



[Event Name]

Financial Result Meeting for the Second Quarter of Fiscal Year Ended March 31, 2022

[Fiscal Period]

FY2021 Q2

[Date]

November 24, 2021

[Time]

10:30 – 11:32

(Total: 62 minutes, Presentation: 40 minutes, Q&A: 22 minutes)

[Venue]

Webcast

[Number of Speakers]

3

Kiyotaka Machii	Director, Executive Managing Officer, In charge of Administration, CSR Promotion, Internal Control & Audit Department
Tamotsu Tanimura	Director, Business Strategy and Administration Department, External Relations, Agro Products Division
Masahiro Arichika	Senior Manager, Corporate Communication Section, General Affairs Department

Today's Presentation Content

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ended March 31, 2022
2. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022
3. State of development and promotion in Agro Products

The forward-looking statements, including plans, outlook and strategies contained in this material are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company, and these statements do not purport to be a promise by the Company to achieve such results.

Actual business and other results may differ from the statements herein due to a number of factors.

This document is not intended to solicit investment.

Please make any investment decisions according to your own judgment.

Arichika: We will now hold the financial results briefing for the second quarter of the fiscal year ending March 31, 2022. Thank you very much for taking the time out of your busy schedule to attend today's meeting.

I am Arichika of Corporate Communication Section, General Affairs Department, and I will serve as moderator. Thanks.

First, we would like to explain our business results for the second quarter of the fiscal year ending March 31, 2022. Next, we would like to explain our full-year earnings forecast for the fiscal year ending March 31, 2022, which was revised on November 4, 2021. We will also explain the environment surrounding our Agro Products business, which is a growth driver for us and a materiality for improving our corporate value, as well as our measures for the future, and the development and promotion of our products. We will then answer your questions.

Mr. Kiyotaka Machii, Director, Executive Managing Officer, Supervision of Administration, in charge of CSR Promotion, Internal Control & Audit Department, and Mr. Tamotsu Tanimura, Director, Business Strategy and Administration Department, External Relations, Agro Products Division, will speak today.

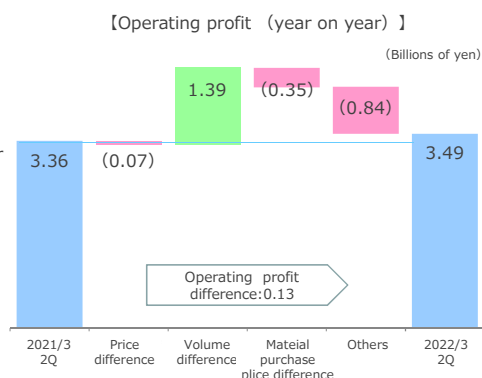
The end time is scheduled to be 11:30.

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ended March 31, 2022 (Overview)

Brilliance through
Chemistry

(Billions of yen)	2021/3 2Q	2022/3 2Q	Change (amount)	Change (%)
Net sales	61.61	64.43	2.82	4.6%
Operating profit	3.36	3.49	0.13	3.8%
Share of profit (loss) of entities accounted for using equity method	0.25	0.86	0.61	
Ordinary profit	3.72	4.98	1.25	33.7%
Profit attributable to owners of parent	2.12	3.15	1.02	48.1%
Exchange rate (JPY/USD)	106.8	109.6	2.8	
Exchange rate (JPY/EUR)	120.1	130.7	9.7	

- Increase in sales in the Chemicals and Trading Businesses
- Decrease in plant construction work in the Construction Business
- Decrease in sales in the Agro Products Business
- Increase in share of profit of entities accounted for using equity method and exchange rate changes for the weak yen
- The impact of the application of the "Accounting Standard for Revenue Recognition" and relevant ASBJ regulations
Net sales: (0.62) (of which, Agro Products: (0.4))
Operating profit: (0.43) (of which, Agro Products: (0.42))
- Operating profit difference: 0.13 breakdown
Price difference: (0.07) (of which, rate difference: 0.74)
Volume difference: 1.39
Material purchase price difference: (0.35) (of which, rate difference: (0.13))
Others: (0.84)



3

NIPPON SODA CO., LTD.

Machii: Thank you very much for joining our financial results briefing today. We would also like to thank you for your continued support and understanding of our business operations. I would like to take this opportunity to express my sincere gratitude to all of you.

I will now provide an overview of our business results for the second quarter of the fiscal year ending March 31, 2022. Please see page 3.

In the second quarter of the current fiscal year, the Chemicals business and Trading business recorded increases in both sales and profits due to the recovery of economic activities, which had been stagnant due to the global outbreak of COVID-19.

On the other hand, in the Agro Products business, both sales and profits decreased due to the application of the accounting standards for revenue recognition.

As a result, net sales were JPY64430 million and operating income was JPY3490 million, increased in sales and income

As for the breakdown of the JPY130 million increase in operating income, the price difference is minus JPY70 million, but this includes JPY740 million of positive impact from foreign exchange.

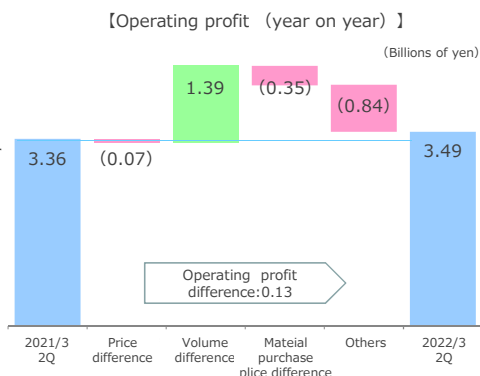
In addition, due to the application of the accounting standard for revenue recognition, we have recorded a negative JPY450 million as an estimate of revenue change in the Agro Products business. This estimated amount will be offset during the fiscal year, so almost no impact will be seen in the full-year comparison with the previous year.

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ended March 31, 2022 (Overview)

Brilliance through
Chemistry

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NIPPON SODA CO., LTD.

The volume difference had a positive impact of JPY1390 million, due to positive results in Chemicals and Agro Products businesses.

The material and purchase price difference had a negative impact of JPY350 million. Most of this is related to the Chemicals business. The increase in petroleum-related raw material prices compared to the previous year has resulted in a negative figure.

As for non-operating income and expenses, equity in earnings of affiliates increased due to the strong performance of IHARABRAS, an agrochemical distributor in Brazil, and foreign exchange gains of JPY420 million were generated due to the weakening of the yen.

As a result, net income attributable to owners of parent amounted to JPY3150 million, an increase of JPY1020 million over the previous year.

Next, I would like to explain the results by segment. Please see page 4.

Consolidated Financial Results for the Second Quarter of the Fiscal Year
Ended March 31, 2022 (Performance by segment)



(Billions of yen)	2021/3 2Q		2022/3 2Q		Change (amount)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Chemicals	17.61	0.96	19.67	1.46	2.06	0.50
Agro Products	18.04	0.59	17.61	0.12	(0.44)	(0.47)
Trading	15.12	0.35	17.49	0.58	2.38	0.24
Transportation and Warehousing	2.15	0.36	2.19	0.34	0.04	(0.02)
Construction	4.80	0.62	2.83	0.55	(1.96)	(0.07)
Others	3.90	0.30	4.64	0.53	0.74	0.23
Adjustments	–	0.19	–	(0.10)	–	(0.29)
Total	61.61	3.36	64.43	3.49	2.82	0.13

- Chemicals Business: Increases in industrial chemicals and fine chemicals due to the recovery of economic activity that had been stagnant by COVID-19 pandemic
- Agro Products Business: Sales of new internally developed agrochemicals contribute to earnings, and decrease in sales for exports of fungicides and herbicides
- Trading Business : Increase in various inorganic and organic chemicals and nonferrous metals, urethane materials
- Transportation and Warehousing : Steady sales of transportation, decrease in warehousing
- Construction Business : decrease in plant construction
- The impact of the application of the "Accounting Standard for Revenue Recognition" and relevant ASBJ regulations
Net sales: (0.62) (of which, Agro Products: (0.40))
Operating profit: (0.43) (of which, Agro Products: (0.42))

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The Chemicals business reported an increase of JPY2060 million in sales and JPY500 million in operating income.

As for the breakdown of operating income, first of all, the price difference had a negative impact of JPY90 million. This was mainly due to a change in composition mix as a result of a recovery in sales of caustic soda and other products to customers with lower prices.

Next, the volume difference had a positive impact of JPY900 million. Sales of industrial chemicals and fine chemicals products increased due to the recovery of economic activities, which had been stagnant due to the impact of COVID-19. In addition, secondary battery materials, which were sold in the second half of the last fiscal year, have been sold from the first half of this fiscal year, which has made a positive contribution.

On the other hand, the material/purchase price difference had a negative impact of JPY340 million. Mainly, prices of petroleum-related raw materials have risen compared to the previous year.

Next, I will explain the results by product. Please see page 5.

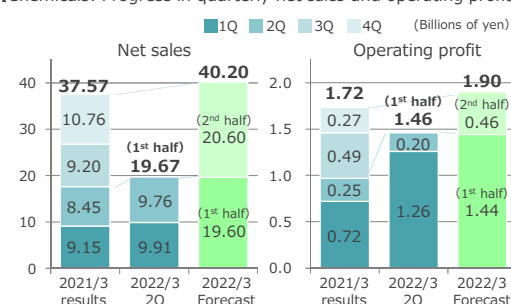
Consolidated Financial Results for the Second Quarter of the Fiscal Year
Ended March 31, 2022 (Net sales by sub-segments of Chemicals)

Brilliance through
Chemistry

	(Billions of yen)	2021/3 2Q	2022/3 2Q	Change (amount)	Main factors of change
Non-consolidated	Industrial chemicals	6.29	6.45	0.16	Caustic soda ↑
	Fine chemicals	2.85	3.98	1.13	Secondary battery materials ↑, Specialty isocyanates ↑
	Specialty chemicals	2.98	3.14	0.16	NISSO-PB ↑, VP-POLYMER ↑
	Eco-business	3.11	3.11	0.00	
	Pharmaceuticals & intermediates, Biocides	4.13	4.14	0.02	NISSO HPC ↑, Pharmaceutical intermediates ↓
	Subtotal	19.37	20.83	1.46	
	Subsidiaries sales, elimination of transactions, etc.	(1.76)	(1.16)	0.60	
	Net sales of Chemicals	17.61	19.67	2.06	

- Industrial chemicals: Increase in caustic soda
- Fine chemicals: Increase in secondary battery materials and specialty isocyanates
- Specialty chemicals: Increase in resin additive "NISSO-PB and Krf photo resist material" "VP-POLYMER"
- Pharmaceuticals: Increase in pharmaceutical additive "NISSO HPC", and decrease in pharmaceutical intermediates

【Chemicals: Progress in quarterly net sales and operating profit】



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NIPPON SODA CO., LTD.

In the industrial chemicals business, sales of caustic soda increased due to the recovery of economic activities, which had been stagnant due to the impact of COVID-19. In addition, we have been able to maintain our selling prices at almost the same level.

In fine chemicals products, sales of specialty isocyanates, a material for automobiles and construction machinery, increased. In addition, sales of secondary battery materials have increased compared to the previous fiscal year, as we sold them only in the second half last fiscal year, but this fiscal year we sell them in the first half as well.

With regard to specialty chemicals, sales of NISSO-PB, a resin additive, increased due to a recovery in sales for flexographic printing applications, and sales of VP-POLYMER, a semiconductor photoresist material, also continued to be strong.

In eco business products, sales of the chlorine disinfectant NISSO HI-CHLON to swimming pools remained sluggish from the previous fiscal year.

In pharmaceuticals and biocides, although sales of pharmaceuticals intermediates decreased due to a delay in the timing of shipments to the second half of the current fiscal year, sales of the pharmaceutical additive NISSO HPC continued to be strong. With regard to the pharmaceutical additive NISSO HPC, we have completed construction to increase production as scheduled and have begun shipping products since late July.

Next, I will explain about the Agro Products business. Please see page 4 once more.

Consolidated Financial Results for the Second Quarter of the Fiscal Year
Ended March 31, 2022 (Performance by segment)



(Billions of yen)	2021/3 2Q		2022/3 2Q		Change (amount)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Chemicals	17.61	0.96	19.67	1.46	2.06	0.50
Agro Products	18.04	0.59	17.61	0.12	(0.44)	(0.47)
Trading	15.12	0.35	17.49	0.58	2.38	0.24
Transportation and Warehousing	2.15	0.36	2.19	0.34	0.04	(0.02)
Construction	4.80	0.62	2.83	0.55	(1.96)	(0.07)
Others	3.90	0.30	4.64	0.53	0.74	0.23
Adjustments	–	0.19	–	(0.10)	–	(0.29)
Total	61.61	3.36	64.43	3.49	2.82	0.13

- Chemicals Business: Increases in industrial chemicals and fine chemicals due to the recovery of economic activity that had been stagnant by COVID-19 pandemic
- Agro Products Business: Sales of new internally developed agrochemicals contribute to earnings, and decrease in sales for exports of fungicides and herbicides
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4

NIPPON SODA CO., LTD.

Sales in the Agro Products business decreased by JPY440 million and income decreased by JPY470 million.

As for the breakdown of operating income, first of all, the price difference had a negative impact of JPY220 million. Of this amount, the estimate of changes associated with the application of the accounting standard for revenue recognition was negative JPY450 million. This is due to the fact that price settlements, which used to occur at the end of each fiscal year, are now estimated and recognized during the fiscal year. This will be offset within the fiscal year and will have almost no impact on the full-year comparison with the previous year.

Next, the quantity difference had a positive impact of JPY720 million. In addition to the contribution of the newly launched fungicide PYTHILOCK for seed treatment applications in the US and the new acaricide “DANYOTE”, we believe that the sales were boosted by the accelerated pickup of products due to the global logistics disruption.

The difference in material and purchase prices had a negative impact of JPY10 million.

Other factors had a negative impact of JPY960 million, which includes JPY360 million for the recognition of the cost difference of some product inventories, JPY170 million yen for depreciation, and JPY170 million for expenses related to the registration of agrochemicals.

Next, I would like to explain the results by segment. Please see page 6.

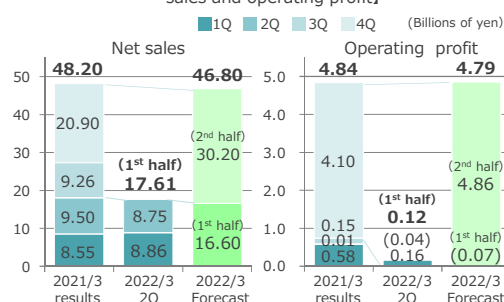
Consolidated Financial Results for the Second Quarter of the Fiscal Year
Ended March 31, 2022 (Net sales by sub-segments of Agro Products)

Brilliance through
Chemistry

	(Billions of yen)	2021/3 2Q	2022/3 2Q	Change (amount)	Main factors of change
Non-consolidated	Fungicides	7.94	7.63	(0.31)	PYTHILOCK ↑, MIGIWA ↑, PANCHO ↓
	Insecticides/acaricides	7.72	8.11	0.39	DANYOTE ↑, MOSPILAN ↓
	Herbicides	1.58	1.11	(0.47)	CONCLUDE ↓
	Others	0.27	(0.22)	(0.48)	
	Subtotal	17.50	16.63	(0.88)	
Subsidiaries sales, elimination of transactions, etc.		0.54	0.98	0.44	
Net sales of Agro Products		18.04	17.61	(0.44)	
Overseas sales ratio		65.6%	68.1%		

- Fungicides: Start in sales for export of "PYTHILOCK" and launch of "MIGIWA", and decrease in sales for export of "PANCHO"
- Insecticides/acaricides: Launch of new acaricide "DANYOTE", and decrease in sales for export insecticide "MOSPILAN"
- Herbicides: Decrease in "CONCLUDE"

[Agro products: Progress in quarterly net sales and operating profit]



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NIPPON SODA CO., LTD.

In fungicides, sales of the newly launched fungicide PYTHILOCK for seed treatment applications in the US and the new fungicide MIGIWA made positive contributions, but sales of the fungicide PANCHO for export decreased due to local inventory adjustments.

With regard to insecticides and acaricides, the new acaricide DANYOTE made a positive contribution. Although sales of our mainstay insecticide MOSPILAN decreased slightly from the previous year, the sales of MOSPILAN to Europe increased and that to Brazil decreased, resulting in improved profitability.

In herbicides, sales of CONCLUDE, an herbicide for golf courses and other lawns, decreased.

As a result, the overseas sales ratio of agrochemicals was 68.1% in the current fiscal year, compared to 65.6% in the previous fiscal year.

As for sales in the Agro Products business, the initial forecast was for sales of JPY16600 million in the first half, and actual sales were JPY1010 million higher. We believe this was due to the accelerated pickup of the products ahead of schedule due to the global logistics disruption. Based on these assumptions, we have prepared a revised plan for the full year.

Next, please refer to page 4 for the status of the other segments.

Consolidated Financial Results for the Second Quarter of the Fiscal Year
Ended March 31, 2022 (Performance by segment)



(Billions of yen)	2021/3 2Q		2022/3 2Q		Change (amount)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Chemicals	17.61	0.96	19.67	1.46	2.06	0.50
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Transportation and Warehousing	2.15	0.36	2.19	0.34	0.04	(0.02)
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Others	3.90	0.30	4.64	0.53	0.74	0.23
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Total	61.61	3.36	64.43	3.49	2.82	0.13

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In the Trading business, sales and profits increased due to the recovery of economic activities that had been stagnant due to the impact of the new COVID-19.

In the Construction business, both sales and profits declined due to a decrease in construction work for external customers.

In other businesses, both sales and profits increased in the Non-ferrous Metals business, mainly due to the rise in the quoted price of zinc.

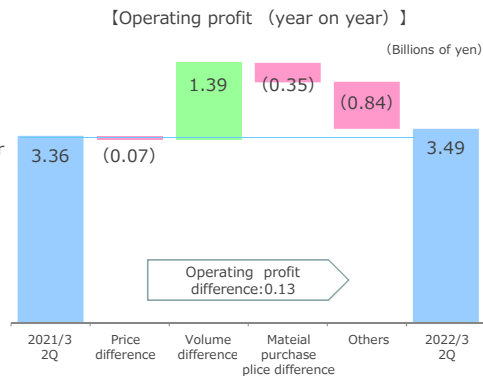
I have explained the situation by segment.

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ended March 31, 2022 (Overview)

Brilliance through
Chemistry

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NIPPON SODA CO., LTD.

I would like to continue with an explanation of the status of non-operating income and expenses.

As for equity in earnings of affiliates, IHARABRAS, an agricultural chemical manufacturing and distributor in Brazil, recorded an increase in profit. As the price of soybeans, a major crop, has remained high, farmers are highly motivated to produce and sales of agrochemicals have been strong.

On the other hand, at Novus, a manufacturer and distributor of the feed additive methionine, the price of methionine has risen due to the tight supply and demand situation caused by the disruption of global marine transportation and the power shortage in China. On the other hand, prices of propylene and other raw materials have also risen, so margins have been almost the same as in the same period of the previous year.

As for other non-operating income and expenses, foreign exchange gains of JPY420 million were generated due to the depreciation of the yen.

Next, I would like to explain the state of our finances. Please see page 7.

Consolidated Financial Results for the Second Quarter of the Fiscal Year
Ended March 31, 2022 (Balance Sheet)



(Billions of yen)	2021/3	2021/9	Change	Main factors of change
Current assets	100.35	95.80	(4.55)	¥3.45 billion of cash and deposits, ¥3.49 billion of inventories, ¥(12.77) billion of notes and accounts receivable – trade
Non-current assets	127.62	131.25	3.62	¥2.30 billion of investment securities, ¥1.60 billion of property, plant and equipment
Total assets	227.98	227.04	(0.93)	
Current liabilities	44.56	41.64	(2.92)	¥(1.60) billion of income taxes payable
Non-current liabilities	34.21	34.55	0.34	
Total liabilities	78.77	76.19	(2.58)	
Shareholders' equity	140.33	139.88	(0.46)	
Accumulated other comprehensive income	5.43	7.41	1.98	
Non-controlling interests	3.43	3.57	0.13	
Total net assets	149.20	150.86	1.65	
Total liabilities and net assets	227.98	227.04	(0.93)	

•Equity ratio: 64.9% (equity ratio at previous fiscal year-end: 63.9%)

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Total assets as of the end of the second quarter of the current fiscal year decreased by JPY930 million compared to the end of the previous fiscal year to JPY227040 million, due to a decrease in notes and accounts receivable-trade, which had increased due to the sales of agrochemicals concentrated at the end of the fiscal year, despite an increase in inventories as a result of stockpiling before periodic repairs.

Total liabilities decreased by JPY2580 million from the end of the previous fiscal year to JPY76190 million, mainly due to a decrease in income taxes payable.

Net assets increased by JPY1650 million compared to the end of the previous fiscal year, to JPY150860 million.

Next, I would like to explain the status of our cash flow. Please see page 8.

Consolidated Financial Results for the Second Quarter of the Fiscal Year
Ended March 31, 2022 (Statement of Cash Flows)



(Billions of yen)	2021/3 2Q	2022/3 2Q	Change (amount)
Cash flows from operating activities	7.62	11.89	4.27
Cash flows from investing activities	(6.96)	(4.75)	2.21
Cash flows from financing activities	(1.89)	(3.69)	(1.80)
Effect of exchange rate change on cash and cash equivalents	0.01	(0.01)	(0.02)
Net increase (decrease) in cash and cash equivalents	(1.22)	3.44	4.66
Cash and cash equivalents at beginning of period	17.20	19.25	2.05
Cash and cash equivalents at end of period	15.98	22.69	6.71

- Operating CF: ¥4.86 billion of profit before income taxes
¥10.45 billion of decrease in trade receivables
¥(2.49) billion of increase in inventories
- Investing CF: ¥(5.35) billion of purchase of property, plant and equipment
- Financing CF: ¥(1.97) billion of dividends paid
¥(1.23) billion of purchase of treasury shares

【Main factors of change】

- Operating CF: ¥2.63 billion of increase in profit before income taxes
¥2.10 billion of increase in trade payables
- Investing CF: ¥1.23 billion of purchase of investment securities (Invested in Bharat Certis Agriscience in the previous year)
- Financing CF: ¥(3.78) billion of decrease in borrowings and increase in repayments of borrowings
¥2.16 billion of purchase of treasury shares.

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Net cash provided by operating activities increased by JPY4270 million compared to the previous year, mainly due to an increase in income before income taxes and others and an increase in notes and accounts payable-trade.

Net cash used in investing activities decreased by JPY2210 million from the previous year due to the investment in Bharat Certis Agriscience Ltd., an Indian agrochemical manufacturing and distributor, in the previous fiscal year.

Net cash provided by financing activities decreased by JPY1800 million compared to the previous year due to a decrease in borrowings

As a result, cash and cash equivalents at the end of the second quarter increased by JPY3440 million from the beginning of the fiscal year to JPY22690 million.

So far, I have explained the financial results for the second quarter of the fiscal year ending March 2022.



Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022

(Revised on November 4, 2021)

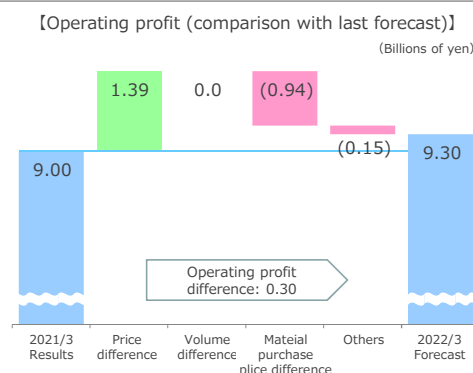
I would now like to explain our revised full-year earnings forecast for the fiscal year ending March 31, 2022. Please see page 10.

Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022 (Overview)

Brilliance through
Chemistry

(Billions of yen)	Last forecast	Revised forecast	Change (amount)	Change (%)	2021/3 Results
Net sales	143.00	146.00	3.00	2.1%	139.36
Operating profit	9.00	9.30	0.30	3.3%	9.98
Share of profit of entities accounted for using equity method	1.86	1.90	0.04		1.86
Ordinary profit	10.50	11.80	1.30	12.4%	12.74
Profit attributable to owners of parent	7.60	7.70	0.10	1.3%	7.36
Exchange rate (JPY/USD)	105.0	105.0	0.0		106.1
Exchange rate (JPY/EUR)	125.0	130.0	5.0		123.4

- Increases in industrial chemicals and fine chemicals due to the larger-than-expected recovery of economic activity that had been stagnant due to COVID-19 pandemic.
- Exchange rate expects to be the weaker yen expected.
- Anticipate further rise in raw material and increase in product fare and sundry expenses.
- Operating profit difference: 0.30 breakdown
Price difference: 1.39 (of which, rate difference: 0.85)
Material purchase price difference: (0.94) (of which, rate difference: (0.22))
Others: (0.15)



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For the full year, we are forecasting sales of JPY146000 million and operating income of JPY9300 million. The recovery of economic activity, which had been stagnant due to the global outbreak of the new COVID-19, is going better than expected, and the yen is weaker than expected, so we expect sales to be strong. On the other hand, we expect costs to rise further, including raw material and fuel prices and product freight costs.

As for the breakdown of the JPY300 million increase in operating income compared to the initial plan, price difference has a positive impact of JPY1390 million. This is due to factors such as the positive impact of JPY850 million from exchange rate differences, a strong market for caustic soda, which was expected to decline in price, and an increase in the quoted price of zinc in the manufacture of zinc alloys in the other business segment. On the other hand, we expect a significant increase in raw material and fuel prices.

In the original plan, the negative impact of the difference in material and purchase prices was expected to be JPY300 million higher than in the previous year, but in the current review, we have factored in an additional negative JPY940 million.

Equity in earnings of affiliates of both IHARABRAS and Novus are expected to remain unchanged from the initial plan. However, we are expecting a significant increase in the performance of IHARABRAS due to its strong sales of agrochemicals.

Next, I would like to explain the forecasts by segment. Please see page 11.

Forecast of Consolidated Financial Results for the Fiscal
Year Ending March 31, 2022 (Forecast of performance by segment)



(Billions of yen)	2022/3 previous forecast		2022/3 revised forecast		Change (amount)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Chemicals	40.20	1.90	42.50	1.74	2.30	(0.16)
Agro Products	46.80	4.79	47.20	4.52	0.40	(0.27)
Trading	34.00	0.60	34.80	0.89	0.80	0.29
Transportation and Warehousing	4.30	0.50	4.20	0.59	(0.10)	0.09
Construction	9.00	0.63	7.80	0.64	(1.20)	0.01
Others	8.70	0.82	9.50	0.94	0.80	0.12
Adjustments	—	(0.24)	—	(0.02)	—	0.22
Total	143.00	9.00	146.00	9.30	3.00	0.30

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NIPPON SODA CO., LTD.

In the Chemicals business, although we anticipate an increase in sales of industrial chemicals such as caustic soda, VP-POLYMER, a semiconductor photoresist material, and NISSO-PB, a resin additive, we have factored in a significant increase in raw material and fuel prices and product freight costs, and are forecasting an increase in revenue but a decrease in profit.

In the Agro Products business, we have also factored in an increase in raw material and fuel prices and product freight costs, and we assume an increase in sales and a decrease in profit.

On the other hand, we expect profits to increase in the Trading business and the Transportation and Warehousing business, as the recovery in economic activity is more favorable than expected.

In other business, we expect an increase in both sales and profit due to the high zinc prices.

The above is an explanation of our full-year business forecast.

Sales will be favorable, but increases in profits are expected to be limited due to increases in raw material and fuel prices. However, the Group will work together to increase sales and profits as much as possible by revising prices, mainly in the Chemicals business, and by continuing to improve efficiency and cost control in each division.

Next, I would like to explain the environment surrounding the Agro Products business, which is our growth driver and a materiality for improving corporate value, and the status of its promotion and development.

Brilliance through
Chemistry

[Reference Materials] Business Details



(Billions of yen)		2021/3 2Q		2022/3 2Q		Main Products, etc.
		Net sales	Operating profit	Net sales	Operating profit	
Non-consolidated	Industrial chemicals	6.29		6.45		Caustic soda, Liquid chlorine, Hydrochloric acid, Caustic potash, Potassium carbonate, Sodium cyanide, Potassium cyanide, Aluminum chloride anhydrous, Phosphorus oxychloride and Phosphorus trichloride
	Fine chemicals	2.85		3.98		Metallic sodium, Specialty isocyanates, Alcoholate, Organic titanate, Color developers for thermal paper and Secondary battery materials
	Specialty chemicals	2.98		3.14		NISSO-PB, VP-POLYMER, TITABOND and BISTRATOR
	Eco-business	3.11		3.11		NISSO HI-CHLON, NISSO MELSAN, TAKE-ONE, HIDION and Slime removing agents
	Pharmaceuticals & intermediates, biocides	4.13		4.14		NISSO HPC, NISSO DAMN, Faropenem-sodium antibiotic, NISSO SSF, BESTCIDE, BIOCUT and MILLCUT
	Subtotal	19.37		20.83		
Subsidiaries sales, elimination of transactions, etc.		(1.76)		(1.16)		
1. Chemicals		17.61	0.96	19.67	1.46	
Non-consolidated	Fungicides	7.94		7.63		TOPSIN-M, BEFRAN, BELLKUTE, PYTHILOCK, TRIFMINE, PANCHO, MIGIWA, AGRI-MYCIN AGROCARE (biopesticide), MASTERPIECE (biopesticide), FANTASISTA, MONSIEUR BORDEAUX and LABILITE
	Insecticides/acaricides	7.72		8.11		MOSPILAN, NISSORUN, DANYOTE, ROMDAN, GREENGUARD, KOTETSU and PHOENIX
	Herbicides	1.58		1.11		NABU, HOENEST, CONCLUDE, EIGEN and ALPHARD
	Others	0.27		(0.22)		Smoking agents
	Subtotal	17.50		16.63		
Subsidiaries sales, elimination of transactions, etc.		0.54		0.98		
2. Agro Products		18.04	0.59	17.61	0.12	
3. Trading		15.12	0.35	17.49	0.58	Chemicals, functional products, synthetic resins, industrial devices and construction-related products
4. Transportation and Warehousing		2.15	0.36	2.19	0.34	Warehousing and transportation services
5. Construction		4.80	0.62	2.83	0.55	Plant construction, and civil engineering and construction
6. Others and adjustments		3.90	0.49	4.64	0.43	
Total		61.61	3.36	64.43	3.49	

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[Reference Materials] Overview of the Business Group (As of October 1, 2021)



○ Number of consolidated subsidiaries: 17 ○ Number of equity-method affiliates: 3

Company name	Business activities	Chemicals	Agro Products	Trading	Transportation and Warehousing	Construction	Others
Nippon Soda Co., Ltd.	Manufacturing, processing and marketing of industrial chemicals, synthetic resin and other plastic materials, dyes, pharmaceuticals, agrochemicals, veterinary pharmaceuticals, and various other kinds of chemical industrial products	○	○				
Nisso Shoji Co., Ltd.	Sales in Japan and export/import of chemical products, functional products, synthetic resins, industrial devices, construction-related products, etc.			○			
Sanwa Soko Co, Ltd.	Warehousing, transportation, packaging, customs brokerage, insurance agency services and leasing				○		
Sanso Unyu Co., Ltd.	Truck transportation and freight forwarding				○		
Nisso Metallochemical Co., Ltd.	Manufacturing and sales of non-ferrous metals and industrial chemicals, and environmental development business						○
NISSO Engineering CO., LTD.	Comprehensive planning, design, management, construction, sales and consulting for industrial and other types of facilities and equipment, machinery, piping, civil engineering, construction, etc.					○	
Nisso Kensetsu Co., Ltd.	Planning and execution of civil engineering and construction projects, earthworks projects, soil and rock mining, and manufacturing and sales of concrete products					○	
Shin Fuji Kaseiyaku Co., Ltd.	Manufacturing and sales of smoking agents for agrochemicals, pharmaceuticals and veterinary pharmaceuticals, and manufacturing, processing, sales, repackaging into smaller containers and packaging of other agrochemicals, pharmaceuticals and general industrial chemicals		○				
Nisso Fine Co., Ltd.	Manufacturing, sales and trial production of development products of industrial chemicals, chemical products, functional dyes, pharmaceuticals, agrochemicals and their intermediates, synthetic resin molded products, deoxygenating agents, dehumidifying agents and household general goods	○	○				○
Nisso Green Co., Ltd.	Sales of agrochemicals, agricultural materials and other products		○				
NISSO AMERICA INC.	Export/import and wholesale sales of various products, manufacturing and sales of various products, and provision of consigned information research services related to technology	○	○				
NISSO CHEMICAL EUROPE GmbH	Export/import and wholesale sales of various products, manufacturing and sales of various products, and provision of consigned information research services related to technology	○	○				
Nisso Namhae Agro Co., Ltd.	Manufacturing of active agrochemical ingredients		○				
Alkaline SAS and other 4 companies	Manufacturing and sales of metallic sodium, chlorine and other products	○					
Novus International, Inc.	Manufacturing and sales of feed additives	○					
IHARABRAS S/A. INDÚSTRIAS QUÍMICAS	Export/import and wholesale sales of insecticides, fungicides, herbicides and other agrochemical products, and manufacturing and formulation of agrochemicals		○				
Certis Europe B.V.	Sales of chemical pesticides and biological pesticides in Europe		○				

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Brilliance through
Chemistry

State of development and promotion in Agro products



Our brand products, fungicide "TOPSIN" and acaricide "NISSORN", were launched by an Indian agrochemical manufacturer and distributor, Bharat Certis Agriscience, which we have invested in.

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NIPPON SODA CO., LTD.

Tanimura: I'm Tanimura of the Business Strategy and Administration Department, External Relations, Agro Products Division. Thanks.

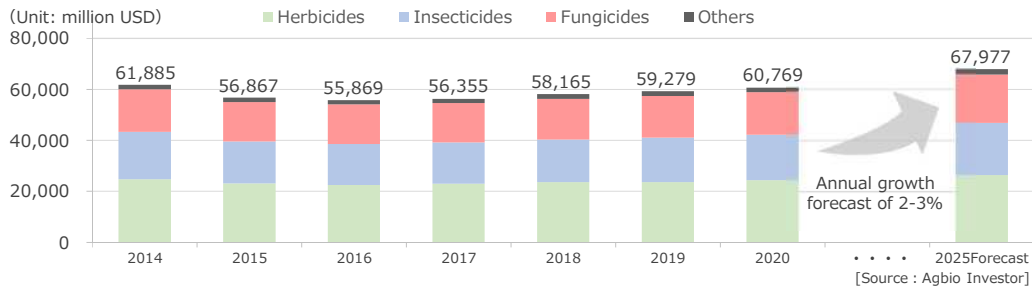
I would like to explain the current status of the Agro Products business and future measures, as well as the development and promotion of our products.

First, I would like to explain the environment surrounding the Agro Products business. Please see page 16.

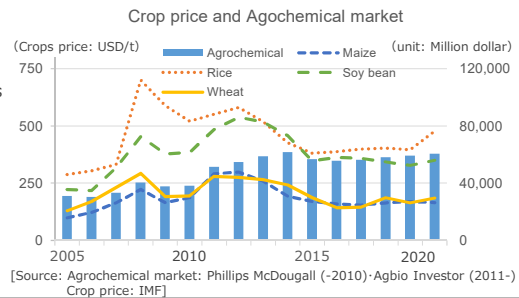
Global Agrochemical Market (Net sales)

Brilliance through
Chemistry

The agrochemical market is expected to expand in the medium-to-long term.
(Population growth → Increase in food production and demand for biofuel despite no change in area available for cultivation)



- Agrochemical market grew at an average annual rate of 8% until 2014
- Since 2015, sales temporarily declined due to falling crop prices and high distribution inventory, but the market has picked up recently.
- Influence factors to Agrochemical market
 - Crop prices (rising prices = higher incentive for control)
 - Climate change (high and low temperature, little rain, drought, floods)
 - Appearance of resistant fungi and insect, herbicide resistant weeds
 - Increase in farming area for genetically modified crops



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In the 5 years since the collapse of Lehman Brothers, up until 2014, global sales of agrochemicals have continued to grow at an average annual rate of 8%. In 2015, sales of agrochemicals took a turn for the worse as crop prices began to fall and distribution inventories of agrochemicals in Brazil remained at a high level, but from 2017 onwards, sales have been steady, partly due to the optimization of distribution inventories in Brazil.

The need to increase production due to population growth and increasing demand for biofuel applications, as well as the need to improve productivity, is increasing the demand for agrochemicals, and the global agrochemicals market is expected to continue to grow at an annual rate of 2% to 3%.

Factors affecting the sales of agrochemicals include climate change, the emergence of pests and weeds that are resistant to agrochemicals, and the decrease in agrochemicals use due to the increase in genetically modified crops, as well as the linkage between the price of crops and the amount of agrochemicals used. We are carefully watching the trend of crop prices, because when crop prices rise, producers' incentives for pest control will be activated and the demand for agrochemicals will increase.

Next, I would like to explain the sales of agrochemicals by crops. Please see page 17.

Global Agrochemical Market (Net sales by crops)

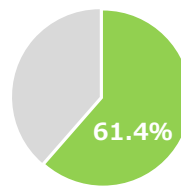
Brilliance through
Chemistry

(Unit: Million USD)	Soy bean	Wheat	Maize	Rice	Cotton	Fruits & Vegetables	Others	Total
Herbicides	4,425	3,878	4,404	1,259	695	2,408	6,562	23,631
Insecticides	2,926	749	1,534	2,075	1,694	6,406	2,092	17,476
Fungicides	2,697	2,912	739	1,898	199	7,097	819	16,361
Others	16	297	18	42	237	880	321	1,811
Total	10,064	7,836	6,695	5,274	2,825	16,791	9,794	59,279
GM seeds	6,257	0	10,830	0	2,134	0	1,081	20,302

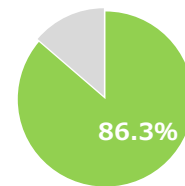
[Source : Agbio Investor (2019, excluding agrochemicals for non-agricultural use)]

[Development and promotion strategy in our agro products business]

- Increasing sales in niche markets around the world, particularly fungicides, insecticides, and acaricides for fruits and vegetables
 - Less intense competition with major overseas companies and generic products compared to the grain market
 - No competition with genetically modified seeds (GM crops)
- Expanding the application of existing agrochemicals to crops
 - Cost reduction due to economies of scale
 - Differentiation from generic products by developing mixed formulation
- Promote our global sales expansion by supplying active ingredient to major overseas manufacturers as well as through our global sales expansion framework



Overseas sales ratio (2021/3)



In-house products ratio (2021/3)

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NIPPON SODA CO., LTD.

The main target of major overseas agrochemical companies is the market for agrochemicals for grains, because their strategy is to sell a set of seeds developed by themselves and suitable agrochemicals, and because they have a strong orientation to target large markets due to their large scale.

On the other hand, our main target for product development is the yellow area in the table, fungicides and insecticides for fruits and vegetables. Since agrochemicals must be registered for each country and each crop, each agrochemical for fruits and vegetables are a very niche market, and competition from major overseas agrochemical companies and generic products is moderate compared to the market for agrochemicals for grains.

Genetically modified seeds have also not been deployed in fruits and vegetables, so this market is low-risk in terms of decreasing agrochemicals use due to an increase in the area under genetically modified crops.

At the same time, we are working to increase sales volume and reduce costs through economies of scale by expanding the application of our existing products for grains. In addition, we differentiate our products from generic products by adding value, such as by developing mixed formulations, and we also supply active ingredient of agrochemicals to major overseas agrochemical manufacturers.

Next, I will explain the sales situation of the global agrochemicals market by region. Please see page 18.

Global Agrochemical Market (Net sales by region)

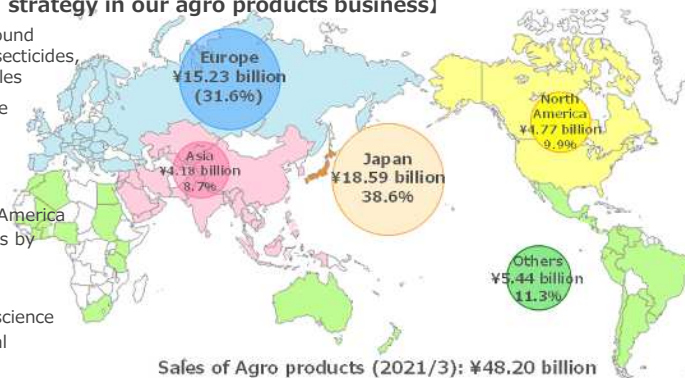
Brilliance through
Chemistry

(Unit: Million USD)	Asia	(of which, Japan)	Latin America	Europe	North America	Others	Total
Herbicides	5,425	(1,269)	6,640	5,228	5,484	854	23,631
Insecticides	7,109	(1,176)	5,737	2,039	1,562	1,029	17,476
Fungicides	4,519	(788)	4,602	4,737	2,035	468	16,361
Others	537	(179)	284	584	318	88	1,811
Total	17,590	(3,412)	17,263	12,588	9,399	2,439	59,279
GM seeds	795	(0)	5,563	46	13,126	772	20,302

[Source : Agbio Investor (2019 : excluding agrochemicals for non-agricultural use; for GM seeds production data from major countries are aggregated, and fractions are accounted for in "others".)]

[Development and promotion strategy in our agro products business]

- Increasing sales in niche markets around the world, particularly fungicides, insecticides, and acaricides for fruits and vegetables
 - High sales ratio in Japan and Europe
 - No competition with GM seeds
- Expanding the application of existing agrochemicals for crops
 - Increasing sales in North and Latin America
 - Differentiation from generic products by developing mixed formulation
- Focusing on promising Asian market
 - Establishment of Bharat Certis Agriscience (Investment to Indian agrochemical manufacturer and distributor)



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As we have been focused on development of fungicides and insecticides for fruits and vegetables, the yellow areas in the table have a high composition ratio in sales in Japan and Europe. Recent years, however, we have been promoting the expansion of applications to grain crops, and sales in North America, South America, and Asia have been steadily increasing.

In order to expand sales in countries around the world, the Company is developing and establishing a global sales system and is striving to further increase its market share.

In addition, in Europe, there have been cases where the number of registered agrochemicals has been reduced or their use restricted due to the very strict re-registration system of agrochemicals. Under these circumstances, sales opportunities for our insecticides, which have less impact on the environment, have expanded as competing products have been restricted in use.

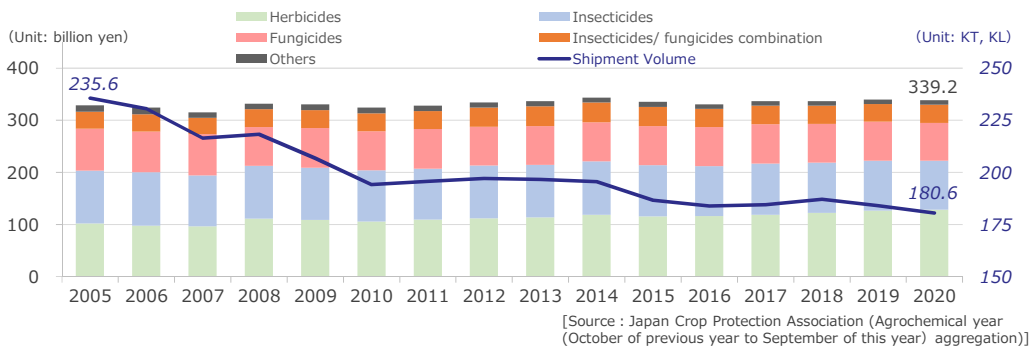
Most of genetically modified seeds are being sold in North America and Latin America, and it does not have a presence in Japan or Europe, which are our major sales destinations.

Next, I would like to explain the situation in Japan. Please see page 19.

Domestic Agrochemical Market (Shipment value/volume)



Shipment volume in domestic market is on the decrease, but the value has remained flat (agro products, which realize farmwork reductions and value-added field crops, are driving the market)



- Domestic shipment volume has declined around 50% for the past 30 years
 - Decreased in farming area
 - Development and promotion of low environmental burden agrochemical products that have high efficacy and low dosage (Dosage of active ingredient: 1960s: several kilograms per hectare → Present: several tens of grams per hectare)
- High-performance agrochemical products, which help to offset the decrease in farm workers and reduce overall costs related to agricultural production, are driving the market
 - Development and promotion of agrichemicals realize farmwork reductions (long-time-residual effective type of formulation, single treatment agent, mixed product to reduce the number of applications)

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Domestic sales of agrochemicals have decreased by approximately 50% in terms of shipment volume over the past 30 years. In addition to the decrease in the area under cultivation, this is due to the development and widespread use of agrochemicals with low environmental impact that provide high pest control with a small amount of spray.

On the other hand, in terms of shipment value, it has remained almost flat in recent years. Sales of high value-added agrochemicals that realize labor-saving agricultural work are being sold by various companies, and these sales are driving the market.

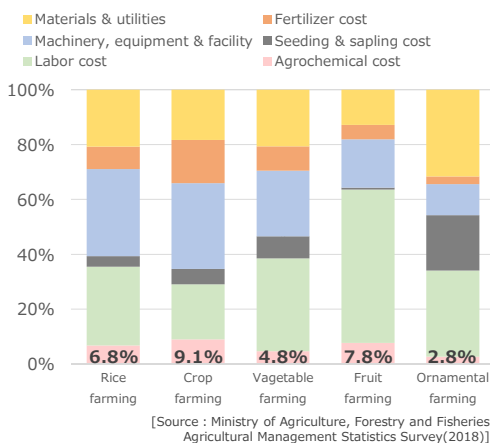
Next, I would like to explain the environment surrounding the agrochemical market. Please see page 20.

Domestic Agrochemical Market (Environment surrounding the market)

Brilliance through
Chemistry

Increasing needs for agrochemicals that contribute to sustainable agriculture with low environmental burden and high productivity (Stable food supply through development of low risk agrochemicals and establishment of integrated pest management)

● Ratio of agrochemical cost to production cost of agriculture products



- Agrochemical costs account for 3 to 9% of agricultural production costs
- Agrochemical contributes to labor saving and reduction of agricultural production costs

● Crops protection and SDGs



Ensuring crop yield and quality

→ Meet global food demand with limited farming area and water resources



Protect greenery

→ Prevent in excessive expansion of farming area and protect the greenery of forests and non-agricultural land



Improvement in agricultural efficiency and stabilization

→ Contribute to improvement in agricultural efficiency and promote the growth of agricultural industry



Reduced risk of mycotoxins

→ Preventing food contamination caused by mycotoxin in agricultural products and providing health to all people

- Creating new products and technologies, contributing to the stable food supply
- Regarding the role of agrochemicals, promote and share the correct understanding

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The graph on the left shows the cost of agrochemicals as a percentage of the cost of production of agricultural products. Since agrochemicals account for less than 10% of the cost of agricultural production, it can be said that what is expected from agrochemicals is a function to reduce overall agricultural production costs, such as reducing labor costs through labor saving, and a function to contribute to high value-added agricultural products.

In relation to the SDGs, the role of agrochemicals in crop protection can be described as contributing to "a stable supply of food by ensuring the yield and quality of crops," "curbing the excessive expansion of agricultural land and preserving forests and non-agricultural land," "promoting the growth of agriculture by increasing the efficiency and stability of agricultural production," and "preventing food contamination by fungal toxins in agricultural products."

We, as agrochemical companies, are required to develop agrochemicals that contribute to the realization of a sustainable society that meets the needs of producers, and we recognize that we have a social responsibility to contribute to the stable supply of food. We also believe that we need to actively disseminate information to promote and share a correct understanding of the importance of sustainable agricultural production and the role played by agrochemicals, and to convey to the world that agrochemicals are useful and safe agricultural production materials.

Next, I would like to explain an overview of "the Green Food System Strategy" formulated by the Ministry of Agriculture, Forestry and Fisheries in May of this year and our initiatives, as it relates to our future measures. Please see page 21.

Domestic Agrochemical Market (Environment surrounding the market)

Increasing needs for agrochemicals that contribute to sustainable agriculture with low environmental burden and high productivity (Stable food supply through development of low risk agrochemicals and establishment of integrated pest management)

- Ministry of Agriculture, Forestry and Fisheries “Measures for achievement of Decarbonization and Resilience with Innovation (MeaDRI)”

- Achieving both “improving productivity and sustainability of food and agriculture, forestry and fishers” through innovation

Background: stable food supply, decrease in farmers, increase in a large-scale natural disaster due to global warming and spread of pests

Purpose: Improving labor productivity and lowering environmental burden

Aim: Conversion to a sustainable production system with high productivity

- Specific effort (Aiming for social implementation by 2050)

Conversion to low risk agrochemicals (aiming for 50% reduction in risk conversion) → Development of low environmental burden agrochemicals, development and promotion of biopesticides

New application method and smart agriculture → pinpoint spraying of agrochemicals by drone, seed treatment

Establishment and promotion of integrated pest management → breeding, biostimulant and organic agriculture

- Promote initiatives for unique growth opportunities as a research and development based company that meets the needs of farmers and society

Development of highly safety, low dosage and highly efficacy agrochemicals

Development of formulation and dosage form responding to smart agriculture

Development and promotion of biopesticides and biostimulant

Responding to Integrated Pest Management (IPM)

In-house biopesticides



Biostimulant products



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 NIPPON SODA CO., LTD.

The Green Food System Strategy aims to achieve both productivity improvement and sustainability of the food, agriculture, forestry and fisheries industries through innovation, while taking the environment into consideration, in order to ensure a stable supply of food in the future.

Japan's food, agriculture, forestry, and fisheries industries are facing challenges such as a weakening of the production base due to a declining and aging number of producers, an increase in large-scale natural disasters due to global warming, and the occurrence and spread of transboundary insects and diseases. In addition, the importance of addressing global environmental issues and the SDGs is increasing.

In this context, we are trying to shift to a sustainable production system that balances high productivity with reduced environmental impact from a medium to long-term perspective in order to build a sustainable food system.

Specifically, our goal is to develop an integrated pest management system and implement it in society by 2050 through the development of pesticides with low environmental impact, labor-saving agricultural work and advanced cultivation technology using robotics and ICT, and innovative crop protection technology using improved varieties and biostimulants.

The concept of improving productivity while taking the environment into consideration to achieve sustainable agricultural production is in line with our past efforts.

In addition, the re-evaluation system for agrochemicals have started in Japan, and based on the latest scientific findings, work is underway to confirm the safety of previously registered agrochemicals. While this may result in the expiration of existing agrochemicals registrations, it will also generate demand for the shift to agrochemicals that are safer and have less environmental impact, providing a great opportunity for further development for companies with the ability to develop new active ingredients.

Domestic Agrochemical Market (Environment surrounding the market)

Increasing needs for agrochemicals that contribute to sustainable agriculture with low environmental burden and high productivity (Stable food supply through development of low risk agrochemicals and establishment of integrated pest management)

- Ministry of Agriculture, Forestry and Fisheries “Measures for achievement of Decarbonization and Resilience with Innovation (MeaDRI)”

•Achieving both “improving productivity and sustainability of food and agriculture, forestry and fishers” through innovation

Background: stable food supply, decrease in farmers, increase in a large-scale natural disaster due to global warming and spread of pests

Purpose: Improving labor productivity and lowering environmental burden

Aim: Conversion to a sustainable production system with high productivity

•Specific effort (Aiming for social implementation by 2050)

Conversion to low risk agrochemicals (aiming for 50% reduction in risk conversion) → Development of low environmental burden agrochemicals, development and promotion of biopesticides

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Development of highly safety, low dosage and highly efficacy agrochemicals

Development of formulation and dosage form responding to smart agriculture

Development and promotion of biopesticides and biostimulant

Responding to Integrated Pest Management (IPM)

In-house biopesticides



Biostimulant products



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As an R&D-oriented company that responds to the needs of producers and society, we will continue to focus on the development of high performance, low environmental impact chemical agrochemicals and related technologies, as we have in the past, in order to contribute to global food production.

The above is an explanation of the environment surrounding the Agro Products business.

Next, I would like to explain the development and promotion status of the Agro Products business. Please see page 22.

Overview of Agro Products Business

Brilliance through
Chemistry

Promoting sales in niche markets worldwide, centered on fungicides and insecticides/acaricides for fruits and vegetables



(Billions of yen)	2021/3 Net sales	Features	Main Products
1. Fungicides	19.62	<ul style="list-style-type: none"> • Product development specialized in fruits and vegetables • More applications of existing agrochemicals to grains • Supplying active ingredients to major overseas manufacturers • Development and sales of biological pesticides (fungicide) 	<ul style="list-style-type: none"> • TOPSIN-M • PANCHO
2. Insecticides/ acaricides	18.34		<ul style="list-style-type: none"> • MOSPILAN (insecticide) • NISSORUN (acaricide)
3. Herbicides	4.26	<ul style="list-style-type: none"> • Promoting development for turf grass and nonagricultural land in addition to agricultural crops 	<ul style="list-style-type: none"> • NABU • CONCLUDE (for turf grass)
4. Others	(0.24)		
Total	48.20	* "Total" includes ¥6.24 billion of subsidiaries sales, elimination of transactions, etc.	



Fungicide "TOPSIN-M"

- Long-selling product launched in 1971
- Listed crops: More than 90
- Sales area: About 90 countries
- Finding more applications for grains



Insecticide "MOSPILAN"

- In-house product launched in 1995
- Listed crops: More than 130
- Sales area: About 100 countries
- Increase in sales because of usage restrictions for competitive products

NIPPON SODA CO., LTD.

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Our Agro Products business targets fungicides, insecticides and acaricides for fruits and vegetables as the main target of product development. In addition, we have added diversity to the methods of use and the insects and diseases to which it can be applied, so that it can respond to new insects and fungi that are becoming a problem, and by obtaining registrations in many countries and for many crops, we have achieved long-term sales expansion.

Our mainstay fungicide "TOPSIN-M" has been on the market for 50 years, and our insecticide "MOSPILAN" for 26 years. During this time, we have obtained registrations for various crops in various countries, and sales continue to be strong.

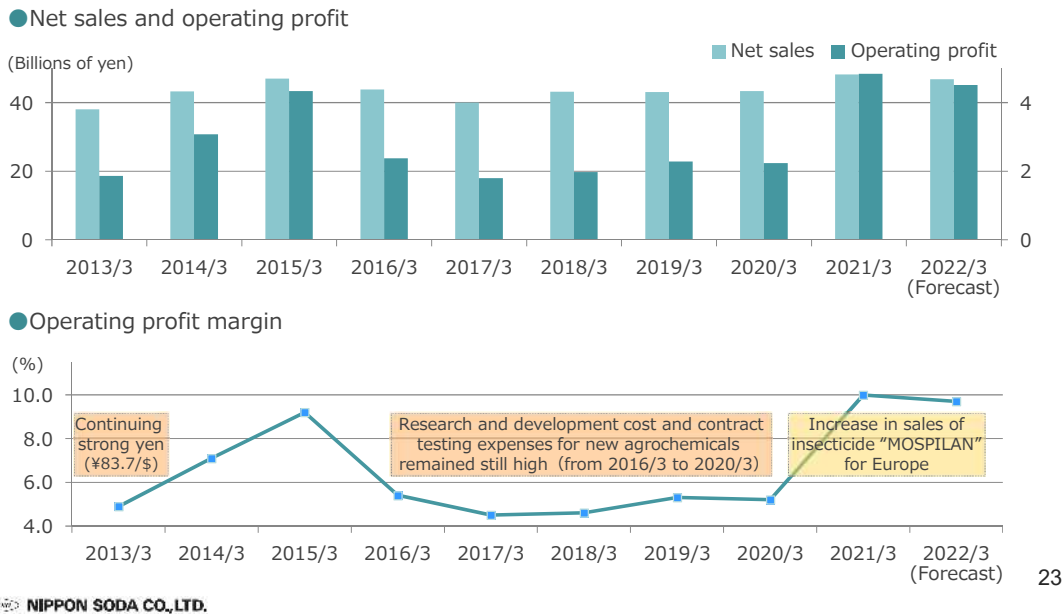
Please see page 23.

Agro Products Business: Operating results

Brilliance through
Chemistry

Current: Steady sales of the main insecticide “MOSPILAN” for Europe, and three new agrochemicals have been launched

Future: Aim to improve profitability by expanding sales of new agrochemicals



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In the Agro Products business, development costs and contract trial costs for 3 new agrochemicals developed in-house have remained at high levels for the past several years, but with the launch of new agrochemicals, contract trial costs have peaked out, and sales of the insecticide “MOSPILAN” are expanding in Europe. As a result, profitability has improved significantly.

We will continue to work to further improve our profitability by steadily promoting the spread of new agrochemicals and expanding their applications.

Next, I would like to explain the status of the development and promotion of new agrochemicals. Please see page 24.

New in-house developed agrochemicals

Brilliance through
Chemistry

Started overseas sales of fungicide “PYTHILOCK,” and launched in Japan of acaricide “DANYOTE” and fungicide “MIGIWA”

Product	Category	Features	Launch
PYTHILOCK (vegetables) NAEFINE (paddy rice) QUINTECT (turf grass)	Fungicide	<ul style="list-style-type: none"> • New modes of action, and effective against existing fungicide-resistant fungi • Being sold in Japan and South Korea; developing for vegetables in Europe and North America • Concluded a global licensing agreement with Syngenta; developing a new seed treatment agent ▶ Registered in the Canada in July 2021 	2017
DANYOTE	Acaricide	<ul style="list-style-type: none"> • New modes of action, and effective against spider mites that are resistant to existing acaricides • Fast efficacy, and less impact on beneficial insects • Launched in Japan and South Korea; developing for the USA 	2020
MIGIWA	Fungicide	<ul style="list-style-type: none"> • New modes of action, and effective against existing fungicide-resistant fungi • Expected to be a major fungicide given its effectiveness against a broad spectrum of diseases • Launched in Japan in February 2021 (Priority review examination No.1) • Registration applications submitted in the USA and Europe (Aim to launch in USA in 2022) • Developing globally in Brazil, Asia and other areas 	2021

Firstly, aiming to achieve sales of ¥10.0 billion from three agents

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 NIPPON SODA CO., LTD.

In the Agro Products business, the most important theme is to expand sales of 3 new agrochemicals.

The first, the fungicide PYTHILOCK, was launched in Japan and South Korea in 2017 and is expanding sales for vegetables, paddy rice, and turf. In addition, we have concluded a global licensing agreement with Syngenta AG, one of the world's leading agrochemical manufacturers, to develop the product as a seed treatment for maize, soybeans, wheat, rapeseed, etc. In March of this year, we obtained registration in the US and started shipments. In addition, we are developing products for vegetables in Europe, the US, India, and the Middle East.

The second new product, the acaricide DANYOTE, was launched in Japan in October last year. While resistance to existing acaricides is spreading, DANYOTE has a novel action, immediate and superior efficacy, and we plan to grow it to over JPY1000 million in domestic sales within a few years. In addition, since overseas majors are not developing acaricides, we are also promoting development in the US and other countries.

Thirdly, the fungicide MIGIWA, which was launched in Japan in February this year, is expected to become a large-scale agent because it is effective against fungi resistant to existing agents and has a wide range of target diseases. In Japan, the agrochemical was subject to priority review as it was recognized to be particularly necessary for the control of pests, and we were able to obtain registration as quickly as 1 year and 3 months after application. It has also been certified as a “reduced-risk agrochemical” in the US, and we are expecting to obtain registration at an early date.

New in-house developed agrochemicals

Started overseas sales of fungicide “PYTHILOCK,” and launched in Japan of acaricide “DANYOTE” and fungicide “MIGIWA”

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DANYOTE	Acaricide	<ul style="list-style-type: none"> • New modes of action, and effective against spider mites that are resistant to existing acaricides • Fast efficacy, and less impact on beneficial insects • Launched in Japan and South Korea; developing for the USA 	2020
MIGIWA	Fungicide	<ul style="list-style-type: none"> • New modes of action, and effective against existing fungicide-resistant fungi • Expected to be a major fungicide given its effectiveness against a broad spectrum of diseases • Launched in Japan in February 2021 (Priority review examination No.1) • Registration applications submitted in the USA and Europe (Aim to launch in USA in 2022) • Developing globally in Brazil, Asia and other areas 	2021

Firstly, aiming to achieve sales of ¥10.0 billion from three agents

24

For these 3 new agrochemicals, we aim for JPY10 billion sales in total. For the fungicide MIGIWA, we have confirmed its marketability in Asia and South America, and we are moving forward with development on a global basis with the aim of further increasing sales.

Next, I would like to explain about the sales expansion of existing products. Please see page 25.

More applications for existing agents

Aiming for further sales expansion by extending application to grains especially in main products

Product	Category	Sales and marketing status	Launch
TOPSIN-M	Fungicide	<ul style="list-style-type: none"> Widely spread for soybeans in North and South America Aiming to expand sales in emerging markets, mainly for paddy rice in Asia Enhancing differentiation from generic products by developing mixed formulation products 	1971
MOSPILAN	Insecticide	<ul style="list-style-type: none"> Sales expansion of mixed formulation products for soybeans and maize in Brazil Aiming to expand sales by replacing competitive products in Europe <ul style="list-style-type: none"> Increase in sales opportunities because of usage restrictions for competitive products Getting over the EU re-registration evaluation for active ingredient, extended the registration until 2033 	1995
PANCHO	Fungicide	<ul style="list-style-type: none"> Strong sales for European fruits, vegetables and wheat Expanding application to fruits and vegetables in the USA 	2003
NISSORUN	Acaricide	<ul style="list-style-type: none"> Firm sales for maize and nuts in the USA Widely spread for paddy rice in Asia and expanding application to vegetables 	1985

Aiming for long-term sales and further sales expansion by providing diversity in registration, e.g., product usage, applicable pests, and countries.

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As for existing products, in addition to sales of products for fruits and vegetables, we are working to expand applications for grains.

We are also working to expand sales in Latin America, including Brazil, and in Asia, where demand is expected to increase in the future. In particular, in order to expand sales in the growing Indian market and to speed up the development and registration process, we acquired shares in Bharat Certis Agriscience Ltd., an Indian agrochemical manufacturing and distributor, jointly with Mitsui & Co. In addition to promoting sales of existing agrochemicals, we plan to launch sales of new agrochemicals in the next few years.

For products that have been on the market for a long time, competition from generic products will become tougher. On the other hand, due to the impact of environmental regulations and electricity regulations in China, we are experiencing a decrease in the distribution of generic products and an increase in the price of generic products. In addition, the agrochemicals market is expected to expand further due to the rise in grain prices. While continuing to monitor market trends, we will work to replace generic products and aim to further expand sales by differentiating our products through the development of mixtures and other products.

In addition, in Europe, sales opportunities for our insecticide MOSPILAN are expanding due to the expiration of registrations and restrictions on the use of competing products. As a result of the evaluation for re-registration in the EU, the registration of the original MOSPILAN has been extended until 2033. We will continue to strive to expand sales by taking advantage of the fact that it has an extremely low impact on the environment.

Lastly, I would like to explain our unique products and our initiatives for the future. Please see page 26.

Status of distinctive areas and businesses

Brilliance through
Chemistry

Strategic expansion to agriculture-related fields

Area	Product	Category	Features	Launch
Biopesticide	AGROCARE	Fungicide	• Our first biopesticide developed in-house	2010
	MASTERPIECE	Fungicide	• Biopesticide for bacteria developed in-house, promoting efforts to expand into overseas markets	2014
M & A in-licensed	GREENGUARD	Insecticide	• An agent for preventing pine wilt, contributing to the preservation of natural environment and landscape • Aiming for synergies with our developed product "MATSUGREEN"	2018 (Acquisition)
	AGRIMYCIN	Fungicide	• Bacterial fungicide for fruits and vegetables	

Response to smart agriculture and integrated pest management (IPM)

Smart agriculture	<ul style="list-style-type: none"> • Development and sales of seed treatment which contributes to low environmental burden and labor-saving farmwork • Actively promoting registration of drone agrochemical for crops, fruits and vegetables
Biostimulant	<ul style="list-style-type: none"> • Sales of products that strengthen resistance of plant, promote growth and improve quality • Promote the development of new control technologies including agrochemicals

Synergies with existing products through development and marketing by Nippon Soda Group resources

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 NIPPON SODA CO., LTD.

We are also focusing on the development of biopesticides, and have developed 2 biopesticides of in-house.

Masterpiece can be used in combination with chemical agrochemicals, and we are promoting its development overseas. We also sell GREEN GUARD, an insecticide that controls pine wilt, which has become a problem in many parts of Japan in recent years. These agrochemicals are indispensable for forest protection and environmental preservation, and we hold the largest share of the market for pine dieback control agrochemicals.

As for future-oriented initiatives, in addition to the development of biopesticides, we are working with Syngenta to develop seed treatment agents that have a low environmental impact and contribute to labor-saving agricultural work, and we are also developing formulations suitable for pinpoint agrochemicals spraying by drones.

We also sell biostimulant materials that strengthen the resistance of plants themselves and enhance their growth. In addition to chemical agrochemicals, we will also promote initiatives in peripheral fields related to agriculture that will provide new growth opportunities by utilizing the Group's resources for development and marketing.

The above is an explanation of the status of development and promotion of agrochemicals.

Increasing food production is a global challenge, and the global agrochemicals market will continue to grow. We aim to expand our business and contribute to sustainable agricultural production by utilizing our product development capabilities as a research and development-oriented company and knowledge of expanding applications to meet global niche markets. We would like to thank you for your continued support of our business.

[Supplementary Materials]

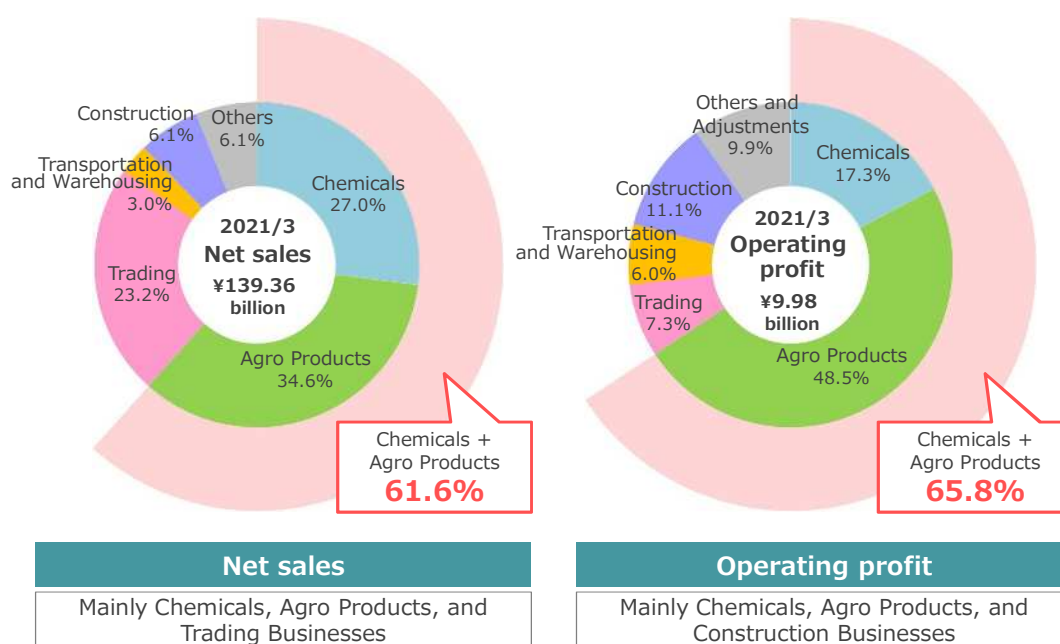
Businesses Overview of the Nippon Soda Group

Chemicals and Others

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Businesses of the Nippon Soda Group

Profit structure centered on Chemicals and Agro Products Businesses



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Overview of Chemicals Business

Brilliance through
Chemistry

Chemicals Business consists of a wide variety of products
Pharmaceuticals (pharmaceutical additives) and Specialty
chemicals are the focused areas



(Billions of yen)	2021/3 Net sales	Features	Main Products
1. Industrial chemicals	12.98	Used in various industries Mainly domestic sales (sales reflect domestic economic trends) Used as raw materials for our chemical products and agrochemicals	Caustic soda Caustic potash Sodium cyanide
2. Fine chemicals	7.44	Used for a niche market (specialty chemicals used for specific applications)	Color developer for thermal paper Metallic sodium
3. Specialty chemicals	6.23	Various products based on our proprietary technology Majority of chemicals for electronic materials	Resin additive "NISSO-PB" Krf photo resist material "VP-POLYMER"
4. Eco-business	5.77	Disinfectant which is made from chlorine (for swimming pools, water supply and drainage) Chelating agent for heavy metal	"NISSO HI-CHLON" "HIDION"
5. Pharmaceuticals & intermediates, Biocides	8.16	Cellulose derivatives (pharmaceutical additive) Pharmaceutical ingredients and intermediates Bactericide, fungicide, and insecticide	Pharmaceutical additive "NISSO HPC"
Total	37.57	* "Total" includes ¥(3.01) billion of subsidiaries sales, elimination of transactions, etc.	

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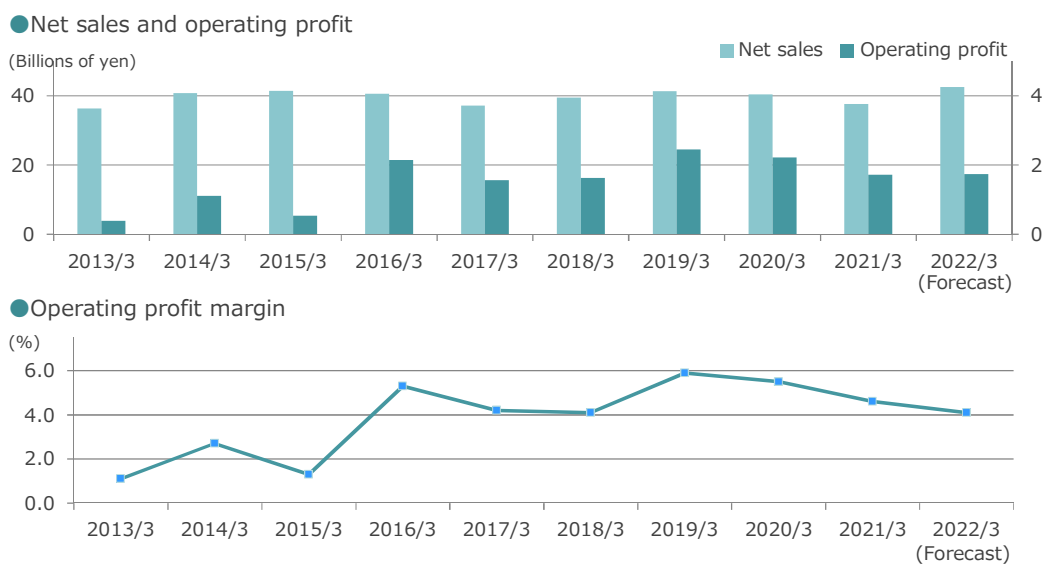
NIPPON SODA CO., LTD.

Chemicals Business: Operating results

Brilliance through
Chemistry

Current: Profitability improving steadily with expansion of high value-added products

Future: Promote liquidation of unprofitable businesses and further expansion of growth business areas



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NIPPON SODA CO., LTD.

Chemicals Business: Growth drivers (Cellulose derivatives)

Brilliance through
Chemistry

Promoting sales expansion of pharmaceutical additive "NISSO HPC" in the global market



NIPPON SODA CO., LTD.

Pharmaceutical additive "NISSO HPC" (hydroxypropyl cellulose)

Features/ Properties	<ul style="list-style-type: none"> • High functionality (binding strength, moisture resistance, sustained release, etc.) • One of the few additives soluble in both water and alcohol, and it offers customers a wide choice of options for pharmaceutical manufacturing method
Application	<ul style="list-style-type: none"> • Molding of pharmaceuticals and supplements • Thickener in food and personal care products ▶ Expansion of use by major health food manufacturers in Japan
Market Trends	<ul style="list-style-type: none"> • High level of quality management is required ▶ Barriers to entry • Demand is increasing with the expansion of pharmaceutical and supplement market
Outlook	<ul style="list-style-type: none"> • Continuous growth of global pharmaceutical market (4% per year) • Demand in emerging markets such as India is expected to grow (8-9% per year) • Use of NISSO HPC in generic drugs is likely to increase • In food applications, greater use of NISSO HPC in health food is expected

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Chemicals Business: Growth drivers (Cellulose derivatives)

Brilliance through
Chemistry

Promoting sales expansion of pharmaceutical additive "NISSO HPC" in the global market

Measures for sales expansion

Expand grades and launch proprietary grades	Sales activities shaped to market environment	Research and development
<ul style="list-style-type: none"> • Expand market share by launching competitor equivalent grades • Differentiate by launching proprietary grades and by non-GMO certification ▶ Expand sales of Super Fine Powder (patented product) ▶ "NISSO HPC" is a non-GMO product using wood pulp 	<ul style="list-style-type: none"> • Boost technical services with local staff ▶ USA, EU, IND • Differentiate from competitors through advanced quality management systems • Entry to peripheral businesses (including M&As and alliances) 	<ul style="list-style-type: none"> • Develop new grades tailored to customer needs ▶ Utilization of CTAC • Aim for making "NISSO HPC" a standard substance in frontier fields ▶ 3D printing pharmaceutical formulation technology (3D-Inkjet Powder Printing)

Utilization of Cellulose Technical Application Center (CTAC)

Hands-on facility for creating new value for NISSO HPC alongside customers

- Based on ideas and discussions during meetings with customers, CTAC can make prototypes and perform all of the processes from analysis to evaluation.
- State-of-the-art equipment (pharmaceutical formulation equipment, equipment for evaluating physical properties of powder and material analyzers)
 - ▶ Strengthen the pharmaceutical formulation evaluation function
- By providing solutions to meet customer needs, increase sales of "NISSO HPC" over the medium-to-long term.



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NIPPON SODA CO., LTD.

Chemicals Business: Growth drivers (Functional polymers)

Brilliance through
Chemistry

Sales expansion of resin additive "NISSO-PB"



Flexographic printing plate



NIPPON SODA CO., LTD.

Resin additive "NISSO-PB" (Liquid polybutadiene)

Features / Properties	<ul style="list-style-type: none"> Nippon Soda's proprietary high-performance liquid polymer, derived by means of living anionic polymerization Low time degradation and various distinctive properties such as water-resistance, good chemical-resistance and electrical properties
Application	<ul style="list-style-type: none"> Used in a wide variety of products, such as resin modifiers, electronic materials and adhesives Steady demand for use as modifier for flexographic printing plates
Market Trends	<ul style="list-style-type: none"> Several suppliers produce products with their own properties Steady sales for all suppliers due to growth in global demand
Related Products	<ul style="list-style-type: none"> Following R&D work in polymer related businesses, we launched new products ▶ VP-POLYMER (KrF photo resist material)
Outlook	<ul style="list-style-type: none"> Expansion of new demand in the electronic materials field (For 5G telecommunications device materials) Further growth in demand is expected amid worldwide prevalence of flexographic printing

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Chemicals Business: Growth drivers (Functional polymers)

Brilliance through
Chemistry

Steady increase in demand for resin additive "NISSO-PB" in flexography
Promoting sales expansion in the electronic materials field

Flexography



Right: Flexographic printing plate
Left: Printed matter

Features / Properties	<ul style="list-style-type: none"> A printing process which utilizes a flexible relief plate / The relief plate is a photosensitive resin plate made from synthetic rubber or synthetic resin Mainly using water-based inks and more eco-friendly than solvent-based inks Low energy consumption due to low printing pressure
Outlook	<ul style="list-style-type: none"> Adoption of flexography is in progress especially in Europe, where companies show a lot of interest in environmental issues A shift from gravure printing to flexography is expected due to improvements in print quality

Various measures to expand sales in the electronic materials field

Properties in touchscreen components	Growth in new demand
<ul style="list-style-type: none"> "NISSO-PB" is used as a material that meets various touchscreen characteristic requirements ▶ High optical reliability (high transmissivity, no discoloration over time) ▶ Thinner touchscreens (light weight) ▶ Adhesiveness (high strength) 	<ul style="list-style-type: none"> Use for additives for copper-clad laminates used in wireless communication base stations (Highly suited for 5G) ▶ They have excellent heat resistance and low dielectric properties ▶ Support large capacities and high speed transmission Start testing samples of new polymers for 5G devices

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NIPPON SODA CO., LTD.

Chemicals Business: Growth drivers (Functional polymers)

Brilliance through
Chemistry

Further expansion of semiconductor photo resist material "VP-POLYMER"



NIPPON SODA CO., LTD.

Semiconductor photo resist material "VP-POLYMER"

Features/ Properties	• Nippon Soda's proprietary polymer product, derived by means of living anionic polymerization
Application	• KrF photo resist material for semiconductor
Market Trends	• Growing demand due to rising needs for increased storage capacity and speed for semiconductors
Outlook	• Growing demand due to the trend of moving from i-Line resist to KrF • Growing demand for 3D NAND memory

Measures for sales expansion

Enhanced production capacity by 50% (2018)	Research and development
<ul style="list-style-type: none"> • Support growing demand for "VP-POLYMER" • Ensure a stable supply 	<ul style="list-style-type: none"> • Promote R&D of new polymer materials tailored to customer needs using living anionic polymerization

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Trading / Transportation and Warehousing Businesses

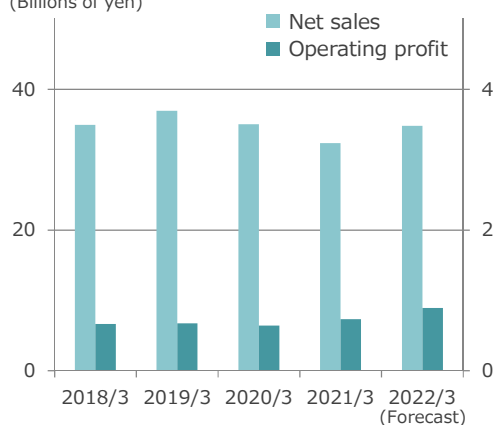
Brilliance through
Chemistry

Strengthening collaboration with Group companies and making effective use of Group management resources

Trading

● Net sales and operating profit

(Billions of yen)

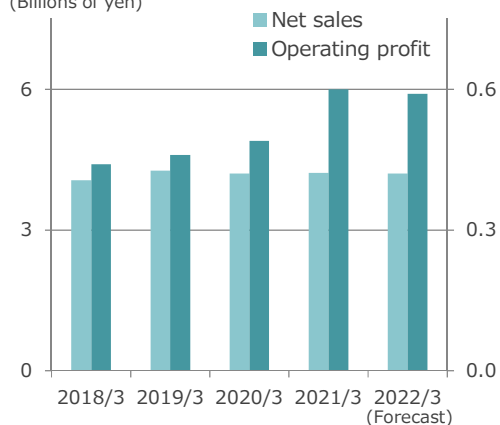


• Trading Business sells Nippon Soda Group's products and engages in procurement of materials used by the Group

Transportation and Warehousing

● Net sales and operating profit

(Billions of yen)



• Transportation and Warehousing Business provides comprehensive logistics services specialized in the fields of hazardous items, toxic materials and pharmaceuticals, and maintains a high profitability

Construction Business / Others

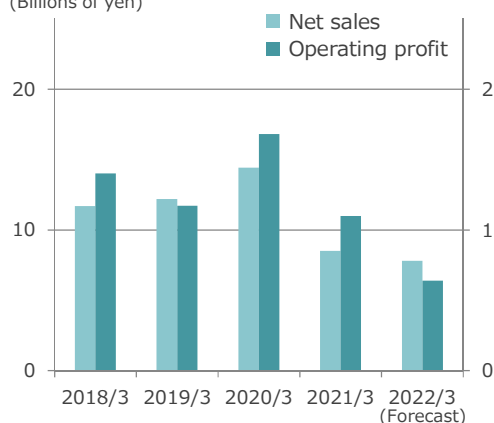
Brilliance through
Chemistry

Strengthening collaboration with Group companies and making effective use of Group management resources

Construction

● Net sales and operating profit

(Billions of yen)

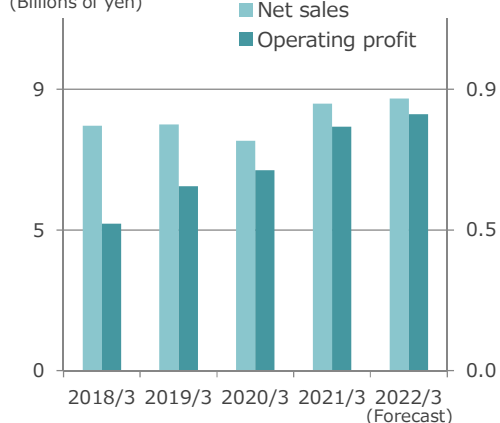


• Strong expertise in building plants that manufacture powders and pharmaceuticals
• Profitability fluctuates depending on the timing of receiving orders and completing construction

Others

● Net sales and operating profit

(Billions of yen)



[Supplementary Materials]

Nippon soda Group Long-term Vision “Brilliance through Chemistry 2030” (Fiscal 2021 to Fiscal 2030)

The 21st century is called the “environmental century,” and we are directly facing issues worldwide including global warming, population growth, and resource depletion. On the other hand, there is concern in Japan over the large effects on the social system of problems including the aging population with declining birthrate and rising social welfare costs.

In response to these conditions, the Nippon Soda Group is contributing through our chemistry and related services to the creation of a sustainable society in which individuals can live comfortably.

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Social Issues and Mission of Nippon Soda (Value Creation Process)

Vision of Nippon Soda

Since its establishment in 1920, Nippon Soda has provided new value to society through our chemistry and contributed to the development of society. The Group supports people’s everyday lives by delivering a range of chemical products and services to the agricultural, healthcare, environmental, and ICT fields.

Megatrends

Population growth

Increase in food and feed production and improvement of efficiency of production

Global warming

Increase of pests

Improvement in living standard

Increased demand for pharmaceuticals and improved QOL

Social security cost issues

Increasing health consciousness and awareness of preventive medicine

Achievement of a sustainable society

Reduction of environmental burdens
Building the resource recycling-based society

Progress in information and communication technologies

Popularization of smart devices
Rising needs for technological innovation

The value provided by Nippon Soda

Agriculture

Securing food and sustainable agriculture

Healthcare

Healthy life to all people

Environment

Toward resource recycling society

ICT

Chemical functions to IT devices

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Mission of Nippon Soda

Creating new value through the power of chemicals and realizing increased corporate value through our contributions to society.

Material Issues for Increasing Corporate Value (Value Creation of the Nippon Soda Group)

Agriculture Securing food and sustainable agriculture	<ul style="list-style-type: none"> •We are contributing to global food supply by creating new agrochemicals in response to more sophisticated safety requirements and by providing highly effective fungicides, insecticides, and herbicides. •Anticipating the streamlining of agricultural production, we are supporting labor-saving in crop protection and the production of high-quality agricultural products using ICT. 
Healthcare Healthy life to all people	<ul style="list-style-type: none"> •The cellulose derivatives provided by the Group are widely used in Japan and overseas as a binder in pharmaceutical tablets to make them easier to take. •We provide technology in the form of food processing methods that makes supplements easier to take. •We contribute to human health through the creation of high-performance products and support services for pharmaceutical formulation technologies. 
Environment Toward resource recycling society	<ul style="list-style-type: none"> •We are developing various environmental solutions using water treatment technologies, resource recycling technologies, and technologies to absorb and remove toxic substances. •We contribute to the realization of a safe, ecological society using the knowledge and experience that we have accumulated. 
ICT Chemical functions to IT devices	<ul style="list-style-type: none"> •Using the precise polymerization and organic synthesis technologies that we have developed thus far, we are providing high-performance resins both for materials for telecommunications devices used in 5G base stations and for semiconductor photo resist materials. •To respond to technological innovation needs, we are supporting the development of the information society and focusing on developing new, environmentally friendly materials. 

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“Brilliance through Chemistry 2030” : Our Vision 10 Years in the Future

- While accelerating the expansion of our high-value-added businesses and the liquidation of unprofitable businesses, we will promote thorough management streamlining and reform our business portfolio to be resilient toward changes in the business environment and to produce stable earnings.
- While balancing growth investment and shareholder returns, we aim to increase capital efficiency.

Mission

- ◆Creating new value through the power of chemicals and realizing increased corporate value through our contributions to society.

Basic strategies

- ◆Through growth investments focused on ROI and thorough structural reforms, we will “Implement reforms toward an efficient business structure. –More than doubling our profit margin–”

Capital policy

- ◆While valuing financial soundness, we will proactively implement policies focused on the balance between growth investment and shareholder returns.

ESG management

- ◆We are contributing to society through the products and services demanded by the customers and social environment of the 2020s.

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“Brilliance through Chemistry 2030” : Our Vision 10 Years in the Future

Brilliance through
Chemistry

Key performance indicators (KPI)

◆ We aim to implement management focused on investment efficiency aimed at increasing corporate value.

ROS (operating margin)	10% or more ('20/3: 5.6%)
ROA (operating profit / total assets)	7% or more ('20/3: 3.8%) → Improve profitability and total asset turnover
ROE (profit / equity)	8% or more ('20/3: 4.8%) → Appropriate balance sheet control

To realize its mission and sustainable growth,
the Nippon Soda Group is implementing management that aims
to balance increased corporate value and social value.

Increasing the corporate value

Reforms to build a business portfolio that produces stable earnings resilient to changes in the business environment
Capital policy that values financial soundness and focuses on balancing growth investment with shareholder returns
Achievements of key performance indicators (KPI)

Increasing the social value

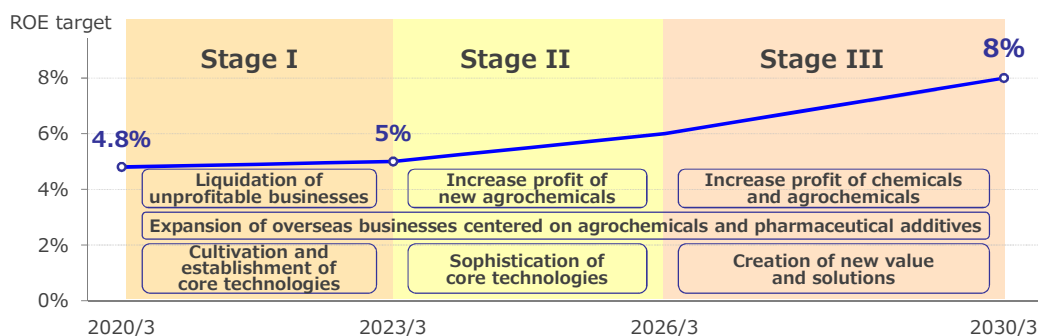
CSR activities to protect the corporate value
• Responses to climate change issues and preservation of biodiversity
• Providing even greater value to stakeholders throughout society
CSR activities to improve the corporate value
• Four material issues to realize a sustainable society (new value creation)

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“Brilliance through Chemistry 2030” : Road Map

Brilliance through
Chemistry

Through growth investments focused on ROI and thorough structural reforms, we will “Implement reforms toward an efficient business structure. –More than doubling our profit margin–”



Generating stable cashflow through existing businesses and
new value through growth investment.

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“Brilliance through Chemistry 2030” : Basic Strategies



Through growth investments focused on ROI and thorough structural reforms, we will “Implement reforms toward an efficient business structure. –More than doubling our profit margin–”

Key Issues	Actions to Implement
Enhancement of cost competitiveness and cost efficiency	<ul style="list-style-type: none"> •Promote expansion of high-value-added businesses and liquidation of unprofitable businesses •Pursue thorough streamlining in each department (management, research, production, sales and supply chain)
Expansion of overseas businesses	<ul style="list-style-type: none"> •Promote expansion of existing businesses and the market development of new products and new businesses •Consider collaboration with other companies •Target of overseas sales ratio for 2030/3: 40% (2020/3 result : 33%)
Promotion of new product development and entry to new businesses	<ul style="list-style-type: none"> •By deepening and fusing proprietary technologies and through synergies created by introducing external technologies, we will improve our core technologies and proactively invest resources. •We will create new businesses that envision the customers of the 2020s and beyond.

**The Nippon Soda Group has created multiple businesses in niche chemical fields backed by its proprietary technological strengths and maintained an earnings base that is resilient to various risks.
We will continue to use these strengths as we work to provide new value creation and solutions.**

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“Brilliance through Chemistry 2030” : ESG Management



We are contributing to society through the products and services demanded by the customers and social environment of the 2020s.

CSR activities to protect the corporate value

Key Issues	Actions to Implement
Initiatives for environment	<ul style="list-style-type: none"> •Address climate change issues (participation to the Commitment to a Low Carbon Society of the Ministry of Economy, Trade and Industry) •Address preservation of biodiversity (promotion of preservation activities of forests and water resources)
Social activities	<ul style="list-style-type: none"> •Respond appropriately by promoting dialogue with consumers, business partners and local communities •Promote diversity, work-life balance and career program •Hold constructive dialogues with shareholders and investors and implement the timely and appropriate disclosure of information
Governance	<ul style="list-style-type: none"> •Enhance corporate governance (transition to a company with audit and supervisory committee) •Promote compliance-oriented management (system improvement, appropriate operations, education)

CSR activities to improve the corporate value

◆Pursuing four material issues to realize a sustainable society.

Agriculture	Healthcare	Environment	ICT
Securing food and sustainable agriculture	Healthy life to all people	Toward resource recycling society	Chemical functions to IT devices

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“Brilliance through Chemistry 2030” : Business Strategies



Chemicals

- ◆Generating cashflow in the healthcare field, investing in the rapidly growing ICT field, and expanding our business.
- ◆Aiming to expand the special chemicals field using the strength of our technological capabilities.

Actions to Implement	Main Details
Healthcare field	<ul style="list-style-type: none"> •Accelerate sales expansion of the pharmaceutical additive “NISSO HPC” by targeting the expanding global pharmaceuticals market •Expand our lineup by bringing new pharmaceutical additives to market
ICT field	<ul style="list-style-type: none"> •Expand sales of resin additive “NISSO-PB” for 5G materials •Aim to commercialize new products using the Company’s strong technology
Reform of business portfolio	<ul style="list-style-type: none"> •Consider expansion into peripheral fields through M&As and alliances •Promote expansion of high-value-added businesses and liquidation of unprofitable businesses

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“Brilliance through Chemistry 2030” : Business Strategies



Agro Products

- ◆Working to maintain and expand sales of existing products and new agrochemicals and focusing on the development of new agents for the next period.
- ◆Improving profitability by streamlining business systems.

Actions to Implement	Main Details
Maintenance and expansion of sales of existing products	<ul style="list-style-type: none"> •Maintain sales through generic competition and by accurately responding to re-registration •Expand sales through expansion of range of application
Expand sales of new agrochemicals Develop new agents	<ul style="list-style-type: none"> •Expand sales of fungicide “PYTHILOCK” •Launch and expand sales of acaricide “DANYOTE” and fungicide “NF-180” •Aim for an early phase-up toward the full-scale development of pipeline agents under development
Streamline business systems Consider alliances	<ul style="list-style-type: none"> •Improve profitability by enhancing the management of our production and sales systems •Consider alliances in Japan and overseas

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“Brilliance through Chemistry 2030” : Business Strategies



Research, production and management

- ◆ Pursuing structural reforms aimed at improving investment efficiency through workstyle reforms and the use of broad-based human resources.

Implementing Departments	Actions to Implement
Research departments	<ul style="list-style-type: none"> • Build an efficient research system (reorganization / enhancement of functions) • Promote peripheral development and creation of new businesses in focused areas (enhancing technologies that we own, introducing external technologies through M&As, partnerships, and cooperation) • Promote digital transformation (AI, IoT, MI, etc.)
Production departments	<ul style="list-style-type: none"> • Improve profitability through business structure reforms • Promote digital transformation (AI, IoT, etc.)
Management departments	<ul style="list-style-type: none"> • Group sharing of our IT platform, and promote digitalization • Develop human resources and next-generation leaders to support sustainable growth • Promote streamlining by centralizing management operations

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“Brilliance through Chemistry 2030” : Business Strategies



Others

- ◆ Enhancing group-wide corporate value by promoting business activities using our strengths.

Operating Departments	Actions to Implement
Trading	<ul style="list-style-type: none"> • Focus on growth strategy fields and evolve into a trading company with the strengths to grow sustainably • Enhance our overseas business based on our proprietary network with premium suppliers • Develop the solutions business using our expertise and high-level information and proposal capabilities
Transportation and Warehousing	<ul style="list-style-type: none"> • Develop a business specialized in high-value-added goods based on our expertise in storage and transportation of hazardous items, poisonous materials and pharmaceuticals • Work toward further efficient use of the assets that we own
Construction	<ul style="list-style-type: none"> • Increase sophistication of core technologies including powdered chemical handling technology and pharmaceutical GMP validation • Promote developments of proprietary technologies and new technologies such as Milli Device • Improve our engineering capabilities and operational productivity using AI and IoT technology
Others	<ul style="list-style-type: none"> • Strengthen our recycling business based on disposal technology for highly difficult waste and contribute to the formation of a recycling-based society

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The forward-looking statements, including plans, outlook and strategies contained in this material are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company, and these statements do not purport to be a promise by the Company to achieve such results. Actual business and other results may differ from the statements herein due to a number of factors.

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