

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 4, 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 to file Quarterly Securities Report: November 12, 2021
 Scheduled date to commence dividend payments: December 6, 2021
 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, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	64,434	4.6	3,488	3.8	4,975	33.7	3,145	48.1
Six months ended September 30, 2020	61,614	(8.9)	3,361	65.5	3,721	51.6	2,123	26.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	112.49		-	
Six months ended September 30, 2020	72.63		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	227,044	150,857	64.9
As of March 31, 2021	227,975	149,203	63.9

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, 2021	-	40.00	-	70.00	110.00
Year ending March 31, 2022	-	55.00	-	-	-
Year ending March 31, 2022 (Forecast)	-	-	-	55.00	110.00

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
Full year	146,000	4.8	9,300	(6.8)	11,800	(7.4)	7,700	4.6	275.85

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(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: Yes
- 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, 2021	28,811,707 shares	As of March 31, 2021	29,391,807 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	949,301 shares	As of March 31, 2021	1,169,846 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, 2021	27,958,224 shares	Six months ended September 30, 2020	29,235,993 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	19,286	22,736
Notes and accounts receivable - trade	42,946	–
Notes and accounts receivable - trade, and contract assets	–	30,178
Electronically recorded monetary claims - operating	2,310	3,278
Inventories	32,116	35,602
Other	3,895	4,008
Allowance for doubtful accounts	(204)	(7)
Total current assets	100,351	95,796
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,046	21,047
Machinery, equipment and vehicles, net	17,966	21,575
Tools, furniture and fixtures, net	2,042	2,052
Land	14,930	14,936
Construction in progress	8,310	4,336
Other, net	1,425	1,375
Total property, plant and equipment	63,722	65,323
Intangible assets		
Goodwill	187	173
Other	5,333	5,114
Total intangible assets	5,521	5,287
Investments and other assets		
Investment securities	41,695	43,999
Retirement benefit asset	10,979	11,228
Deferred tax assets	3,339	3,137
Other	2,367	2,275
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	58,381	60,638
Total non-current assets	127,624	131,248
Total assets	227,975	227,044

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,764	14,805
Electronically recorded obligations - operating	1,942	1,686
Short-term borrowings	16,172	16,190
Income taxes payable	2,226	628
Provision for bonuses	3,925	1,716
Other	5,531	6,611
Total current liabilities	44,562	41,640
Non-current liabilities		
Long-term borrowings	21,535	21,253
Deferred tax liabilities	5,117	6,036
Retirement benefit liability	2,465	2,418
Provision for environmental measures	1,003	767
Other	4,087	4,070
Total non-current liabilities	34,209	34,547
Total liabilities	78,772	76,187
Net assets		
Shareholders' equity		
Share capital	29,166	29,166
Capital surplus	25,141	25,141
Retained earnings	89,364	88,396
Treasury shares	(3,338)	(2,828)
Total shareholders' equity	140,334	139,876
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,825	10,484
Deferred gains or losses on hedges	89	(6)
Foreign currency translation adjustment	(6,075)	(4,533)
Remeasurements of defined benefit plans	1,594	1,467
Total accumulated other comprehensive income	5,434	7,412
Non-controlling interests	3,434	3,567
Total net assets	149,203	150,857
Total liabilities and net assets	227,975	227,044

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, 2020	Six months ended September 30, 2021
Net sales	61,614	64,434
Cost of sales	45,290	47,345
Gross profit	16,323	17,088
Selling, general and administrative expenses	12,962	13,600
Operating profit	3,361	3,488
Non-operating income		
Interest income	2	1
Dividend income	420	467
Share of profit of entities accounted for using equity method	246	860
Foreign exchange gains	–	232
Other	294	357
Total non-operating income	965	1,919
Non-operating expenses		
Interest expenses	121	145
Foreign exchange losses	190	–
Other	292	285
Total non-operating expenses	604	431
Ordinary profit	3,721	4,975
Extraordinary income		
Gain on sale of non-current assets	7	0
Gain on sale of investment securities	4	27
Total extraordinary income	12	28
Extraordinary losses		
Impairment losses	970	39
Loss on sale of investment securities	132	57
Loss on abandonment of non-current assets	100	33
Provision for environmental measures	91	–
One-hundredth anniversary commemorative expenses	51	–
Other	154	9
Total extraordinary losses	1,500	140
Profit before income taxes	2,232	4,863
Income taxes - current	565	556
Income taxes - deferred	(478)	1,028
Total income taxes	87	1,584
Profit	2,145	3,278
Profit attributable to non-controlling interests	22	133
Profit attributable to owners of parent	2,123	3,145

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	2,145	3,278
Other comprehensive income		
Valuation difference on available-for-sale securities	2,998	740
Deferred gains or losses on hedges	28	(122)
Foreign currency translation adjustment	97	84
Remeasurements of defined benefit plans, net of tax	58	(126)
Share of other comprehensive income of entities accounted for using equity method	(3,207)	1,443
Total other comprehensive income	(24)	2,019
Comprehensive income	2,121	5,298
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,989	5,123
Comprehensive income attributable to non-controlling interests	132	175

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	2,232	4,863
Depreciation	3,753	4,385
Impairment losses	970	39
Amortization of goodwill	10	15
Share of loss (profit) of entities accounted for using equity method	(246)	(860)
Increase (decrease) in provision for bonuses	(1,274)	(2,209)
Decrease (increase) in retirement benefit asset	(233)	(248)
Increase (decrease) in retirement benefit liability	(62)	(82)
Interest and dividend income	(423)	(469)
Interest expenses	121	145
Loss on abandonment of non-current assets	101	37
Decrease (increase) in trade receivables	9,650	10,453
Decrease (increase) in inventories	(3,972)	(2,485)
Increase (decrease) in trade payables	(2,388)	(285)
Other, net	(303)	28
Subtotal	7,935	13,327
Interest and dividends received	700	807
Interest paid	(120)	(144)
Income taxes paid	(894)	(2,103)
Net cash provided by (used in) operating activities	7,620	11,886
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,414)	(5,347)
Proceeds from sale of property, plant and equipment	75	1
Purchase of intangible assets	(453)	(261)
Purchase of investment securities	(1,276)	(49)
Proceeds from sale of investment securities	304	279
Payments for retirement of property, plant and equipment	(179)	(84)
Income from liquidation of affiliated companies	–	541
Other, net	(19)	170
Net cash provided by (used in) investing activities	(6,962)	(4,749)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	905	380
Proceeds from long-term borrowings	3,392	400
Repayments of long-term borrowings	(855)	(1,118)
Dividends paid	(1,490)	(1,973)
Purchase of treasury shares	(3,397)	(1,233)
Dividends paid to non-controlling interests	(198)	(39)
Other, net	(247)	(105)
Net cash provided by (used in) financing activities	(1,891)	(3,690)
Effect of exchange rate change on cash and cash equivalents	9	(10)
Net increase (decrease) in cash and cash equivalents	(1,224)	3,435
Cash and cash equivalents at beginning of period	17,200	19,253
Cash and cash equivalents at end of period	15,975	22,688