

**Translation**

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**Summary of Consolidated Financial Results  
for the Six Months Ended September 30, 2020  
(Based on Japanese GAAP)**

November 6, 2020

Company name: Nippon Soda Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4041 URL <https://www.nippon-soda.co.jp/>  
 Representative: President Akira Ishii  
 Inquiries: Manager,General Affairs Dept. Satoshi Takeuchi TEL 03-3245-6053  
 Scheduled date to file Quarterly Securities Report: November 13, 2020  
 Scheduled date to commence dividend payments: December 7, 2020  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2020	61,614	(8.9)	3,361	65.5	3,721	51.6	2,123	26.1
Six months ended September 30, 2019	67,600	2.0	2,030	9.1	2,454	(27.6)	1,684	(31.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	72.63		-	
Six months ended September 30, 2019	55.82		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	206,738	141,477	66.9
As of March 31, 2020	210,556	144,440	67.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	-	30.00	-	50.00	80.00
Year ending March 31, 2021	-	40.00	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	40.00	80.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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
Full year	135,000	(6.7)	7,400	(9.0)	7,800	(24.4)	4,600	(32.0)	158.75

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2020	31,127,307 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 September 30, 2020	2,452,195 shares	As of March 31, 2020	1,282,557 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	29,235,993 shares	Six months ended September 30, 2019	30,176,607 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	17,229	16,019
Notes and accounts receivable - trade	41,063	32,555
Electronically recorded monetary claims - operating	2,514	1,495
Inventories	30,644	34,653
Other	4,865	4,325
Allowance for doubtful accounts	(200)	(195)
Total current assets	96,117	88,854
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,347	18,314
Machinery, equipment and vehicles, net	18,055	17,682
Tools, furniture and fixtures, net	1,882	2,002
Land	14,909	14,920
Construction in progress	6,037	7,462
Other, net	1,277	1,476
Total property, plant and equipment	60,509	61,859
Intangible assets		
Goodwill	13	202
Other	4,868	4,618
Total intangible assets	4,881	4,820
Investments and other assets		
Investment securities	35,436	37,513
Retirement benefit asset	7,816	8,050
Deferred tax assets	3,455	3,196
Other	2,338	2,561
Allowance for doubtful accounts	(1)	(118)
Total investments and other assets	49,046	51,203
Total non-current assets	114,438	117,884
Total assets	210,556	206,738

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	15,129	13,342
Electronically recorded obligations - operating	2,383	1,869
Short-term borrowings	14,420	15,455
Income taxes payable	993	573
Provision for bonuses	2,953	1,679
Other	6,392	5,251
Total current liabilities	42,272	38,170
Non-current liabilities		
Long-term borrowings	13,514	15,903
Deferred tax liabilities	3,200	3,866
Retirement benefit liability	2,634	2,561
Provision for environmental measures	543	635
Other	3,951	4,123
Total non-current liabilities	23,843	27,090
Total liabilities	66,116	65,261
<b>Net assets</b>		
Shareholders' equity		
Share capital	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	85,111	85,739
Treasury shares	(3,184)	(6,573)
Total shareholders' equity	140,453	137,691
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,959	7,864
Deferred gains or losses on hedges	(163)	2
Foreign currency translation adjustment	(3,491)	(6,756)
Remeasurements of defined benefit plans	(465)	(406)
Total accumulated other comprehensive income	838	704
Non-controlling interests	3,147	3,081
Total net assets	144,440	141,477
Total liabilities and net assets	210,556	206,738

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	67,600	61,614
Cost of sales	51,391	45,290
Gross profit	16,208	16,323
Selling, general and administrative expenses	14,178	12,962
Operating profit	2,030	3,361
Non-operating income		
Interest income	12	2
Dividend income	396	420
Share of profit of entities accounted for using equity method	387	246
Other	368	294
Total non-operating income	1,165	965
Non-operating expenses		
Interest expenses	110	121
Foreign exchange losses	332	190
Other	298	292
Total non-operating expenses	741	604
Ordinary profit	2,454	3,721
Extraordinary income		
Gain on sales of non-current assets	–	7
Gain on sales of investment securities	–	4
Total extraordinary income	–	12
Extraordinary losses		
Impairment loss	–	970
Loss on sales of investment securities	–	132
Provision for environmental measures	–	91
One-hundredth anniversary commemorative expenses	32	51
Other	137	255
Total extraordinary losses	169	1,500
Profit before income taxes	2,285	2,232
Income taxes - current	619	565
Income taxes - deferred	(118)	(478)
Total income taxes	500	87
Profit	1,784	2,145
Profit attributable to non-controlling interests	100	22
Profit attributable to owners of parent	1,684	2,123

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	1,784	2,145
Other comprehensive income		
Valuation difference on available-for-sale securities	(459)	2,998
Deferred gains or losses on hedges	28	28
Foreign currency translation adjustment	(656)	97
Remeasurements of defined benefit plans, net of tax	132	58
Share of other comprehensive income of entities accounted for using equity method	(263)	(3,207)
Total other comprehensive income	(1,217)	(24)
Comprehensive income	566	2,121
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	573	1,989
Comprehensive income attributable to non-controlling interests	(6)	132

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	2,285	2,232
Depreciation	3,747	3,753
Impairment loss	–	970
Amortization of goodwill	118	10
Share of loss (profit) of entities accounted for using equity method	(387)	(246)
Increase (decrease) in provision for bonuses	(1,234)	(1,274)
Decrease (increase) in retirement benefit asset	(240)	(233)
Increase (decrease) in retirement benefit liability	37	(62)
Interest and dividend income	(409)	(423)
Interest expenses	110	121
Loss on abandonment of non-current assets	130	101
Decrease (increase) in trade receivables	14,377	9,650
Decrease (increase) in inventories	(4,648)	(3,972)
Increase (decrease) in trade payables	(4,867)	(2,388)
Other, net	(75)	(303)
Subtotal	8,943	7,935
Interest and dividends received	409	700
Interest paid	(111)	(120)
Income taxes paid	(1,168)	(894)
Net cash provided by (used in) operating activities	8,073	7,620
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,361)	(5,414)
Proceeds from sales of property, plant and equipment	1	75
Purchase of intangible assets	(161)	(453)
Purchase of investment securities	(16)	(1,276)
Proceeds from sales of investment securities	–	304
Payments for retirement of property, plant and equipment	(111)	(179)
Other, net	(26)	(19)
Net cash provided by (used in) investing activities	(4,677)	(6,962)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(219)	905
Proceeds from long-term borrowings	42	3,392
Repayments of long-term borrowings	(1,318)	(855)
Dividends paid	(904)	(1,490)
Purchase of treasury shares	–	(3,397)
Dividends paid to non-controlling interests	(46)	(198)
Other, net	(127)	(247)
Net cash provided by (used in) financing activities	(2,573)	(1,891)
Effect of exchange rate change on cash and cash equivalents	(258)	9
Net increase (decrease) in cash and cash equivalents	563	(1,224)
Cash and cash equivalents at beginning of period	16,536	17,200
Cash and cash equivalents at end of period	17,099	15,975