

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2019
(Based on Japanese GAAP)**

November 6, 2019

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,Stakeholder Relations Group Satoshi Takeuchi TEL 03-3245-6053
 Scheduled date to file Quarterly Securities Report: November 8, 2019
 Scheduled date to commence dividend payments: December 4, 2019
 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, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	67,600	2.0	2,030	9.1	2,454	(27.6)	1,684	(31.9)
Six months ended September 30, 2018	66,300	4.2	1,860	(17.1)	3,390	(12.8)	2,474	(4.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	55.82	-
Six months ended September 30, 2018	81.98	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	205,989	144,534	68.7
As of March 31, 2019	216,212	144,916	65.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	-	6.00	-	30.00	-
Year ending March 31, 2020	-	30.00	-	-	-
Year ending March 31, 2020 (Forecast)	-	-	-	40.00	70.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	153,000	5.0	7,000	(11.5)	8,300	(6.6)	5,800	(0.0)	192.20

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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, 2019	31,127,307 shares	As of March 31, 2019	31,127,307 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	949,582 shares	As of March 31, 2019	951,112 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, 2019	30,176,607 shares	Six months ended September 30, 2018	30,181,607 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	16,565	17,140
Notes and accounts receivable - trade	47,860	33,662
Electronically recorded monetary claims - operating	2,795	2,284
Inventories	27,372	31,890
Other	4,500	4,326
Allowance for doubtful accounts	(199)	(191)
Total current assets	98,895	89,112
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,082	17,920
Machinery, equipment and vehicles, net	20,264	19,014
Tools, furniture and fixtures, net	1,776	1,727
Land	15,111	15,109
Construction in progress	3,247	4,330
Other, net	9	825
Total property, plant and equipment	58,491	58,928
Intangible assets		
Goodwill	249	130
Other	5,527	5,234
Total intangible assets	5,776	5,365
Investments and other assets		
Investment securities	39,307	38,710
Retirement benefit asset	8,767	9,027
Deferred tax assets	2,700	2,616
Other	2,272	2,227
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	53,048	52,582
Total non-current assets	117,316	116,876
Total assets	216,212	205,989

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,933	14,543
Electronically recorded obligations - operating	2,717	3,997
Short-term borrowings	15,501	14,296
Income taxes payable	1,258	636
Provision for bonuses	2,900	1,664
Other	6,806	5,085
Total current liabilities	50,118	40,223
Non-current liabilities		
Long-term borrowings	10,604	10,239
Deferred tax liabilities	4,364	4,046
Retirement benefit liability	2,468	2,493
Provision for environmental measures	724	601
Other	3,014	3,849
Total non-current liabilities	21,177	21,231
Total liabilities	71,295	61,454
Net assets		
Shareholders' equity		
Share capital	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	80,166	80,943
Treasury shares	(2,250)	(2,246)
Total shareholders' equity	136,441	137,223
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,220	6,760
Deferred gains or losses on hedges	(163)	(67)
Foreign currency translation adjustment	(2,100)	(2,979)
Remeasurements of defined benefit plans	373	504
Total accumulated other comprehensive income	5,328	4,218
Non-controlling interests	3,146	3,093
Total net assets	144,916	144,534
Total liabilities and net assets	216,212	205,989

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, 2018	Six months ended September 30, 2019
Net sales	66,300	67,600
Cost of sales	51,010	51,391
Gross profit	15,289	16,208
Selling, general and administrative expenses	13,428	14,178
Operating profit	1,860	2,030
Non-operating income		
Interest income	15	12
Dividend income	389	396
Share of profit of entities accounted for using equity method	676	387
Foreign exchange gains	480	–
Other	360	368
Total non-operating income	1,921	1,165
Non-operating expenses		
Interest expenses	130	110
Foreign exchange losses	–	332
Other	261	298
Total non-operating expenses	391	741
Ordinary profit	3,390	2,454
Extraordinary income		
Gain on sales of non-current assets	7	–
Total extraordinary income	7	–
Extraordinary losses		
Loss on abandonment of non-current assets	119	125
Loss on valuation of investments in capital of subsidiaries and associates	85	–
Other	29	43
Total extraordinary losses	234	169
Profit before income taxes	3,163	2,285
Income taxes - current	434	619
Income taxes - deferred	142	(118)
Total income taxes	577	500
Profit	2,586	1,784
Profit attributable to non-controlling interests	112	100
Profit attributable to owners of parent	2,474	1,684

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	2,586	1,784
Other comprehensive income		
Valuation difference on available-for-sale securities	1,252	(459)
Deferred gains or losses on hedges	(119)	28
Foreign currency translation adjustment	(33)	(656)
Remeasurements of defined benefit plans, net of tax	95	132
Share of other comprehensive income of entities accounted for using equity method	(1,660)	(263)
Total other comprehensive income	(465)	(1,217)
Comprehensive income	2,120	566
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,940	573
Comprehensive income attributable to non-controlling interests	180	(6)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	3,163	2,285
Depreciation	3,382	3,747
Amortization of goodwill	117	118
Share of loss (profit) of entities accounted for using equity method	(676)	(387)
Increase (decrease) in provision for bonuses	(1,065)	(1,234)
Decrease (increase) in retirement benefit asset	(272)	(240)
Increase (decrease) in retirement benefit liability	(18)	37
Interest and dividend income	(404)	(409)
Interest expenses	130	110
Loss on abandonment of non-current assets	124	130
Decrease (increase) in trade receivables	8,076	14,377
Decrease (increase) in inventories	(1,547)	(4,648)
Increase (decrease) in trade payables	(576)	(4,867)
Other, net	(537)	(75)
Subtotal	9,896	8,943
Interest and dividends received	459	409
Interest paid	(129)	(111)
Income taxes paid	(995)	(1,168)
Net cash provided by (used in) operating activities	9,230	8,073
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,398)	(4,361)
Proceeds from sales of property, plant and equipment	166	1
Purchase of intangible assets	(113)	(161)
Purchase of investment securities	(65)	(16)
Purchase of shares of subsidiaries and associates	(931)	–
Payments for retirement of property, plant and equipment	(108)	(111)
Payments for acquisition of businesses	(5,229)	–
Other, net	7	(26)
Net cash provided by (used in) investing activities	(10,673)	(4,677)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(586)	(219)
Proceeds from long-term borrowings	41	42
Repayments of long-term borrowings	(2,262)	(1,318)
Dividends paid	(904)	(904)
Other, net	(68)	(174)
Net cash provided by (used in) financing activities	(3,780)	(2,573)
Effect of exchange rate change on cash and cash equivalents	219	(258)
Net increase (decrease) in cash and cash equivalents	(5,004)	563
Cash and cash equivalents at beginning of period	27,585	16,536
Cash and cash equivalents at end of period	22,581	17,099