

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2021
(Based on Japanese GAAP)**

May 11, 2021

Company name: Nippon Soda Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4041 URL <https://www.nippon-soda.co.jp/>
 Representative: President Eiji Aga
 Inquiries: Manager,General Affairs Dept. Nobuki Minabe TEL 03-3245-6053
 Scheduled date of ordinary general meeting of shareholders: June 29, 2021
 Scheduled date to file Securities Report: June 29, 2021
 Scheduled date to commence dividend payments: June 30, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	139,363	(3.7)	9,980	22.7	12,743	23.6	7,360	8.9
Year ended March 31, 2020	144,739	(0.6)	8,135	2.9	10,312	16.0	6,759	16.5

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	255.17	—	5.1	5.8	7.2
Year ended March 31, 2020	224.28	—	4.8	4.8	5.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	227,975	149,203	63.9	5,165.07
As of March 31, 2020	210,556	144,440	67.1	4,734.24

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	13,821	(13,770)	1,722	19,253
Year ended March 31, 2020	12,449	(10,399)	(1,161)	17,200

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	—	30.00	—	50.00	80.00	2,403	35.7	1.7
Year ended March 31, 2021	—	40.00	—	70.00	110.00	3,130	43.1	2.2
Year ending March 31, 2022 (Forecast)	—	55.00	—	55.00	110.00		40.8	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	62,000	–	2,400	–	2,800	–	2,400	–	85.04
Full year	143,000	–	9,000	–	10,500	–	7,600	–	269.29

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2021	29,391,807 shares	As of March 31, 2020	31,127,307 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	1,169,846 shares	As of March 31, 2020	1,282,557 shares
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Average number of shares during the period

Year ended March 31, 2021	28,846,367 shares	Year ended March 31, 2020	30,140,459 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	17,229	19,286
Notes and accounts receivable - trade	41,063	42,946
Electronically recorded monetary claims - operating	2,514	2,310
Inventories	30,644	32,116
Other	4,865	3,895
Allowance for doubtful accounts	(200)	(204)
Total current assets	96,117	100,351
Non-current assets		
Property, plant and equipment		
Buildings and structures	61,937	63,678
Accumulated depreciation	(43,590)	(44,631)
Buildings and structures, net	18,347	19,046
Machinery, equipment and vehicles	114,195	116,957
Accumulated depreciation	(96,140)	(98,990)
Machinery, equipment and vehicles, net	18,055	17,966
Tools, furniture and fixtures	11,793	11,966
Accumulated depreciation	(9,910)	(9,923)
Tools, furniture and fixtures, net	1,882	2,042
Land	14,909	14,930
Construction in progress	6,037	8,310
Other	1,636	2,138
Accumulated depreciation	(358)	(712)
Other, net	1,277	1,425
Total property, plant and equipment	60,509	63,722
Intangible assets		
Goodwill	13	187
Other	4,868	5,333
Total intangible assets	4,881	5,521
Investments and other assets		
Investment securities	35,436	41,695
Retirement benefit asset	7,816	10,979
Deferred tax assets	3,455	3,339
Other	2,338	2,367
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	49,046	58,381
Total non-current assets	114,438	127,624
Total assets	210,556	227,975

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,129	14,764
Electronically recorded obligations - operating	2,383	1,942
Short-term borrowings	14,420	16,172
Income taxes payable	993	2,226
Provision for bonuses	2,953	3,925
Other	6,392	5,531
Total current liabilities	42,272	44,562
Non-current liabilities		
Long-term borrowings	13,514	21,535
Deferred tax liabilities	3,200	5,117
Retirement benefit liability	2,634	2,465
Provision for environmental measures	543	1,003
Other	3,951	4,087
Total non-current liabilities	23,843	34,209
Total liabilities	66,116	78,772
Net assets		
Shareholders' equity		
Share capital	29,166	29,166
Capital surplus	29,359	25,141
Retained earnings	85,111	89,364
Treasury shares	(3,184)	(3,338)
Total shareholders' equity	140,453	140,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,959	9,825
Deferred gains or losses on hedges	(163)	89
Foreign currency translation adjustment	(3,491)	(6,075)
Remeasurements of defined benefit plans	(465)	1,594
Total accumulated other comprehensive income	838	5,434
Non-controlling interests	3,147	3,434
Total net assets	144,440	149,203
Total liabilities and net assets	210,556	227,975

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	144,739	139,363
Cost of sales	106,818	100,590
Gross profit	37,920	38,773
Selling, general and administrative expenses	29,785	28,793
Operating profit	8,135	9,980
Non-operating income		
Interest income	21	6
Dividend income	679	685
Share of profit of entities accounted for using equity method	1,841	1,856
Insurance claim income	45	381
Other	665	765
Total non-operating income	3,252	3,695
Non-operating expenses		
Interest expenses	230	256
Foreign exchange losses	250	-
Other	593	674
Total non-operating expenses	1,074	931
Ordinary profit	10,312	12,743
Extraordinary income		
Gain on sale of investment securities	58	124
Gain on sale of non-current assets	49	11
Total extraordinary income	108	135
Extraordinary losses		
Loss on abandonment of non-current assets	367	380
Loss on sale of investment securities	158	145
Impairment losses	1,609	1,742
Provision for environmental measures	-	633
One-hundredth anniversary commemorative expenses	187	97
Loss compensation	-	431
Other	70	97
Total extraordinary losses	2,393	3,527
Profit before income taxes	8,027	9,351
Income taxes - current	1,656	2,922
Income taxes - deferred	(593)	(1,123)
Total income taxes	1,063	1,798
Profit	6,964	7,552
Profit attributable to non-controlling interests	204	192
Profit attributable to owners of parent	6,759	7,360

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	6,964	7,552
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,288)	5,034
Deferred gains or losses on hedges	60	108
Foreign currency translation adjustment	(632)	735
Remeasurements of defined benefit plans, net of tax	(834)	2,023
Share of other comprehensive income of entities accounted for using equity method	(951)	(3,011)
Total other comprehensive income	(4,646)	4,889
Comprehensive income	2,317	12,442
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,269	11,956
Comprehensive income attributable to non-controlling interests	47	485

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	29,166	29,359	80,166	(2,250)	136,441
Changes during period					
Dividends of surplus			(1,814)		(1,814)
Profit attributable to owners of parent			6,759		6,759
Purchase of treasury shares				(938)	(938)
Disposal of treasury shares		(0)		5	5
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	4,944	(933)	4,011
Balance at end of period	29,166	29,359	85,111	(3,184)	140,453

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,220	(163)	(2,100)	373	5,328	3,146	144,916
Changes during period							
Dividends of surplus							(1,814)
Profit attributable to owners of parent							6,759
Purchase of treasury shares							(938)
Disposal of treasury shares							5
Net changes in items other than shareholders' equity	(2,260)	0	(1,390)	(838)	(4,490)	1	(4,488)
Total changes during period	(2,260)	0	(1,390)	(838)	(4,490)	1	(476)
Balance at end of period	4,959	(163)	(3,491)	(465)	838	3,147	144,440

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	29,166	29,359	85,111	(3,184)	140,453
Changes during period					
Dividends of surplus			(2,645)		(2,645)
Profit attributable to owners of parent			7,360		7,360
Purchase of treasury shares				(4,837)	(4,837)
Disposal of treasury shares		0		2	2
Cancellation of treasury shares		(4,680)		4,680	–
Transfer from retained earnings to capital surplus		462	(462)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(4,217)	4,252	(154)	(119)
Balance at end of period	29,166	25,141	89,364	(3,338)	140,334

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,959	(163)	(3,491)	(465)	838	3,147	144,440
Changes during period							
Dividends of surplus							(2,645)
Profit attributable to owners of parent							7,360
Purchase of treasury shares							(4,837)
Disposal of treasury shares							2
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	4,866	253	(2,584)	2,059	4,595	286	4,882
Total changes during period	4,866	253	(2,584)	2,059	4,595	286	4,763
Balance at end of period	9,825	89	(6,075)	1,594	5,434	3,434	149,203

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	8,027	9,351
Depreciation	7,578	7,662
Amortization of goodwill	236	25
Impairment losses	1,609	1,742
Share of loss (profit) of entities accounted for using equity method	(1,841)	(1,856)
Increase (decrease) in provision for bonuses	54	970
Increase (decrease) in allowance for doubtful accounts	9	(3)
Decrease (increase) in retirement benefit asset	(483)	(464)
Increase (decrease) in retirement benefit liability	48	(155)
Increase (decrease) in provision for environmental measures	(181)	460
Interest and dividend income	(700)	(692)
Interest expenses	230	256
Loss on abandonment of non-current assets	381	390
Loss (gain) on valuation of investment securities	22	31
Loss (gain) on sale of investment securities	99	21
Decrease (increase) in trade receivables	6,797	(1,205)
Decrease (increase) in inventories	(3,383)	(1,271)
Increase (decrease) in trade payables	(5,941)	(1,185)
Other, net	545	164
Subtotal	13,108	14,243
Interest and dividends received	1,350	1,456
Interest paid	(231)	(257)
Income taxes paid	(1,778)	(1,621)
Net cash provided by (used in) operating activities	12,449	13,821
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,481)	(11,924)
Proceeds from sale of property, plant and equipment	236	31
Purchase of intangible assets	(404)	(789)
Purchase of investment securities	(51)	(1,337)
Proceeds from sale of investment securities	498	605
Loan advances	(17)	(276)
Proceeds from collection of loans receivable	51	208
Payments for retirement of property, plant and equipment	(186)	(295)
Other, net	(43)	8
Net cash provided by (used in) investing activities	(10,399)	(13,770)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(245)	1,393
Proceeds from long-term borrowings	4,673	9,863
Repayments of long-term borrowings	(2,525)	(1,539)
Dividends paid	(1,810)	(2,636)
Purchase of treasury shares	(940)	(4,844)
Dividends paid to non-controlling interests	(46)	(198)
Other, net	(267)	(313)
Net cash provided by (used in) financing activities	(1,161)	1,722
Effect of exchange rate change on cash and cash equivalents	(225)	278
Net increase (decrease) in cash and cash equivalents	664	2,053
Cash and cash equivalents at beginning of period	16,536	17,200
Cash and cash equivalents at end of period	17,200	19,253