

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

May 19, 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 of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Scheduled date to commence dividend payments: June 29, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	144,739	(0.6)	8,135	2.9	10,312	16.0	6,759	16.5
Year ended March 31, 2019	145,663	3.1	7,906	23.7	8,888	(3.4)	5,802	(9.0)

	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, 2020	224.28	—	4.8	4.8	5.6
Year ended March 31, 2019	192.27	—	4.1	4.1	5.4

(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, 2020	210,556	144,440	67.1	4,734.24
As of March 31, 2019	216,212	144,916	65.6	4,698.10

(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, 2020	12,449	(10,399)	(1,161)	17,200
Year ended March 31, 2019	11,677	(15,280)	(7,534)	16,536

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, 2019	—	6.00	—	30.00	—	1,815	31.2	2.1
Year ended March 31, 2020	—	30.00	—	50.00	80.00	2,403	35.7	1.7
Year ending March 31, 2021 (Forecast)	—	—	—	—	—	—	—	—

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2020
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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, 2020	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 March 31, 2020	1,282,557 shares	As of March 31, 2019	951,112 shares
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Average number of shares during the period

Year ended March 31, 2020	30,140,459 shares	Year ended March 31, 2019	30,179,323 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	16,565	17,229
Notes and accounts receivable - trade	47,860	41,063
Electronically recorded monetary claims - operating	2,795	2,514
Inventories	27,372	30,644
Other	4,500	4,865
Allowance for doubtful accounts	(199)	(200)
Total current assets	98,895	96,117
Non-current assets		
Property, plant and equipment		
Buildings and structures	60,787	61,937
Accumulated depreciation	(42,704)	(43,590)
Buildings and structures, net	18,082	18,347
Machinery, equipment and vehicles	113,465	114,195
Accumulated depreciation	(93,201)	(96,140)
Machinery, equipment and vehicles, net	20,264	18,055
Tools, furniture and fixtures	11,579	11,793
Accumulated depreciation	(9,802)	(9,910)
Tools, furniture and fixtures, net	1,776	1,882
Land	15,111	14,909
Construction in progress	3,247	6,037
Other	210	1,636
Accumulated depreciation	(200)	(358)
Other, net	9	1,277
Total property, plant and equipment	58,491	60,509
Intangible assets		
Goodwill	249	13
Other	5,527	4,868
Total intangible assets	5,776	4,881
Investments and other assets		
Investment securities	39,307	35,436
Retirement benefit asset	8,767	7,816
Deferred tax assets	2,700	3,455
Other	2,272	2,338
Allowance for doubtful accounts	(0)	(1)
Total investments and other assets	53,048	49,046
Total non-current assets	117,316	114,438
Total assets	216,212	210,556

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,933	15,129
Electronically recorded obligations - operating	2,717	2,383
Short-term borrowings	15,501	14,420
Income taxes payable	1,258	993
Provision for bonuses	2,900	2,953
Other	6,806	6,392
Total current liabilities	50,118	42,272
Non-current liabilities		
Long-term borrowings	10,604	13,514
Deferred tax liabilities	4,364	3,200
Retirement benefit liability	2,468	2,634
Provision for environmental measures	724	543
Other	3,014	3,951
Total non-current liabilities	21,177	23,843
Total liabilities	71,295	66,116
Net assets		
Shareholders' equity		
Share capital	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	80,166	85,111
Treasury shares	(2,250)	(3,184)
Total shareholders' equity	136,441	140,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,220	4,959
Deferred gains or losses on hedges	(163)	(163)
Foreign currency translation adjustment	(2,100)	(3,491)
Remeasurements of defined benefit plans	373	(465)
Total accumulated other comprehensive income	5,328	838
Non-controlling interests	3,146	3,147
Total net assets	144,916	144,440
Total liabilities and net assets	216,212	210,556

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	145,663	144,739
Cost of sales	108,651	106,818
Gross profit	37,012	37,920
Selling, general and administrative expenses	29,105	29,785
Operating profit	7,906	8,135
Non-operating income		
Interest income	33	21
Dividend income	752	679
Share of profit of entities accounted for using equity method	–	1,841
Foreign exchange gains	190	–
Rental income	218	209
Other	703	501
Total non-operating income	1,897	3,252
Non-operating expenses		
Interest expenses	248	230
Share of loss of entities accounted for using equity method	1	–
Foreign exchange losses	–	250
Other	664	593
Total non-operating expenses	915	1,074
Ordinary profit	8,888	10,312
Extraordinary income		
Gain on sales of investment securities	–	58
Gain on sales of non-current assets	7	49
Total extraordinary income	7	108
Extraordinary losses		
Loss on abandonment of non-current assets	179	367
Loss on sales of investment securities	1	158
Impairment loss	68	1,609
Loss on valuation of investments in capital of subsidiaries and associates	85	–
One-hundredth anniversary commemorative expenses	–	187
Other	29	70
Total extraordinary losses	364	2,393
Profit before income taxes	8,531	8,027
Income taxes - current	1,863	1,656
Income taxes - deferred	601	(593)
Total income taxes	2,464	1,063
Profit	6,066	6,964
Profit attributable to non-controlling interests	263	204
Profit attributable to owners of parent	5,802	6,759

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	6,066	6,964
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,410)	(2,288)
Deferred gains or losses on hedges	(154)	60
Foreign currency translation adjustment	(397)	(632)
Remeasurements of defined benefit plans, net of tax	(103)	(834)
Share of other comprehensive income of entities accounted for using equity method	(1,991)	(951)
Total other comprehensive income	(4,058)	(4,646)
Comprehensive income	2,007	2,317
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,790	2,269
Comprehensive income attributable to non-controlling interests	216	47

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(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	76,179	(2,235)	132,469
Changes during period					
Dividends of surplus			(1,815)		(1,815)
Profit attributable to owners of parent			5,802		5,802
Purchase of treasury shares				(17)	(17)
Disposal of treasury shares		(0)		2	2
Net changes in items other than shareholders' equity					
Total changes during period	–	(0)	3,987	(15)	3,972
Balance at end of period	29,166	29,359	80,166	(2,250)	136,441

	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	8,614	7	249	470	9,340	2,991	144,801
Changes during period							
Dividends of surplus							(1,815)
Profit attributable to owners of parent							5,802
Purchase of treasury shares							(17)
Disposal of treasury shares							2
Net changes in items other than shareholders' equity	(1,393)	(171)	(2,350)	(96)	(4,011)	154	(3,857)
Total changes during period	(1,393)	(171)	(2,350)	(96)	(4,011)	154	114
Balance at end of period	7,220	(163)	(2,100)	373	5,328	3,146	144,916

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	8,531	8,027
Depreciation	6,966	7,578
Amortization of goodwill	235	236
Impairment loss	68	1,609
Share of loss (profit) of entities accounted for using equity method	1	(1,841)
Increase (decrease) in provision for bonuses	131	54
Increase (decrease) in allowance for doubtful accounts	(5)	9
Decrease (increase) in retirement benefit asset	(591)	(483)
Increase (decrease) in retirement benefit liability	(67)	48
Increase (decrease) in provision for environmental measures	(179)	(181)
Interest and dividend income	(785)	(700)
Interest expenses	248	230
Loss on abandonment of non-current assets	189	381
Loss (gain) on valuation of investment securities	19	22
Loss (gain) on sales of investment securities	1	99
Decrease (increase) in trade receivables	(4,430)	6,797
Decrease (increase) in inventories	99	(3,383)
Increase (decrease) in trade payables	1,970	(5,941)
Other, net	(417)	545
Subtotal	11,986	13,108
Interest and dividends received	1,588	1,350
Interest paid	(250)	(231)
Income taxes paid	(1,648)	(1,778)
Net cash provided by (used in) operating activities	11,677	12,449
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,526)	(10,481)
Proceeds from sales of property, plant and equipment	166	236
Purchase of intangible assets	(588)	(404)
Purchase of investment securities	(80)	(51)
Proceeds from sales of investment securities	0	498
Purchase of shares of subsidiaries and associates	(931)	–
Revenue from sales of investments in affiliates	112	–
Loan advances	(134)	(17)
Collection of loans receivable	25	51
Payments for retirement of property, plant and equipment	(124)	(186)
Payments for acquisition of businesses	(5,229)	–
Other, net	29	(43)
Net cash provided by (used in) investing activities	(15,280)	(10,399)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(942)	(245)
Proceeds from long-term borrowings	119	4,673
Repayments of long-term borrowings	(4,813)	(2,525)
Dividends paid	(1,809)	(1,810)
Purchase of treasury shares	(18)	(940)
Other, net	(70)	(313)
Net cash provided by (used in) financing activities	(7,534)	(1,161)
Effect of exchange rate change on cash and cash equivalents	89	(225)
Net increase (decrease) in cash and cash equivalents	(11,049)	664
Cash and cash equivalents at beginning of period	27,585	16,536
Cash and cash equivalents at end of period	16,536	17,200