

ANNUAL REPORT 2018

For the fiscal year ended March 31, 2018



NIPPON SODA CO., LTD.

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.



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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.

**We will push ahead with efforts to
bolster our business foundation and
further increase our corporate value**



Akira Ishii
President

Operating environment and results for the fiscal year ended March 31, 2018 (fiscal 2018)

Despite the continuing uncertain outlook — due to the unpredictability of overseas markets and other negative influences — the Japanese economy remained on a gradual recovery supported by improvements in employment, corporate earnings, and other factors.

In this environment, the Nippon Soda Group formulated a medium-term business plan (from April 2017 to March 2020) that addresses the core themes of increasing business earnings and creating new businesses. Targeting these objectives, we have begun to further increase our corporate value.

In the Chemicals Division, while higher raw material prices had an impact, there were other, more positive factors, such as a market recovery and increased demand supported by strong sales for industrial chemicals and pharmaceuticals. Also showing progress were the sales of metallic sodium by our consolidated French subsidiary Alkaline SAS.

For the Agro Products Division, although R&D costs for developing new agrochemicals were high, fiscal 2018 brought the sales launch and spirited marketing program for the new fungicide

NF-171. Aggressive sales drives were also used for our existing agro product lineup.

In the other Group divisions for fiscal 2018, performance in the Trading as well as the Transportation and Warehousing Division and Construction Division all improved year on year, both for sales and profits.

As a result, for the fiscal year under review, consolidated net sales rose 9.8% over the previous fiscal year to ¥141,230 million, while operating profit gained 19.1% to ¥6,390 million. Ordinary profit declined by 7.1% to ¥9,204 million, pulled down by the fall in profit at the equity-method affiliate Novus International, Inc. and other related developments. Profit attributable to owners of the parent decreased 27.4% to ¥6,378 million, a reflection of posting a gain on the change in equity in the previous fiscal year.

For shareholders' returns, we continually set our sights on both consistently issuing dividends and on accruing the necessary funds for stable R&D expenses and capital investment. Based on these principles, we issued an annual dividend of ¥12 per share in fiscal 2018, for a dividend payout ratio of 28.4%.

Current status of the medium-term business plan (April 2017 to March 2020) and issues for the future

The Group's medium-term business plan was developed focusing on expanding existing businesses with growth drivers as the core

method, together with creating new businesses and promoting the development and strengthening the Group's business foundation.

Moreover, to ensure stronger growth and expansion beyond the final year of this plan, which coincides with the centennial of the Company's foundation, we are treating these three years as a time to "strengthen our structure" for new growth. With that goal primarily in mind, we are making every effort to strengthen our business foundation, setting the stage for even greater improvement of our corporate value.

1. Expansion of existing businesses

In the Chemicals Division, sales of the pharmaceutical additive NISSO HPC, a key growth driver, are now beyond our initial expectations. Within our current medium-term business plan, the aim is to attain our planned goal of increasing production output while investigating optimal responses to the current growth in demand.

Work has been completed to increase production of the KrF photo resist material VP-Polymer, with plans for operations to get off the ground during fiscal 2019.

For the chlor-alkali business, a solid core sector for Nippon Soda, we are pleased to report a rise in profitability due to revisions in caustic soda prices. Necessary for additional improvements, however, will be higher sales of chlorine as a byproduct, with initiatives now underway to strengthen our business structure with the focus on higher sales of the water treatment chemical NISSO HI-CHLON.

In the Agro Products Division, the main pillar of growth is developing and marketing three new in-house developed agrochemicals. One is the new fungicide NF-171, for which sales began in 2017 and bold steps are being taken to expand

the market presence in Japan. At the same time, we will fulfill the growing need to apply NF-171 to vegetables in North America and Europe as well as for seed treatment by supplying to Syngenta AG, a major Swiss agrochemical producer. For treating seeds, the current strategy is to attain registration in both the United States and Canada during 2019.

Development is also on schedule for the remaining two agrochemicals in the pipeline. For the new acaricide NA-89, for example, we have high hopes for marketing an effective new product in this field. With the new fungicide NF-180, global development is moving ahead in Japan, the United States, and Europe, sparking high expectations for a smooth launch once product sales begin.

Under the existing product lineup, while competition is heating up with generic agrochemicals for application on grains, we will continue to increase sales by differentiating products, such as the development of grain mixtures and highly refined products. Along with this initiative, while we lowered manufacturing costs by bolstering our overseas production system, the growth in production bases also resulted in larger product inventories, an issue that is being tackled by optimizing production systems and other actions that will reduce inventory levels.

In the Transportation and Warehousing Division, though high operating rates are being maintained, this has also acted to hold back expansion. Recently, however, work has been completed to increase the floor space in our hazardous materials warehouse. The increased warehouse capacity will be used to further

develop our business through forceful marketing, in tandem with more Group-wide collaboration to lower logistics costs.

For the Construction Division, the order backlog remains at an extremely high level, supporting solid progress for this business sector. Looking ahead, the Group's powdered chemical handling technology, pharmaceutical GMP (good manufacturing practice) validations, and other key strengths will continue to be used as the foundation to steadily increase orders.

2. Creation of new businesses and promotion of development

To build new businesses, the Chemicals Division is set to begin sales of secondary battery materials from fiscal 2019. For entry into new fields, some "buds" are growing, such as new technologies for adsorbing phosphorus; for dimethylpolysilane, a raw material for biodegradable polymers; and for silicon carbide fibers. Although these will not contribute to earnings in the short term, we will try to speed up their development to enter new fields, with an eye on the future.

3. Enhancement of the Group's business foundation

To further improve the Group's overall strengths, the Agro Products Division is studying how to restructure manufacturing-related Group companies, in a move aimed at optimizing efficiency and lowering costs. Furthermore, by cooperating and integrating the accounting base within the Group, we will push ahead with efficient fund management, including the introduction of a new cash management system, while

strengthening governance and earnings management.

For capital investment, approximately ¥3,000 million in new business outlays were made during fiscal 2018. To maintain this growth in fiscal 2019, funds are being earmarked for plants to step up production of the KrF photo resist material VP-Polymer. Ground will also be broken for plants for the new acaricide NA-89, a product to be sold in 2019.

Looking into investments to maintain and renew plant and equipment and to improve infrastructure development, feasibility studies were developed that led to the decision to postpone work on certain projects. Looking ahead, rigorous control will continue to be exercised over business operation costs in the search for optimal maintenance and renovation investment.

For M&As and business alliances, an agreement has been concluded for the acquisition of the plant health business of Zoetis Japan, Inc., the first phase of M&As under the medium-term business plan. The final work is being done to finalize the contract, with projections that this will begin to contribute to earnings around the middle of fiscal 2019. The Zoetis Japan acquisition alone, however, will not be enough to reach the goals set out in the medium-term business plan; this will also require intensified studies into additional M&As, business alliances, and other initiatives designed to boost our corporate value.

Upcoming challenges and the performance outlook

For our fiscal 2019 performance, we are forecasting consolidated net sales of ¥144,000 million (up 2.0% year on year), operating profit of ¥5,000 million (down 21.8%), ordinary profit of ¥7,700 million (down 16.3%) and net profit attributable to owners of the parent of ¥5,600 million (down 12.2%). These figures assume exchange rates of ¥105 to the US dollar and ¥130 to the euro.

Due to predictions of sharp increases in raw fuel costs, limited contributions from new products and M&As at this time, coupled with the continuing high level of new agrochemical R&D

spending, our performance forecasts for fiscal 2019 are extremely tough.

Against this demanding backdrop, the Nippon Soda Group intends to use the goals of the current business plan as the bare minimum for achieving growth. Steady efforts will therefore be needed to build upon this foundation, increase earnings to the highest degree possible, revise prices in the Chemicals Division, secure solid sales volume in the Agro Products Division, and otherwise move ahead with command and purpose to improve our asset efficiency for the bottom line and cost efficiency.

Message to investors

Fiscal 2019 was the second year of our current three-year medium-term business plan. In striving to achieve the objectives of this plan, as well as making the bold leap to a new stage of growth to the Company's centennial year (2020) and beyond, the Group will continue to work together as a tightly knit team, sparing no time or energy in implementing initiatives designed to raise our corporate value over the medium to long term.

Along with these actions, we will substantially intensify the management of our corporate social responsibility (CSR), as well as have even more consideration for the environment, quality and safety, while taking thorough steps to ensure that our corporate activities are firmly rooted in legal compliance and corporate ethics. At the same time, we will further enhance our commitment to

the full scope of compliance on all fronts. We will also firmly apply the Corporate Governance Code, thereby carrying on our mission of building new levels of strength and integrity in our governance system and meeting the full range of our stakeholders' expectations.

To our investors, we look forward to your strong support and guidance throughout fiscal 2019 and beyond.

Medium-Term Business Plan (April 2017–March 2020)

Main Objectives of the Medium-Term Business Plan:

“Increase business earning power” and “create new businesses”

- Expansion of existing businesses centered on growth drivers
- Creation of new businesses and promotion of development
- Enhancement of the Group’s business foundation

Management Indices, Numerical Targets (FY 2020)

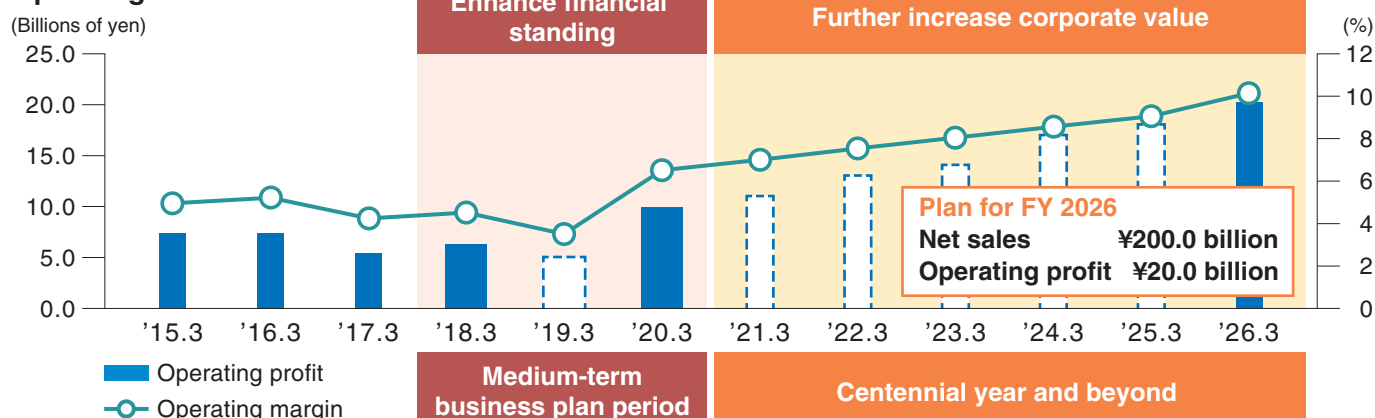
Operating margin	6.5% or higher (8.0% or higher, excluding Trading Business)
Ordinary profit	¥13.0 billion (fiscal year ending March 31, 2020)
ROE	7.0% or higher
Investment (over three years)	¥50.0 billion Investment for growth = ¥10.0 billion Maintenance and upgrading investments = ¥20.0 billion M&As, etc. = ¥20.0 billion
Total return ratio	30% (stable, sustained dividend payments; treasury stock acquisition)

Vision of Nippon Soda: Centennial Year and Beyond

Improving the business foundation throughout the period of the medium-term management plan, and engineering the leap to a “dynamic new stage of growth”

Medium-term business plan period		Centennial year and beyond	
Increase business earning power	Expand existing businesses	Agro Products	Significantly improve profitability through innovation and strengthening of the product portfolio centered on new agrochemicals
	Create new businesses and promote their development		
Create new businesses	Enhance the Group’s business foundation	Chemical Products	Increase percentage of high-value-added products within the product lineup

Operating Profit Forecasts



Major Initiatives during Fiscal 2018

Existing Business Expansion Focusing on Growth Drivers

Chemicals Division

Cellulose derivatives

Reached the goals of the production increase plan for the pharmaceutical additive NISSO HPC

Functional polymers

- Solid sales of the resin additive NISSO-PB for use in flexographic printing
- Increasing production of the KrF photo resist material VP-Polymer (to be completed during fiscal 2019)

Chlor-alkali

- Improved earnings from alkali; grew chlorine product sales

Agro Products Division

New fungicide NF-171

- Sales launched in fiscal 2018
- Concluded global licensing agreement with Syngenta AG for new seed treatment technology

New acaricide NA-89

- Applied for registration in 2017 (marketing scheduled to begin in 2019)

New fungicide NF-180

- Simultaneous global development in progress; eyeing market launch in 2021

Major product sales volume increase

- Launch of admixture of insecticide MOSPILAN for Brazil

Strengthened steps to lower inventory levels

Transportation/Warehousing Division

- Raised functionality and added value for hazardous materials by increasing warehouse floor space
- Implemented programs to lower Group-wide logistics costs

Construction Division

- Strengthened order (sales) activities
- Developed core technologies to improve product distinctions and earning power

Creating New Businesses, Promoting Development, and Enhancing the Group Business Foundation

Creating new businesses

- New secondary battery materials sales began from fiscal 2018
- Studies of acquisitions for new businesses

M&As, business alliances

- Concluded the agreement for acquisition of the plant health business with Zoetis Japan

Enhancing the Group's comprehensive strengths

- Began more collaboration and integration of Group accounting, looking to improve governance and expertise on earnings management

Capital investment

- Construction of production equipment for the fungicide NF-171 and secondary battery material

Shareholder Return Policy

Cash Flow Management

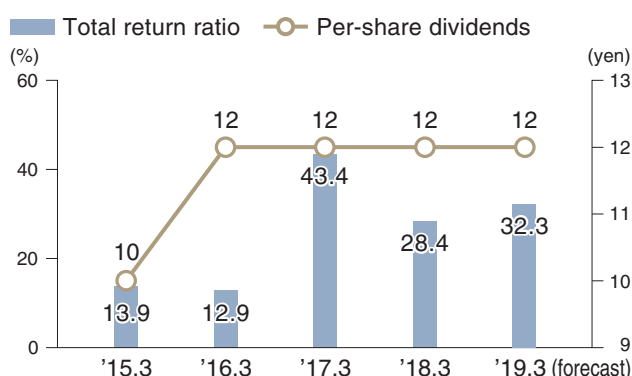
- Investment for future-oriented growth outlays of ¥50 billion over three years

Shareholder return

- Targeted total return ratio = 30%

Use of funds

- Investments earmarked to supplement available funds



Priority Initiatives in the Medium-Term Business Plan

Expansion of Existing Businesses Centered on Growth Drivers

Chemicals

Measures focused on improving profitability

Expansion of growth business areas

- Further expanding sales of cellulose derivatives (pharmaceutical additive NISSO HPC) and functional polymer (resin additive NISSO-PB) whose demands are growing
- Making specific plans for next-stage production increases of above two products
- Ramping up production capacity of KrF photoresist material VP-Polymer to support demand growth in the future
- Planning and executing sales expansion strategy for inorganic metal alcoholate products through Alkaline SAS in France in consideration of the mercury laws and regulations in Europe

Upgrading of foundational businesses (Chlor-alkali)

- Making appropriate maintenance and upgrade investments to maintain a structure for stable and inexpensive supply of consumable materials within the Group
- Completion of sweeping business structural improvements and initiatives to reduce business operating costs while increasing earning capability from external product sales

Agro Products

Expansion of earnings from new and existing agents from enhancement of production and sales framework

Creation of new agents developed in-house

- Launch of new fungicide NF-171 and acaricide NA-89 to acquire market share early
- Development to launch the new fungicide NF-180

Sales expansion of existing products

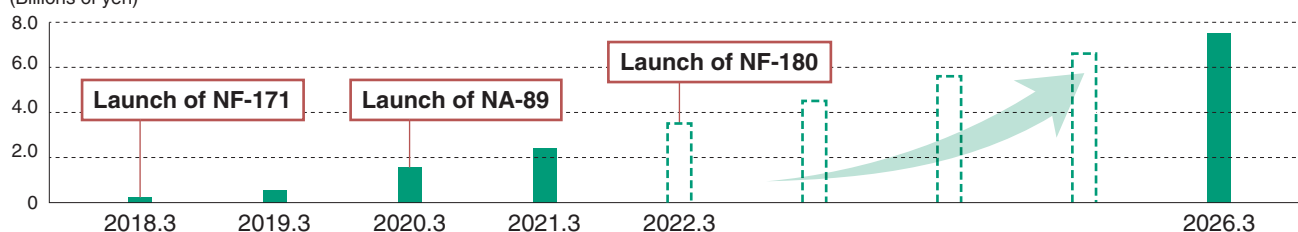
- Leveraging of global sales expansion framework (established under previous medium-term business plan) to expand market share of Company's products
- Expansion of sales of biological agrochemicals in overseas markets

Enhancement of production framework

- Higher sales volume of main projects achieved through greater price competitiveness from enhancements in overseas production and strengthened cooperation with Group's manufacturing companies

Forecast of sales transition of three newly developed agrochemicals

(Billions of yen)



Transportation and Warehousing

Enhancement of earning capacity by further development of existing technologies and expansion into peripheral businesses areas

- Maintenance of high operating margins based on expertise in storage and transportation of hazardous items, poisonous materials and pharmaceuticals
- Execution of investments of ¥1.0 billion to enhance functionality and high added value, aiming to expand business scale even further
- Construction of stable logistics system as the Group's logistics center

Construction

Enhancement of earning capacity by further development of existing technologies and expansion into peripheral businesses areas

- Differentiation through increased sophistication of core technologies such as powdered chemical handling technology and pharmaceutical GMP validation to increase earnings potential

Creation of New Businesses and Promotion of Development

Creation of new businesses with awareness for speed through selection and concentration of core competencies

Creation of new businesses

- Commercialization of new secondary battery materials and start of sales during the period of this medium-term business plan
- Promotion of research and development for mass production of environmentally friendly biodegradable polymer (polyamide 4)
- Use of Group's distinctive materials and existing technologies to drive advancement into new fields
- Consideration of acquisitions as a means of entry into new businesses

Promotion of research and development

- Positioning of agro products, cellulose derivatives, functional polymers, color developer for thermal paper, and chemicals related to environment as priority business fields and strong promotion of new product development and new commercialization
- Rational and swift identification of focus themes in research theme management to streamline research and development

Enhancement of the Group's Business Foundation

Continual improvement of profitability and efficiency of each department to enhance business foundation
Improvement in ROIC (return on invested capital)

Enhancement of the Group's comprehensive capabilities

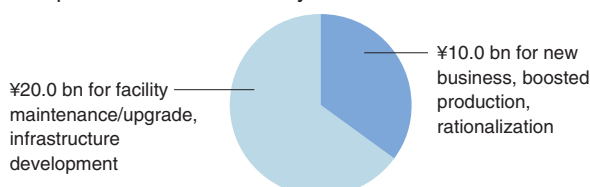
- Coordinated upgrade of each Group company's accounting system
- Streamlining of profit management
- Revision of current functions/organizations

M&As/Business alliances

- Planned financing of ¥20.0 bn

Capital investment

- Capex of ¥30.0 bn over 3 years



Enhanced business management of equity-method affiliates

- Appropriate response to business plans and capital policies (Novus International, Inc., Iharabras S.A., etc.)

Further Development of CSR Management

Balanced implementation of CSR activities to protect corporate value and CSR activities to improve corporate value

Shareholder Return Policy

- Stable and continuous dividend distribution, while maintaining financial resources for growth investment
- Flexible stance on repurchasing treasury shares as a shareholder return measure to supplement dividends

Indicator

Numerical Target

Total return ratio

30%

* Total return ratio = (total amount of dividends + total amount of purchase of treasury shares) / consolidated profit

Growth Drivers of the Company

Pharmaceutical additive NISSO HPC (hydroxypropyl cellulose)



Outlook

Features

- Extremely high functionality (binding strength, moisture resistance, etc.)
- One of the few additives soluble in water and alcohol, and has a wide choice of manufacturing method

Purpose

- Molding of pharmaceuticals and supplements
- Thickener in food and personal care products

- Demand for NISSO HPC is expected to increase due to the growth of emerging markets, the pharmaceutical market, and food applications as well as expansion in generic products.

Resin additive NISSO-PB



Outlook

Features

- Nippon Soda's proprietary liquid polybutadiene, derived by means of living anionic polymerization
- Superior water resistance, good chemical resistance, and electrical properties

Purpose

- Used in a wide variety of products, such as resin modifiers, electronic materials and adhesives
- Demand is increasing for use as an additive in flexographic printing plate materials

- Demand for NISSO-PB continues to grow due to an increase in the adoption of new applications for electronic materials as well as the worldwide spreading of flexo printing.

Semiconductor photo resist material VP-Polymer



Outlook

Features

- Nippon Soda's proprietary polymer product, derived by means of living anionic polymerization
- Excellent solubility

Purpose

- KrF photoresist material for semiconductors

- The market for VP-Polymer is anticipated to grow in tandem with increasing demand for KrF photoresist on the back of change in semiconductors requirements, such as growing demand for 3D NAND flash memory.

Agrochemicals (new agents)

Product (Scheduled year of launching)	Features	Sales target
Fungicide NF-171 (2017)	<ul style="list-style-type: none"> • New class of fungicide • Effective against existing fungicide-resistant fungi • Potential for development of business in the field of seed disinfection overseas (corn, soybeans, wheat and barley, rapeseed, etc.) • Aiming to further expand sales by increasing applications through the development of combination products 	¥3.0 billion
Acaricide NA-89 (2019)	<ul style="list-style-type: none"> • New action mechanism: no cross-resistance with existing agents • No effect on beneficial insects and natural enemies • Under development in Japan and South Korea • Plans for expanding into other overseas markets under consideration 	¥3.0 billion
Fungicide NF-180 (2021)	<ul style="list-style-type: none"> • New action mechanism: effective against existing fungicide-resistant fungi • Expected to be a large agent given its effectiveness against a broad spectrum of diseases 	¥4.0 billion

Corporate Governance

Basic Concept

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 by providing superior products 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 internationally with a focus on chemistry. Nippon Soda recognizes the importance of good corporate governance in order to achieve its philosophy and respond promptly and effectively to sudden changes in the business environment.

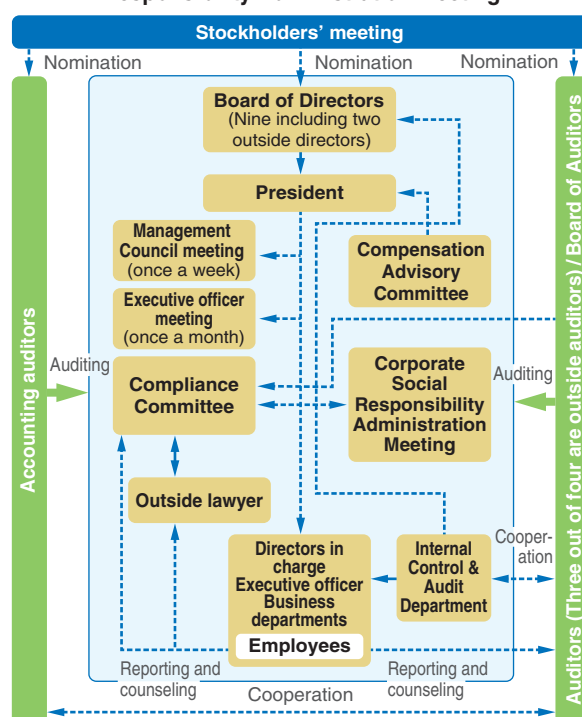
Corporate Governance

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 Auditors	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)
Akira Ishii	President (Representative)	Insider	Male	9
Hiroyuki Adachi	(Representative)	Insider	Male	3
Noriyuki Haketa		Insider	Male	2
Akio Morii		Insider	Male	1
Toshimichi Okubo		Insider	Male	New
Tateshi Tsujikawa		Insider	Male	New
Yasuko Takayama		Outsider	Female	3
Tetsuo Narukawa		Outsider	Male	2
Hiroyuki Uryu		Insider	Male	1
		22.2% Outsiders	11.1% Female	2.0 (Average)

Corporate governance system and Corporate Social Responsibility Administration Meeting



Effectiveness Assessment of the Board of Directors

A self-assessment questionnaire is given to all directors and auditors to determine the effectiveness of business management and improve supervision. Based on questionnaire results, the company analyzes and evaluates the effectiveness of the Board of Directors.

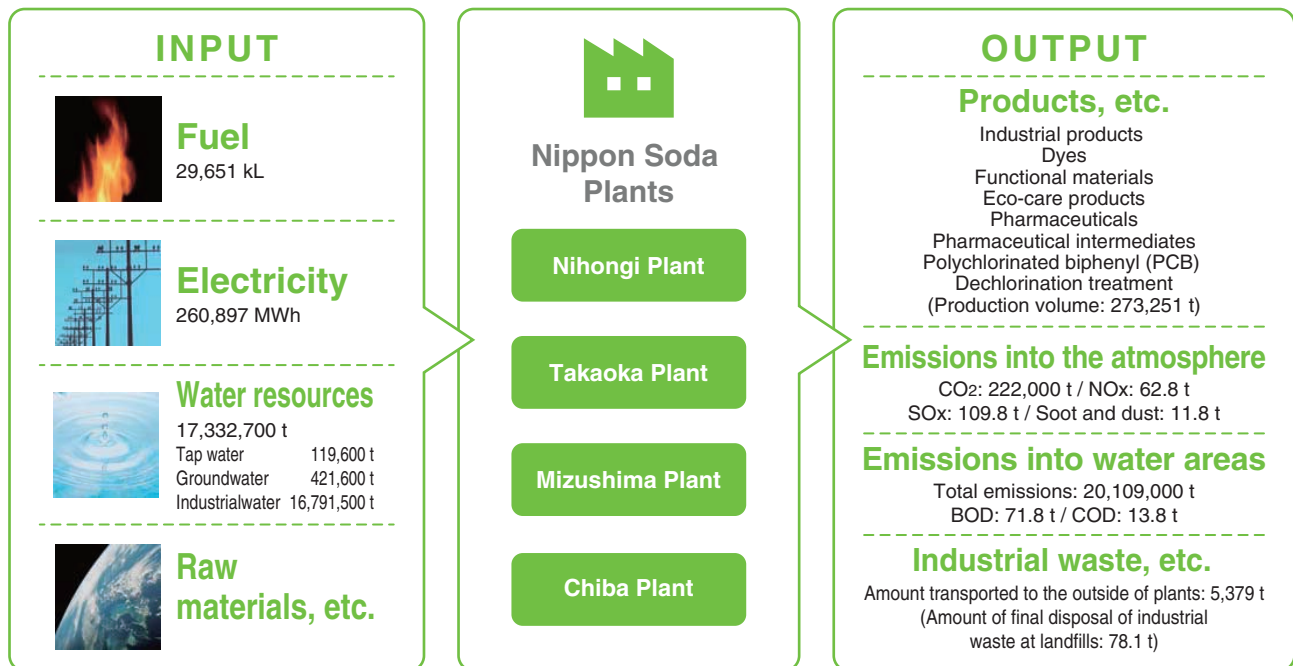
Environmental Protection

Basic Concept

- Continuing efforts to prevent environmental pollution, complying with laws and regulations, and promoting other environmental activities
- Reduction of environmental impact associated with business operations (prevention of global warming, and reduction in waste generation and waste to landfill)
- Development of products and processes with less environmental impact
- Adoption of environmental management systems (EMSs); reduction of energy consumption, while maintaining productivity

Major environmental impacts

The environment impact of Nippon Soda's four major plants in Japan in FY 2018



Reduction of energy consumption

Efforts to prevent global warming is critical. Nippon Soda participates in the Commitment to a Low Carbon Society, a voluntary action plan promoted by the Japan Business Federation (Keidanren). Under the action plan, we are promoting energy saving to achieve the reduction targets for CO₂ emissions in FY 2021.

• Reduction of energy consumption and greenhouse gas emissions

Nippon Soda has been implementing measures to reduce greenhouse gas (GHG) emissions by improving efforts to improve its energy use per unit of production, such as improvements in production processes, adoption of energy-saving equipment, and saving power.

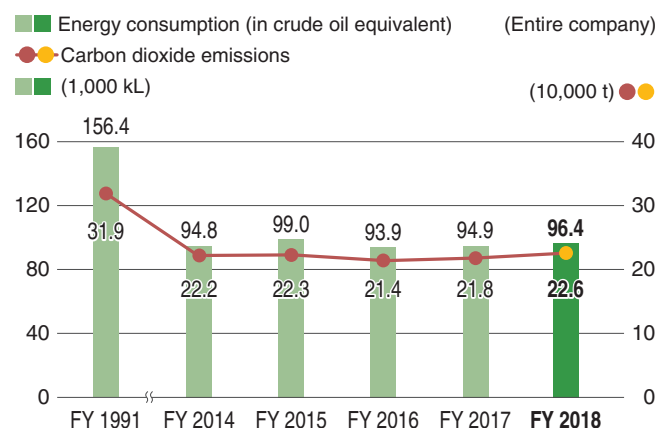
• Use of renewable energy

Nihongi Plant performs small-scale hydraulic power generation. Generated electricity has been effectively used for production activities at the plant.

• Promotion of energy saving by the Logistics Department

Nippon Soda has been making every effort to improve efficiency and reduce the environmental impact in terms of logistics through modal shifts, reducing the number of trips by using larger-sized shipping containers, and adjusting logistics distribution routes.

Changes in energy consumption and CO₂ emissions



* In FY 2010 and later, the amount of consumption at the Head Office, branches and other offices has been included. The data collection area at Chiba Plant was changed.

Human Rights/Labor Practices

Basic Concept

- **Respect for the dignity and human rights of all people**
- **Understanding the diversity of cultures, customs, and values and no tolerance for actions that result in discrimination**
- **Creation of a workplace environment where employees can feel comfortable and fulfilled through our proactive review of personnel and employment systems that ensure the constant improvement of working conditions**
- **Becoming a company where a diverse team of employees can play an active role with particular emphasis on promoting diversity and improving employee satisfaction**

Promotion of Diversity

Development of diversity policy

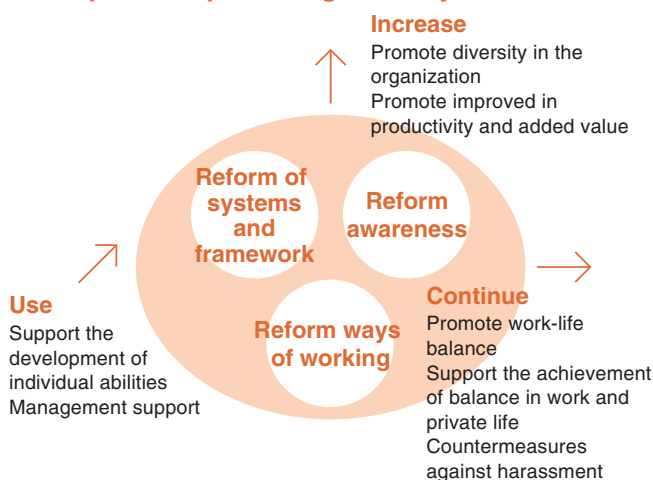
The aim of our Diversity Policy is to develop ourselves by providing diverse people, regardless of gender, age, nationality and presence or absence of disability, with opportunities to gather and exchange different ideas.

Diversity policy

Nippon Soda considers it necessary for a corporate group to value diversity in order to generate new innovations and increase global competitiveness. In this context, we recognize the promotion of diversity as an important management strategy.

Efforts to promote diversity include transformation of our personnel systems to make full use of human resources, improvement of the corporate culture and work environment, and implementation of other basic support systems. Through these efforts, we aim to become a company where global-minded, motivated, competent employees can enjoy working and can progress and develop regardless of gender, age, nationality, etc.

Three pillars of promoting diversity



Acceptance of diversity

More emphasis will be placed on hiring and employing candidates regardless of gender, age, nationality, ability or disability, and regardless of whether they are new graduates or mid-career hires, to create a more diverse organization.

A group of people with different values should give its members the incentive to broaden their outlook and change their viewpoint. Workplace diversity training programs that are designed for directors and executive officers, as well as other positions, are provided to help recognize diverse values and empower individuals and organizations to raise their awareness.

Efforts to Protect Human Rights at the Workplace

The Nippon Soda Group Code of Conduct, which sets out the requirements that all employees of the Nippon Soda Group must follow, clearly states the commitment to respect human rights and nondiscrimination and declares that we respect the individuality and personal characteristics of every employee and do not take any action that would result in discrimination. To maintain a healthy work environment free from harassment, we provide employees with rank-based training on relevant issues. A harassment complaint office is also available.

Chemicals Division

Fiscal 2018 Results

In the Chemicals Division, overriding the negative impact of a rise in raw material and fuel prices, factors such as the market recovery and increased demand supported strong sales for industrial chemicals and pharmaceuticals. Also charting progress were sales of metallic sodium by our consolidated subsidiary Alkaline SAS of France. As a result, the Chemicals Division posted net sales of ¥39,498 million (up 6.3% year on year) and operating profit of ¥1,631 million (up 4.8%).

Among industrial chemicals, sales of caustic soda and sodium cyanide turned in solid performances for higher sales.

For Fine Chemicals, while sales lagged for developer agents for thermal papers and sulfur derivatives, the progress made by metallic sodium powered the way to an overall increase in sales.

Specialty chemicals finished roughly on par with the previous fiscal year.

For the eco-care business, although exports of the water treatment agent NISSO HI-CHLON increased, declining shipments of the heavy metal chelating agent HIDION dragged the overall performance of this category into negative territory.

For pharmaceuticals and intermediates, growing sales of the pharmaceutical additive NISSO HPC supported positive profits.

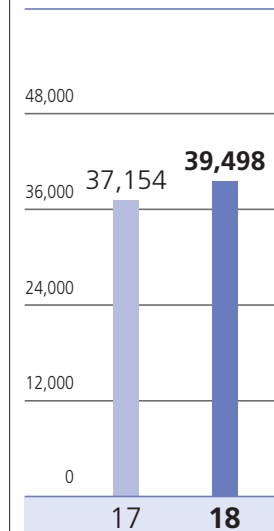
For industrial fungicides, the strong trends for wood fungicides and other products led to higher sales.

Business Description

The Chemicals Division is characterized by a diverse product lineup that draws on the 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 being founded. 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.

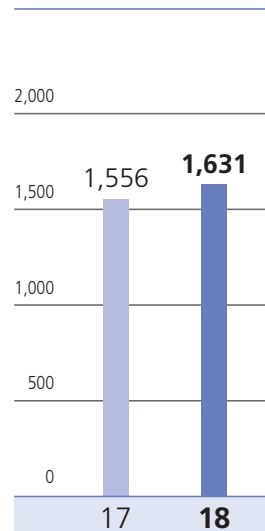
Net Sales

Millions of Yen



Operating Profit

Millions of Yen



Industrial Chemicals

Caustic soda (liquid, solid, flake)
Chlorine (liquid)
Hydrochloric acid
Caustic potash (liquid, flake)
Potassium carbonate
Sodium cyanide
Potassium cyanide
Aluminum chloride anhydrous
Phosphorus oxychloride
Phosphorus trichloride

Fine Chemicals

Metallic Sodium
O-tolidine diisocyanate
Sodium alcoholates (sodium methylate, sodium ethylate)
Organic Titanate (TPT, TBT, TST, etc.)
PCB detoxification treatment agent
Sulfur derivatives
Developer for thermal paper

Specialty Chemicals

NISSO-PB (liquid-1, 2-polybutadiene)
VP-Polymer (photo resist base resin)
TITA BOND (adhesive agent for film lamination)
BISTRATER (photocatalyst)

Eco Business

NISSO HI-CHLON (calcium hypochlorite, AC 70%, 65% min)
NISSO MELSAN (trichloroisocyanuric acid)
TAKE-ONE (uroliths remover)
HIDION (the chelating agent for heavy metal)
NUMERITORI (slime inhibitor for kitchens)

Pharmaceuticals/Intermediates

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

Biocides (Industrial Fungicides)

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

Agro Products Division

Fiscal 2018 Results

In the Agro Products Division, despite high R&D outlays for developing new agrochemicals, fiscal 2018 brought the sales launch and spirited marketing drive for the new fungicide NF-171. Aggressive marketing advanced our existing agro product lineup as well. (The percentage of overseas sales was 58.5%.) As a result, for the fiscal year under review, the Agro Products Division had net sales of ¥43,215 million (up 7.8% year on year) and operating profit of ¥1,980 million (up 9.9%).

Fungicide sales were roughly equal to the previous fiscal year, although exports of PANCHO declined, due to the sales launch of the new fungicide NF-171 and other factors.

Sales of insecticides and acaricides rose over the previous fiscal year, buoyed by gains in exports of Mospilan.

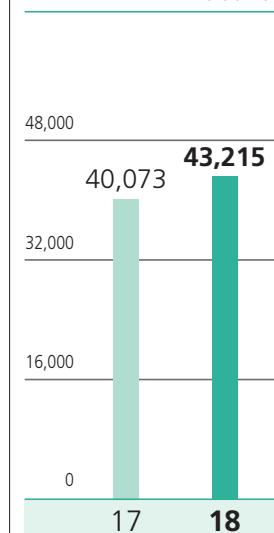
Herbicide sales fell year on year, pulled down by lower exports of the products NABU and HOENEST.

Business Description

Since expanding 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 for 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 otherwise. We will continue to focus on the development of distinctive agrochemicals that find support around the world for their combination of effectiveness and safety.

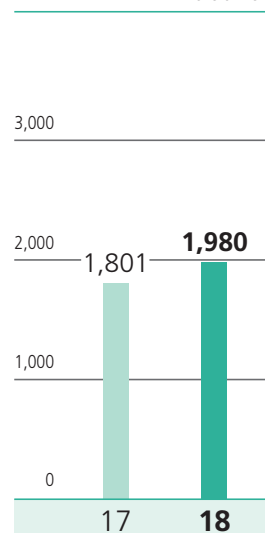
Net Sales

Millions of Yen



Operating Profit

Millions of Yen



Fungicides

TOPSIN-M (thiophanate-methyl)
 BEFRAN (iminoctadine triacetate)
 BELLKUTE (iminoctadine tris (albesilate))
 NF-171
 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)
 NISSORUN (hexythiazox)
 ROMDAN (tebufenozide)
 KOTETSU (chlorfenapyr)
 PHOENIX (flubendiamide)
 VERIMARK (cyantraniliprole)

Herbicides/Plant Growth Regulator

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

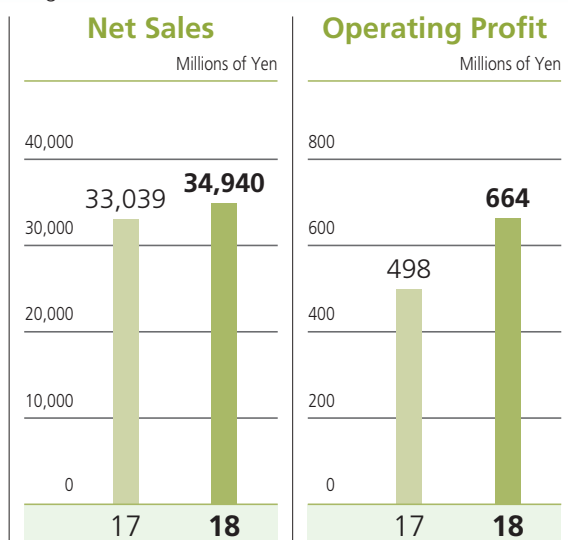
Others

Fumigants

Trading Division

Fiscal 2018 Results

Net sales for the Trading Division for the fiscal year under review were ¥34,940 million (up 5.8% year on year) and operating profit was ¥664 million (up 33.2%). The results were boosted by robust sales of both organic and inorganic chemicals.



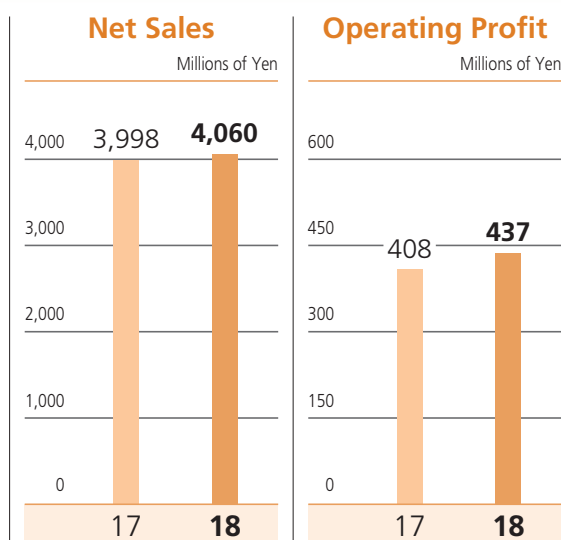
Business Description

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

Transportation/Warehousing Division

Fiscal 2018 Results

The Transportation/Warehousing Division recorded net sales of ¥4,060 million (up 1.6% year on year) and operating profit of ¥437 million (up 7.1%) for the year, reflecting solid results in both of these business categories.



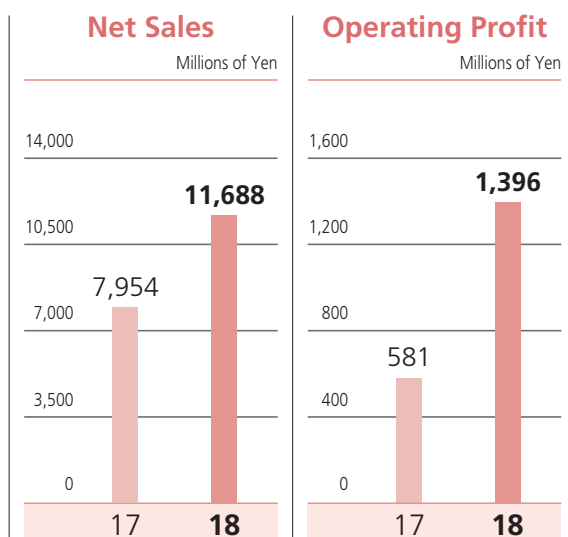
Business Description

Transportation and warehousing of chemicals and hazardous items

Construction Division

Fiscal 2018 Results

The Construction Division posted net sales for the past year of ¥11,688 million (up 46.9% year on year) and operating profit of ¥1,396 million (up 140.1%), propelled by growth in plant construction-related sales.



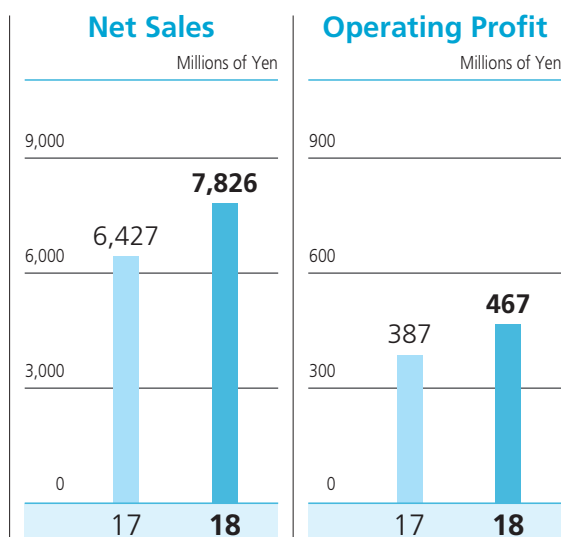
Business Description

Plant construction, civil engineering

Other Divisions

Fiscal 2018 Results

For the year under review, the Other Divisions category generated net sales of ¥7,826 million (up 21.8% year on year) and operating profit of ¥467 million (up 20.7%).



Business Description

Non-ferrous metals, industrial waste treatment

Consolidated Financial Highlights

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

	Millions of Yen					Thousands of U.S. Dollars
	2014	2015	2016	2017	2018	2018
Net sales	¥ 140,649	¥ 148,062	¥ 142,711	¥ 128,647	¥ 141,230	\$ 1,332,361
Gross profit	35,325	36,285	37,036	33,892	36,471	344,071
Selling, general and administrative expenses	28,926	29,000	29,620	28,526	30,080	283,782
Operating profit	6,399	7,285	7,415	5,365	6,390	60,289
Profit before income taxes	8,196	13,070	18,992	10,506	8,611	81,241
Profit attributable to owners of parent	5,833	10,945	14,313	8,785	6,378	60,178
Net assets	108,224	127,181	131,489	138,069	144,801	1,366,055
Total assets	204,297	221,285	220,587	217,302	220,898	2,083,949

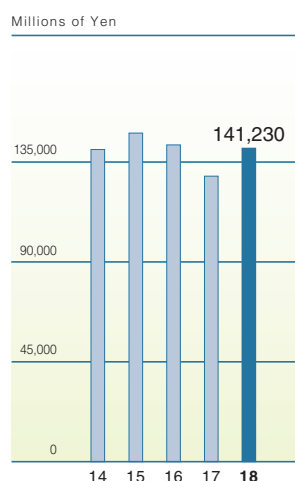
Return on equity (%)	5.9	9.9	11.5	6.6	4.6	
Return on assets (%)	2.9	5.1	6.5	4.0	2.9	
Operating margin (%)	4.5	4.9	5.2	4.2	4.5	

Per Share Data

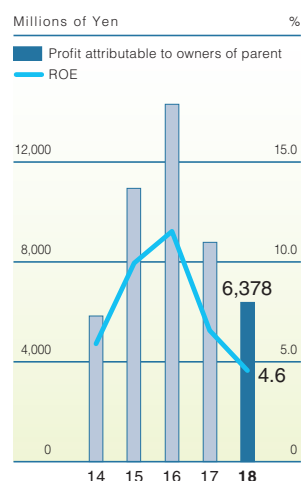
	Yen					U.S. Dollars
Earnings per share	¥ 38.36	¥ 72.00	¥ 92.81	¥ 57.41	¥ 42.27	\$ 0.3
Shareholders' equity	672.41	794.87	828.91	897.02	939.72	8.8

Note: The U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥106=U.S.\$1.00.

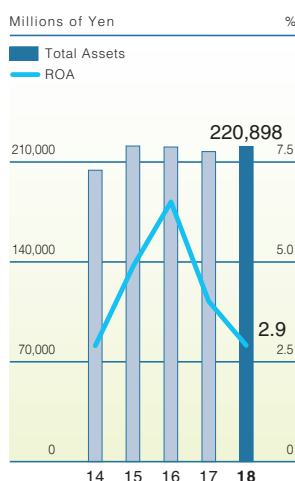
Net Sales



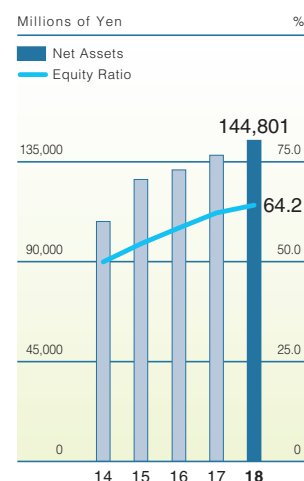
Profit attributable to owners of parent & ROE



Total Assets & ROA



Net Assets & Equity Ratio



Consolidated Balance Sheets (Unaudited)

Nippon Soda Co., Ltd. and its consolidated subsidiaries

As of March 31, 2018	Millions of Yen		Thousands of U.S. Dollars
ASSETS	2017	2018	2018
Current assets			
Cash and deposits	¥ 33,171	¥ 27,612	\$ 260,499
Notes and accounts receivable-trade	38,153	44,067	415,726
Electronically recorded monetary claims - operating	2,018	2,416	22,797
Inventories	28,484	27,623	260,595
Deferred tax assets	1,996	1,798	16,970
Other	3,509	3,088	29,140
Allowance for doubtful accounts	(196)	(217)	(2,054)
Total current assets	107,137	106,389	1,003,676
Non-current assets			
Property, plant and equipment			
Buildings and structures	57,637	58,822	554,932
Accumulated depreciation	(40,943)	(41,964)	(395,889)
Buildings and structures, net	16,694	16,858	159,042
Machinery, equipment and vehicles	105,107	110,405	1,041,564
Accumulated depreciation	(86,823)	(89,690)	(846,133)
Buildings and structures, net	18,284	20,715	195,431
Tools, furniture and fixtures	11,094	11,205	105,711
Accumulated depreciation	(9,483)	(9,505)	(89,671)
Tools, furniture and fixtures, net	1,610	1,700	16,040
Land	15,338	15,266	144,024
Construction in progress	2,515	1,887	17,807
Other	561	198	1,875
Accumulated depreciation	(323)	(181)	(1,715)
Other, net	238	16	159
Total property, plant and equipment	54,682	56,445	532,505
Intangible assets			
Goodwill	704	469	4,428
Other	877	924	8,721
Total intangible assets	1,582	1,393	13,150
Investments and other assets			
Investment securities	41,186	43,054	406,176
Net defined benefit asset	7,597	8,519	80,370
Deferred tax assets	2,469	2,544	24,004
Other	2,673	2,550	24,065
Allowance for doubtful accounts	(26)	(0)	0
Total investments and other assets	53,900	56,669	534,616
Total non-current assets	110,165	114,508	1,080,273
Total assets	¥ 217,302	¥ 220,898	\$ 2,083,949

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

As of March 31, 2018	Millions of Yen		Thousands of U.S. Dollars
LIABILITIES	2017	2018	2018
Current liabilities			
Notes and accounts payable-trade	¥ 15,445	¥ 19,032	\$ 179,550
Electronically recorded obligations-operating	1,917	2,788	26,307
Short-term loans payable	31,634	19,073	179,937
Income taxes payable	1,468	1,031	9,728
Provision for bonuses	3,017	2,766	26,103
Other	6,847	6,223	58,712
Total current liabilities	60,330	50,916	480,339
Non-current liabilities			
Long-term loans payable	7,569	12,846	121,195
Deferred tax liabilities	4,797	6,079	57,358
Net defined benefit liability	2,563	2,515	23,729
Provision for environmental measures	1,119	883	8,336
Other	2,852	2,855	26,935
Total non-current liabilities	18,902	25,180	237,554
Total liabilities	79,232	76,096	717,894
NET ASSETS			
Shareholders' equity			
Capital stock	29,166	29,166	275,157
Capital surplus	29,359	29,359	276,974
Retained earnings	71,592	76,179	718,673
Treasury shares	(2,232)	(2,235)	(21,089)
Total shareholders' equity	127,886	132,469	1,249,715
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	7,083	8,614	81,264
Deferred gains or losses on hedges	(139)	7	70
Foreign currency translation adjustment	616	249	2,351
Remeasurements of defined benefit plans	(75)	470	4,434
Total accumulated other comprehensive income	7,483	9,340	88,120
Non-controlling interests	2,698	2,991	28,219
Total net assets	138,069	144,801	1,366,055
Total liabilities and net assets	¥ 217,302	¥ 220,898	\$ 2,083,949

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
	2017	2018	2018
Net sales	¥ 128,647	¥ 141,230	\$ 1,332,361
Cost of sales	94,755	104,758	988,290
Gross profit	33,892	36,471	344,071
Selling, general and administrative expenses	28,526	30,080	283,782
Operating profit	5,365	6,390	60,289
Non-operating income	6,733	4,048	38,193
Interest income	11	17	168
Dividend income	509	898	8,475
Share of profit of entities accounted for using equity method	4,898	2,239	21,123
Other	1,314	893	8,425
Non-operating expenses	2,190	1,234	11,648
Interest expenses	403	344	3,254
Provision for environmental measures	924	—	—
Other	862	889	8,394
Ordinary profit	9,908	9,204	86,834
Extraordinary income	1,169	63	598
Gain on changes in equity	907	—	—
Gain on sales of investment securities	261	33	319
Gain on sales of non-current assets	—	28	266
Other	—	1	12
Extraordinary losses	571	656	6,190
Loss on abandonment of non-current assets	537	556	5,250
Loss on sales of investment securities	—	74	704
Other	33	24	235
Profit before income taxes	10,506	8,611	81,241
Income taxes - current	3,428	1,562	14,737
Income taxes - deferred	(1,835)	429	4,056
Total income taxes	1,592	1,992	18,793
Profit	8,913	6,619	62,448
Profit attributable to non-controlling interests	128	240	2,270
Profit attributable to owners of parent	¥ 8,785	¥ 6,378	\$ 60,178

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

Consolidated Statements of Comprehensive Income

Nippon Soda Co., Ltd. and its consolidated subsidiaries

For the years ended March 31	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Profit	¥ 8,913	¥ 6,619	\$ 62,448
Other comprehensive income			
Valuation difference on available-for-sale securities	2,550	1,582	14,928
Deferred gains or losses on hedges	(17)	203	1,922
Foreign currency translation adjustment	(191)	382	3,608
Remeasurements of defined benefit plans	106	555	5,239
Share of other comprehensive income of entities accounted for using equity method	(535)	(799)	(7,540)
Total other comprehensive income	1,912	1,924	18,159
Comprehensive income	10,825	8,544	80,607
Comprehensive income attributable to owners of parent	10,596	8,235	77,695
Comprehensive income attributable to non-controlling interests	¥ 229	¥ 308	\$ 2,912

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						Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Balance as of April 1, 2016	¥ 29,166	¥ 29,359	¥ 64,806	¥ (20)	¥ 123,311	¥ 4,605	¥ (166)	¥ 1,525	¥ (291)	¥ 5,672	¥ 2,505	¥ 131,489
Cumulative effects of changes in accounting policies			0		0							0
Restated balance	29,166	29,359	64,806	(20)	123,311	4,605	(166)	1,525	(291)	5,672	2,505	131,490
Changes of items during the period												
Dividends of surplus			(1,998)		(1,998)							(1,998)
Profit attributable to owners of parent			8,785		8,785							8,785
Purchase of treasury shares				(2,211)	(2,211)							(2,211)
Net changes of items other than shareholders' equity (net)						2,478	27	(909)	215	1,811	193	2,004
Total changes of items during period	–	–	6,786	(2,211)	4,575	2,478	27	(909)	215	1,811	193	6,579
Balance as of April 1, 2017	¥ 29,166	¥ 29,359	¥ 71,592	¥ (2,232)	¥ 127,886	¥ 7,083	¥ (139)	¥ 616	¥ (75)	¥ 7,483	¥ 2,698	¥ 138,069
Changes of items during the period												
Dividends of surplus			(1,815)		(1,815)							(1,815)
Profit attributable to owners of parent			6,378		6,378							6,378
Purchase of treasury shares				(5)	(5)							(5)
Disposal of treasury shares		0		1	1							1
Others			22		22							22
Net changes of items other than shareholders' equity (net)						1,530	146	(366)	546	1,856	292	2,149
Total changes of items during period	–	0	4,586	(3)	4,582	1,530	146	(366)	546	1,856	292	6,732
Balance as of March 31, 2018	¥ 29,166	¥ 29,359	¥ 76,179	¥ (2,235)	¥ 132,469	¥ 8,614	¥ 7	¥ 249	¥ 470	¥ 9,340	¥ 2,991	¥ 144,801

For the year ended March 31						Thousands of U.S. Dollars						
	Shareholders' equity					Accumulated other comprehensive income						Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Balance as of April 1, 2017	\$ 275,157	\$ 276,974	\$ 675,405	\$ (21,057)	\$ 1,206,479	\$ 66,823	\$ (1,316)	\$ 5,813	\$ (716)	\$ 70,603	\$ 25,460	\$ 1,302,543
Changes of items during the period												
Dividends of surplus			(17,126)		(17,126)							(17,126)
Profit attributable to owners of parent			60,178		60,178							60,178
Purchase of treasury shares				(50)	(50)							(50)
Disposal of treasury shares		0		18	18							18
Others			215		215							215
Net changes of items other than shareholders' equity (net)						14,441	1,386	(3,461)	5,151	17,517	2,759	20,276
Total changes of items during period	–	0	43,267	(32)	43,235	14,441	1,386	(3,461)	5,151	17,517	2,759	63,512
Balance as of March 31, 2018	\$ 275,157	\$ 276,974	\$ 718,673	\$ (21,089)	\$ 1,249,715	\$ 81,264	\$ 70	\$ 2,351	\$ 4,434	\$ 88,120	\$ 28,219	\$ 1,366,055

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, 2018	Millions of Yen		Thousands of U.S. Dollars
	2017	2018	2018
Cash flows from operating activities			
Profit before income taxes	¥ 10,506	¥ 8,611	\$ 81,241
Depreciation	6,397	6,532	61,630
Amortization of goodwill	234	234	2,215
Share of (profit) loss of entities accounted for using equity method	(4,898)	(2,239)	(21,123)
Increase (decrease) in provision for bonuses	(431)	(250)	(2,363)
Increase (decrease) in allowance for doubtful accounts	(75)	(23)	(225)
Decrease (increase) in net defined benefit asset	(615)	(470)	(4,442)
Increase (decrease) in net defined benefit liability	63	(49)	(471)
Increase (decrease) in provision for environmental measures	826	(313)	(2,954)
Interest and dividend income	(520)	(916)	(8,644)
Interest expenses	403	344	3,254
Loss on abandonment of non-current assets	540	567	5,353
Loss (gain) on valuation of investment securities	9	—	—
Loss (gain) on sales of investment securities	(261)	37	358
Loss (gain) on change in equity	(907)	—	—
Decrease (increase) in notes and accounts receivable - trade	2,292	(5,950)	(56,135)
Decrease (increase) in inventories	(741)	1,141	10,772
Increase (decrease) in notes and accounts payable - trade	(304)	4,007	37,809
Other	392	402	3,798
Subtotal	12,911	11,667	110,074
Interest and dividend income received	32,004	2,680	25,285
Interest expenses paid	(406)	(342)	(3,229)
Income taxes paid	(3,272)	(1,920)	(18,113)
Net cash provided by (used in) operating activities	41,236	12,085	114,016
Cash flows from investing activities			
Purchase of property, plant and equipment	(7,328)	(7,594)	(71,649)
Proceeds from sales of property, plant and equipment	7	97	915
Purchase of intangible assets	(138)	(378)	(3,569)
Purchase of investment securities	(173)	(34)	(330)
Proceeds from sales of investment securities	320	147	1,390
Purchase of shares of subsidiaries and associates	(290)	(61)	(576)
Payments of loans receivable	(69)	(22)	(211)
Collection of loans receivable	103	42	402
Payments for retirement of property, plant and equipment	(312)	(483)	(4,561)
Other	23	(39)	(369)
Net cash provided by (used in) investing activities	(7,858)	(8,327)	(78,558)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(2,996)	(11,150)	(105,190)
Proceeds from long-term loans payable	—	9,833	92,771
Repayments of long-term loans payable	(7,282)	(6,315)	(59,578)
Cash dividends paid	(1,992)	(1,810)	(17,076)
Purchase of treasury shares	(2,024)	(5)	(51)
Payments for money held in trust for purchase of treasury share	(209)	—	—
Other	(116)	(38)	(359)
Net cash provided by (used in) financing activities	(14,620)	(9,485)	(89,484)
Translation differences on cash and cash equivalents	(106)	165	1,564
Net increase (decrease) in cash and cash equivalents	18,651	(5,561)	(52,462)
Cash and cash equivalents at beginning of period	14,494	33,146	312,700
Cash and cash equivalents at end of period	¥ 33,146	¥ 27,585	\$ 260,238

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

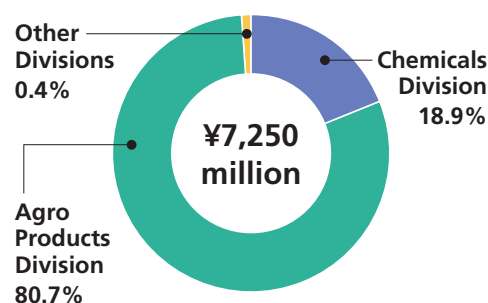
Research and Development

To promote the development of high-value-added products based on distinctive, proprietary technology, the Chemicals Division of the Nippon Soda Group—guided by the keywords “fusion of knowledge,” “fusion of technology,” and “global”—is working on the R&D of a number of chemical products that make use of functional materials and fine organic synthesis technology.

We also carry out R&D with the aim of developing new agricultural chemicals in our Agro Products Division. In anticipation of changes 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.

The following section is an overview of segment-specific R&D achievements during the fiscal year under review.

R&D Costs

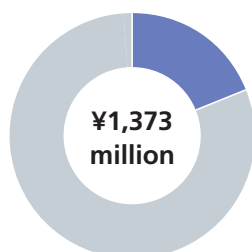


(Ratio to consolidated net sales: 5.1%)

No. of employees: 338

(% of all employees: 12.6%)

● Chemicals Division



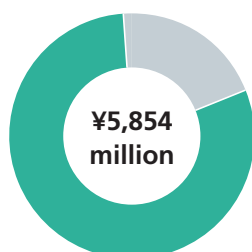
Ratio to consolidated net sales: 1.0%

In the functional materials field, our R&D leverages our technical expertise in fields such as new polymer materials created through fine polymerization technology, new secondary battery materials, new absorbents and organic electro-luminescence materials and other leading-edge fields.

In addition, we enter new fields while striving to enhance the competitiveness of the Group's distinctive products, including cellulose derivatives, polybutadiene products, developer agents, environmental chemistry-related products such as eco-care, biocide and polysilane products, as well as photocatalysts.

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

● Agro Products Division



Ratio to consolidated net sales: 4.1%

Given growing concern over the safety and reliability of foods, we are conducting R&D into dry field and fruit farming agrochemicals with strong effects, even in small volumes, and with low residuals.

With respect to new agrochemicals developed in-house, Picarbutrazox (NF-171), a fungicide with outstanding effectiveness against downy mildew and Pythium blight, received registration approval for lawn grass in January 2017. That step was followed by approval for its registered use on food in July 2017, setting the stage for a successful market launch by the end of fiscal 2018. In addition, we are pushing ahead steadily with development outside Japan.

We have firmly advanced the development of Acynonapyr (NA-89), an acaricide with new effects; in February 2017, we completed an application in Japan for its registration, aiming to receive approval in 2019. We also decided to pursue development outside Japan. Development of NF-180, a fungicide effective against a broad spectrum of diseases, is proceeding smoothly. In

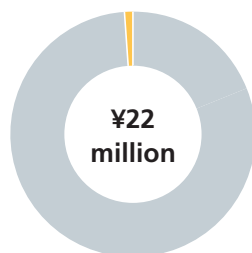
2016, we completed an application for fumaric acid (NR-29), an algaecide for lawn grass, and plan to launch it in 2018.

Moreover, we are conducting research diligently to advance the phase of development of promising compounds to follow the above-mentioned agents.

In addition to chemistry agrochemicals, our biological agrochemicals Agrocure and Masterpiece are selling well.

Going forward, we will continue working to enhance our line of biological agrochemicals that capitalize on the diverse abilities of microorganisms.

● Other Divisions



Ratio to consolidated net sales: 0.0%

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

Network

Overseas Group Companies

Sumi Agro Ltd.

Japan Agro Service (JAS) S.A.
Certis Europe B.V.

Nisso Chemical Europe GmbH

Summit Agro Vietnam LLC.

Nisso Chemical India LLP

Nisso Namhae Agro Co., Ltd.

Nisso Korea Co., Ltd.

Nippon Soda Trading
(Shanghai) Co., Ltd.

Liling Fine
Chemicals Co., Ltd.

Novus International, Inc.

Nisso America Inc.



Alkaline SAS



Iharabras S.A.
Indústrias Químicas

Nisso Brasileira Representação Ltda.

Offices

① Tokyo Head Office

2-2-1, Ohtemachi, Chiyoda-ku,
Tokyo 100-8165, Japan

Osaka Branch Office

3-4-10, Kourabashi, Chuo-ku,
Osaka 541-0043, Japan

Sapporo Office

Sendai Office

Kanto Office

Takaoka Office

Fukuoka Office

Bangkok Representative Office

* The Nagoya Office and the Matsuyama Office
have merged with the Osaka Branch Office, and
the Shinetsu Office has merged with the Kanto
Office as of April 1, 2018.

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.
Sanzo 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



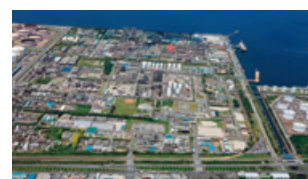
⑤ Takaoka Plant

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

Corporate Data

(as of March 31, 2018)

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	1,288 (Consolidated: 2,683)



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>

Executives

(as of June 28, 2018)

Representative Director, President	Directors
Akira Ishii	Yasuko Takayama Tetsuo Narukawa Hiroyuki Uryu
Representative Director, Senior Executive Managing Officer	Audit & Supervisory Board Members
Hiroyuki Adachi	Mitsuru Kobayashi Keichi Aoki Masahiro Murakami Shigeo Ogi
Director, Senior Executive Managing Officer	Senior Executive Officers
Noriyuki Haketa	Akira Kaneko Izumi Takano
Director, Executive Managing Officer	Executive Officers
Akio Morii	Masahito Ikeda Nobuyuki Shimoide Kiyotaka Machii Hiroshi Hamamura Atsuo Watanabe Eiji Aga Teruo Tachibana Shoichi Akagawa
Directors, Senior Executive Officers	
Toshimichi Okubo Tateshi Tsujikawa	

Shareholder Information

(as of March 31, 2018)

Common Stock

Authorized: 480,000,000 shares
 Issued: 155,636,535 shares
 Number of Shareholders: 16,546

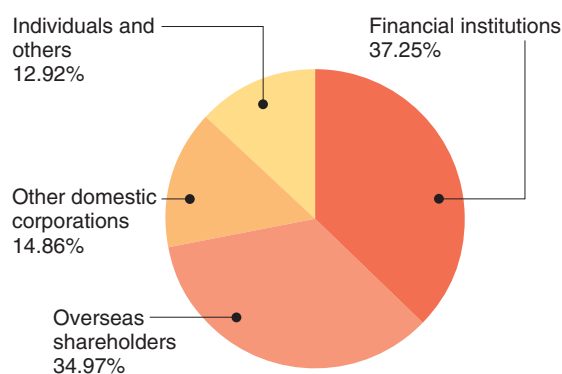
Settlement Period March 31 every year

Stock Listing Tokyo Stock Exchange, First Section

Transfer Agent of Common Stock

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

Ownership among Shareholders



Principal Shareholders

	Number of Shares Owned (Thousands)	Percentage of Total Shares Issued (%)*
JPMorgan Chase Bank, 385632	6,068	4.01
Japan Trustee Services Bank, Ltd. (Trust account 9)	5,578	3.69
The Master Trust Bank of Japan, Ltd. (Trust account)	5,257	3.48
Mitsui & Co., Ltd.	5,075	3.35
The Norinchukin Bank	4,422	2.92
Shareholding Members of Nippon Soda Clients	4,320	2.86
Japan Trustee Services Bank, Ltd. (Trust account)	4,244	2.81
BNP Paribas Securities Services Luxembourg/JASDEC/Henderson HHF SICAV	4,162	2.75
Mizuho Bank, Ltd.	4,082	2.70
JPMorgan Chase Bank, 380684	3,572	2.36

* The Company's 4,362,133 shares of treasury share were excluded from the calculation of the percentage of total shares issued.

NIPPON SODA CO., LTD.

2-2-1, Ohtemachi, Chiyoda-ku
Tokyo 100-8165, Japan
<http://www.nippon-soda.co.jp/e/>