock of parent arising from transactions with non-controlling shareholders | — | 0 | — | — | 0 | — | — | — | — | — | — | 0 |
| Changes of items other than shareholders' equity (net) | — | — | — | — | — | (2,438) | (200) | (4,138) | (980) | (7,758) | (3,851) | (11,609) |
| Total changes of items during period | — | 3,264 | 12,015 | 638 | 15,917 | (2,438) | (200) | (4,138) | (980) | (7,758) | (3,851) | 4,308 |
| Balance as of March 31, 2016 | ¥ 29,166 | ¥ 29,359 | ¥ 64,806 | ¥ (20) | ¥ 123,311 | ¥ 4,605 | ¥ (166) | ¥ 1,525 | ¥ (291) | ¥ 5,672 | ¥ 2,505 | ¥ 131,489 |

For the years ended March 31

Thousands of U.S. Dollars

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | | | | Non-controlling interests | Total net assets |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|--|------------------------------------|-------------------------|------------------------------|--|-----------|---------------------------|------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Valuation differences on available-for-sale securities | Deferred gains or losses on hedges | Translation adjustments | Pension liability adjustment | Total accumulated other comprehensive income | | | |
| Balance as of April 1, 2015 | \$ 260,416 | \$ 232,993 | \$ 471,348 | \$ (5,886) | \$ 958,872 | \$ 62,890 | \$ 305 | \$ 50,570 | \$ 6,151 | \$ 119,917 | \$ 56,757 | \$ 1,135,547 | |
| Changes of items during period | | | | | | | | | | | | | |
| Dividends from surplus | — | — | (20,519) | — | (20,519) | — | — | — | — | — | — | (20,519) | |
| Profit attributable to owners of parent | — | — | 127,797 | — | 127,797 | — | — | — | — | — | — | 127,797 | |
| Acquisition of treasury stock | — | — | — | (179) | (179) | — | — | — | — | — | — | (179) | |
| Disposal of treasury stock | — | (1,359) | — | 2,205 | 846 | — | — | — | — | — | — | 846 | |
| Increase by share exchanges | — | 30,505 | — | 3,675 | 34,180 | — | — | — | — | — | — | 34,180 | |
| Acquisition by the parent company of the parent company's shares held by its consolidated subsidiaries | — | (2) | — | (2) | (4) | — | — | — | — | — | — | (4) | |
| Changes in treasury stock of parent arising from transactions with non-controlling shareholders | — | 0 | — | — | 0 | — | — | — | — | — | — | 0 | |
| Changes of items other than shareholders' equity (net) | — | — | — | — | — | (21,771) | (1,793) | (36,950) | (8,752) | (69,268) | (34,384) | (103,652) | |
| Total changes of items during period | — | 29,143 | 107,278 | 5,699 | 142,121 | (21,771) | (1,793) | (36,950) | (8,752) | (69,268) | (34,384) | 38,468 | |
| Balance as of March 31, 2016 | \$ 260,416 | \$ 262,136 | \$ 578,626 | \$ (186) | \$ 1,100,993 | \$ 41,118 | \$ (1,487) | \$ 13,619 | \$ (2,600) | \$ 50,649 | \$ 22,372 | \$ 1,174,015 | |

The financial statements are a translation of the Japanese annual securities report's financial statements.

Consolidated Statements of Cash Flows (Unaudited)

Nippon Soda Co., Ltd. and its consolidated subsidiaries

For the years ended March 31

Millions of Yen

Thousands of
U.S. Dollars

| | 2015 | 2016 | 2016 |
|---|----------|----------|------------|
| Cash flows from operating activities | | | |
| Profit before income taxes | ¥ 13,070 | ¥ 18,992 | \$ 169,577 |
| Depreciation | 6,436 | 6,242 | 55,738 |
| Impairment loss | 1,520 | — | — |
| Amortization of trade right | 234 | 234 | 2,096 |
| Loss (gain) on investments accounted for by equity method | (6,338) | (11,728) | (104,714) |
| Increase (decrease) in allowance for doubtful accounts | 15 | 210 | 1,877 |
| Decrease (increase) in net defined benefit asset | (957) | (1,126) | (10,062) |
| Increase (decrease) in net defined benefit liability | (112) | (46) | (417) |
| Interest and dividends income | (543) | (531) | (4,746) |
| Interest expenses | 564 | 500 | 4,464 |
| Loss (gain) on disposal of fixed assets | 350 | 357 | 3,190 |
| Loss (gain) on valuation of investment securities | — | 173 | 1,549 |
| Loss (gain) on sales of investment securities | (4) | (509) | (4,551) |
| Decrease (increase) in notes and accounts receivable—trade | (76) | 907 | 8,099 |
| Decrease (increase) in inventories | (963) | 328 | 2,932 |
| Increase (decrease) in account payables—purchases | (1,377) | (2,922) | (26,093) |
| Other | (313) | (863) | (7,711) |
| Subtotal | 11,505 | 10,217 | 91,229 |
| Interests and dividend received | 1,957 | 3,364 | 30,044 |
| Interest paid | (563) | (498) | (4,448) |
| Payments of income taxes, etc. | (3,310) | (2,444) | (21,828) |
| Net cash provided by operating activities | 9,588 | 10,639 | 94,997 |
| Cash flows from investing activities | | | |
| Purchases of tangible fixed assets | (5,851) | (6,981) | (62,333) |
| Proceeds from sales of tangible fixed assets | 97 | 111 | 998 |
| Purchases of intangible fixed assets | (372) | (359) | (3,213) |
| Proceeds from redemption of investment securities | 2,000 | — | — |
| Proceeds from sales of investment securities | 8 | 941 | 8,403 |
| Purchase of shares of subsidiaries and associates | — | (2,895) | (25,850) |
| Payments for loans receivable | (91) | (103) | (921) |
| Proceeds from loans receivable | 162 | 135 | 1,207 |
| Other | (552) | (272) | (2,436) |
| Net cash used in investing activities | (4,600) | (9,424) | (84,147) |
| Cash flows from financing activities | | | |
| Net increase (decrease) in short-term borrowings | (1,421) | 4,697 | 41,942 |
| Proceeds from long-term borrowings | 8,000 | 4,822 | 43,058 |
| Repayment of long-term borrowings | (7,565) | (8,440) | (75,365) |
| Dividends paid | (1,212) | (2,290) | (20,452) |
| Repayment of lease obligations | (433) | (238) | (2,133) |
| Other | (142) | 127 | 1,136 |
| Net cash used in financing activities | (2,776) | (1,323) | (11,813) |
| Translation differences on cash and cash equivalents | 238 | (251) | (2,241) |
| Increase (decrease) in cash and cash equivalents | 2,451 | (358) | (3,204) |
| Cash and cash equivalents at beginning of period | 12,402 | 14,853 | 132,622 |
| Cash and cash equivalents at end of period | ¥ 14,853 | ¥ 14,494 | \$ 129,418 |

The financial statements are a translation of the Japanese annual securities report's financial statements.

Overseas Group Companies



Offices

- ① Tokyo Head Office**
2-2-1, Ohtemachi, Chiyoda-ku,
Tokyo 100-8165, Japan
- Osaka Branch Office**
3-4-10, Kouraihashi, Chuo-ku,
Osaka 541-0043, Japan
- Sapporo Office**
- Sendai Office**
- Kanto Office**
- Nagoya Office**
- Shinetsu Office**
- Takaoka Office**
- Matsuyama Office**
- Fukuoka Office**
- Bangkok Representative Office**

Domestic Subsidiaries

- Chemicals**
Nisso Fine Co., Ltd.
Nisso Metallochemical Co., Ltd.
Shin Fuji Kaseiyaku Co., Ltd.
Joetsu Nisso Chemical Co., Ltd.
NISSO BASF Agro Co., Ltd.
- Trading**
Nisso Shoji Co., Ltd.
Nisso Green Co., Ltd.
- Logistics**
Sanwa Soko Co., Ltd.
Sanso Unyu Co., Ltd.
- Engineering**
Nisso Engineering Co., Ltd.
- Civil Engineering and Construction**
Nisso Construction Co., Ltd.
- R&D Consultants**
Nisso Chemical Analysis Service Co., Ltd.

Plants



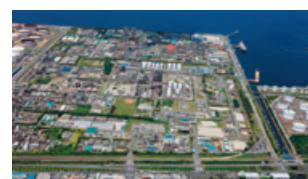
- ④ Nihongi Plant**
950, Fujisawa, Nakago-ku, Joetsu,
Niigata 949-2392, Japan



- ⑤ Takaoka Plant**
300, Mukainohonmachi, Takaoka,
Toyama 933-8507, Japan



- ⑥ Mizushima Plant**
2767-12, Kojima shionasu, Kurashiki,
Okayama 711-0934, Japan



- ⑦ Chiba Plant**
12-8, Goiminamikaigan, Ichihara,
Chiba 290-8530, Japan

Research Centers



- ② Odawara Research Center**
345, Takada, Odawara,
Kanagawa 250-0280, Japan



- ③ Chiba Research Center**
12-54, Goiminamikaigan, Ichihara,
Chiba 290-0045, Japan

- Haibara Field Research Center**
62-1, Sakabe, Makinohara,
Shizuoka 421-0212, Japan

- Bandai Field Research Station**
3967, Sarashina bikuniyama, Bandaimachi
yama-gun, Fukushima 969-3302, Japan

Shareholder Information

(as of March 31, 2016)

Common Stock

Authorized: 480,000,000 shares
 Issued: *155,636,535 shares
 Number of Shareholders: 17,652

Settlement Period March 31 every year

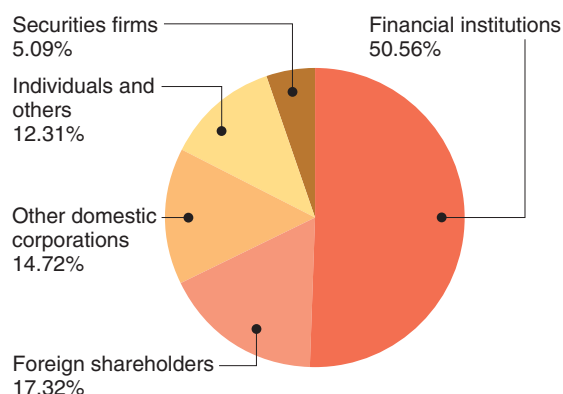
Stock Listing Tokyo Stock Exchange, First Section

Transfer Agent of Common Stock

The Mizuho Trust & Banking Co., Ltd.
 2-1, Yaesu 1-chome, Chuo-ku, Tokyo 103-8670, Japan

* On August 1, 2015, 1,318,905 shares were issued in association with a share exchange with Sanwa Soko Co., Ltd.

Ownership among Shareholders



Principal Shareholders

| | Number of Shares Owned (Thousands) | Percentage of Total Shares Issued (%)* |
|---|------------------------------------|--|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 15,998 | 10.28 |
| Japan Trustee Services Bank, Ltd. (Trust account) | 15,107 | 9.71 |
| MITSUI & CO., LTD. | 5,075 | 3.26 |
| The Norinchukin Bank | 4,422 | 2.84 |
| Shareholding Members of Nippon Soda Clients | 4,195 | 2.70 |
| Mizuho Bank, Ltd. | 4,082 | 2.62 |
| Trust & Custody Services Bank, Ltd. (Securities investment trust account) | 2,938 | 1.89 |
| Japan Trustee Services Bank, Ltd. (Trust account 9) | 2,921 | 1.88 |
| Goldman Sachs Japan Co., Ltd. | 2,776 | 1.78 |
| JPMorgan Chase Bank, 385632 | 2,695 | 1.73 |

* The Company's 30,307 shares of treasury stock were excluded from the calculation of percentage of total shares issued.

TOPIC

Nippon Soda Underwrites Capital Increase at Iharabras through Shareholder Allocation

In response to a capital increase by Brazilian agrochemicals vendor Iharabras S.A. Indústrias Químicas, a company headquartered in São Paulo for which Nippon Soda is a major shareholder, in October last year Nippon Soda decided to underwrite the capital increase.

Iharabras was established in 1965 as the sales office in Brazil of a Japanese agrochemical manufacturer. Since then, it has expanded its net sales, including in recent years, by establishing its own sales channels and boosting sales of products for crops with large markets such as soybeans and corn. Although the recent economic slump in Brazil has affected the country's agrochemical market, the capital increase will significantly reinforce Iharabras' financial standing, enabling it to build stronger relationships with its customers. The company is expected to further strengthen its presence in the Brazilian market as a result.



Iharabras' site

| | |
|----------------------------|---|
| Name | Nippon Soda Co., Ltd. |
| Head Office | 2-2-1, Ohtemachi, Chiyoda-ku, Tokyo 100-8165, Japan |
| Phone | +81-3-3245-6054 |
| Fax | +81-3-3245-6238 |
| Website | http://www.nippon-soda.co.jp/e |
| Established | February 1, 1920 |
| Capital | ¥29,166 million |
| Number of Employees | 1,279 (Consolidated: 2,664) |

Executives

(as of June 29, 2016)

Representative Director, Chairman

Yutaka Kinebuchi

Representative Director, President

Akira Ishii

Directors, Senior Executive Managing Officers

Makoto Masuda
Hiroyuki Adachi

Directors, Executive Managing Officers

Noriyuki Haketa
Tutomu Sakuma

Directors

Yasuko Takayama
Tetsuo Narukawa

Audit & Supervisory Board Members

Mitsuru Kobayashi
Keichi Aoki
Masahiro Murakami
Shigeo Ogi

Executive Officers

Satoshi Tsukamura
Eisaku Okamoto
Akio Morii
Takashi Kishimoto
Akira Kaneko
Masahito Ikeda
Toshimichi Okubo
Izumi Takano
Tateshi Tsujikawa
Nobuyuki Shimoide
Kiyotaka Machii

Group Companies

(as of April 1, 2016)

Domestic Subsidiaries

Chemicals-Agrochemicals

Shinfuji Kaseiyaku Co., Ltd.
NISSO BASF Agro Co., Ltd.

Chemicals-Specialty Chemicals

Nisso Fine Co., Ltd.
Joetsu Nisso Chemical Co., Ltd.

Trading

Nisso Shoji Co., Ltd.
Nisso Green Co., Ltd.

Logistics

Sanwa Soko Co., Ltd.
Sanso Unyu Co., Ltd.

Engineering

Nisso Engineering Co., Ltd.

Civil Engineering and Construction

Nisso Construction Co., Ltd.

Chemicals—Non-Ferrous Metals and Industrial Waste Treatment

Nisso Metallochemical Co., Ltd.

R&D Consultants

Nisso Chemical Analysis Service Co., Ltd.

Overseas Group Companies

NISSO AMERICA INC.

NISSO CHEMICAL EUROPE GmbH

Certis Europe B.V.

Nisso Namhae Agro Co., Ltd.

Alkaline SAS

NIPPON SODA TRADING (SHANGHAI) Co., Ltd.

NISSO BRASILEIRA REPRESENTAÇÃO LTDA.

NISSO KOREA Co., Ltd.

Japan Agro Service (JAS) S.A.

SUMI AGRO Ltd.

Novus International, Inc.

IHARABRAS S/A. INDÚSTRIAS QUÍMICAS

Liling Fine Chemicals Co., Ltd.



Nippon Soda has published a CSR Report

The CSR Report introduces the CSR and responsible care activities of Nippon Soda and its main Group companies.

<http://www.nippon-soda.co.jp/e/environment>

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