

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2017  
(Based on Japanese GAAP)**

May 12, 2017

Company name: Nippon Soda Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4041 URL <http://www.nippon-soda.co.jp/>  
 Representative: President Akira Ishii  
 Inquiries: Manager,Stakeholder Relations Group Satoshi Takeuchi TEL 03-3245-6053  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2017  
 Scheduled date to file Securities Report: June 29, 2017  
 Scheduled date to commence dividend payments: June 30, 2017  
 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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	128,647	(9.9)	5,365	(27.7)	9,908	(47.7)	8,785	(38.6)
Year ended March 31, 2016	142,711	(3.6)	7,415	1.8	18,952	27.0	14,313	30.8

	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, 2017	57.41	–	6.6	4.5	4.2
Year ended March 31, 2016	92.81	–	11.5	8.6	5.2

(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, 2017	217,302	138,069	62.3	897.02
As of March 31, 2016	220,587	131,489	58.5	828.91

(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, 2017	41,236	(7,858)	(14,620)	33,146
Year ended March 31, 2016	10,639	(9,424)	(1,323)	14,494

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, 2016	–	5.00	–	7.00	12.00	1,867	12.9	1.5
Year ended March 31, 2017	–	6.00	–	6.00	12.00	1,816	20.9	1.4
Year ending March 31, 2018 (Forecast)	–	6.00	–	6.00	12.00		32.9	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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	133,000	3.4	5,600	4.4	7,900	(20.3)	5,500	(37.4)	36.45

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: Yes

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, 2017	155,636,535 shares	As of March 31, 2016	155,636,535 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	4,724,709 shares	As of March 31, 2016	30,307 shares
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Average number of shares during the period

Year ended March 31, 2017	153,030,544 shares	Year ended March 31, 2016	154,228,137 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	14,517	33,171
Notes and accounts receivable - trade	42,005	38,153
Electronically recorded monetary claims - operating	784	2,018
Inventories	27,913	28,484
Deferred tax assets	2,001	1,996
Other	2,974	3,509
Allowance for doubtful accounts	(214)	(196)
Total current assets	89,982	107,137
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,116	57,637
Accumulated depreciation	(40,037)	(40,943)
Buildings and structures, net	17,079	16,694
Machinery, equipment and vehicles	104,653	105,107
Accumulated depreciation	(86,576)	(86,823)
Machinery, equipment and vehicles, net	18,076	18,284
Tools, furniture and fixtures	10,753	11,094
Accumulated depreciation	(9,127)	(9,483)
Tools, furniture and fixtures, net	1,626	1,610
Land	15,341	15,338
Leased assets	618	561
Accumulated depreciation	(332)	(323)
Leased assets, net	286	238
Construction in progress	1,144	2,515
Total property, plant and equipment	53,553	54,682
Intangible assets		
Goodwill	939	704
Other	1,140	877
Total intangible assets	2,079	1,582
Investments and other assets		
Investment securities	63,096	41,186
Net defined benefit asset	7,030	7,597
Deferred tax assets	2,319	2,469
Other	2,623	2,673
Allowance for doubtful accounts	(98)	(26)
Total investments and other assets	74,971	53,900
Total non-current assets	130,605	110,165
Total assets	220,587	217,302

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,670	15,445
Electronically recorded obligations - operating	3,376	1,917
Short-term loans payable	35,712	31,634
Income taxes payable	905	1,468
Provision for bonuses	3,449	3,017
Other	5,897	6,847
Total current liabilities	64,011	60,330
Non-current liabilities		
Long-term loans payable	14,019	7,569
Deferred tax liabilities	5,251	4,797
Net defined benefit liability	2,564	2,563
Provision for environmental measures	322	1,119
Other	2,928	2,852
Total non-current liabilities	25,086	18,902
Total liabilities	89,097	79,232
<b>Net assets</b>		
Shareholders' equity		
Capital stock	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	64,806	71,592
Treasury shares	(20)	(2,232)
Total shareholders' equity	123,311	127,886
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,605	7,083
Deferred gains or losses on hedges	(166)	(139)
Foreign currency translation adjustment	1,525	616
Remeasurements of defined benefit plans	(291)	(75)
Total accumulated other comprehensive income	5,672	7,483
Non-controlling interests	2,505	2,698
Total net assets	131,489	138,069
Total liabilities and net assets	220,587	217,302

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	142,711	128,647
Cost of sales	105,675	94,755
Gross profit	37,036	33,892
Selling, general and administrative expenses	29,620	28,526
Operating profit	7,415	5,365
Non-operating income		
Interest income	7	11
Dividend income	523	509
Share of profit of entities accounted for using equity method	11,728	4,898
Other	1,254	1,314
Total non-operating income	13,513	6,733
Non-operating expenses		
Interest expenses	500	403
Foreign exchange losses	445	–
Provision for environmental measures	184	924
Other	846	862
Total non-operating expenses	1,977	2,190
Ordinary profit	18,952	9,908
Extraordinary income		
Gain on change in equity	–	907
Gain on sales of investment securities	509	261
Gain on sales of non-current assets	99	–
Other	27	–
Total extraordinary income	636	1,169
Extraordinary losses		
Loss on abandonment of non-current assets	352	537
Other	244	33
Total extraordinary losses	596	571
Profit before income taxes	18,992	10,506
Income taxes - current	1,803	3,428
Income taxes - deferred	2,711	(1,835)
Total income taxes	4,514	1,592
Profit	14,478	8,913
Profit attributable to non-controlling interests	165	128
Profit attributable to owners of parent	14,313	8,785

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	14,478	8,913
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,496)	2,550
Deferred gains or losses on hedges	35	(17)
Foreign currency translation adjustment	(594)	(191)
Remeasurements of defined benefit plans, net of tax	(1,007)	106
Share of other comprehensive income of entities accounted for using equity method	(3,881)	(535)
Total other comprehensive income	(7,944)	1,912
Comprehensive income	6,533	10,825
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,555	10,596
Comprehensive income attributable to non-controlling interests	(21)	229

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	29,166	26,095	52,790	(659)	107,393
Changes of items during period					
Dividends of surplus			(2,298)		(2,298)
Profit attributable to owners of parent			14,313		14,313
Purchase of treasury shares				(20)	(20)
Disposal of treasury shares		(152)		247	94
Share exchange		3,416		411	3,828
Acquisition of treasury stock		(0)		(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	3,264	12,015	638	15,917
Balance at end of current period	29,166	29,359	64,806	(20)	123,311

	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 current period	7,043	34	5,663	689	13,430	6,356	127,181
Changes of items during period							
Dividends of surplus							(2,298)
Profit attributable to owners of parent							14,313
Purchase of treasury shares							(20)
Disposal of treasury shares							94
Share exchange							3,828
Acquisition of treasury stock							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							0
Net changes of items other than shareholders' equity	(2,438)	(200)	(4,138)	(980)	(7,758)	(3,851)	(11,609)
Total changes of items during period	(2,438)	(200)	(4,138)	(980)	(7,758)	(3,851)	4,308
Balance at end of current period	4,605	(166)	1,525	(291)	5,672	2,505	131,489

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	29,166	29,359	64,806	(20)	123,311
Cumulative effects of changes in accounting policies			0		0
Restated balance	29,166	29,359	64,806	(20)	123,311
Changes of items during period					
Dividends of surplus			(1,998)		(1,998)
Profit attributable to owners of parent			8,785		8,785
Purchase of treasury shares				(2,211)	(2,211)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	6,786	(2,211)	4,575
Balance at end of current period	29,166	29,359	71,592	(2,232)	127,886

	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 current period	4,605	(166)	1,525	(291)	5,672	2,505	131,489
Cumulative effects of changes in accounting policies							0
Restated balance	4,605	(166)	1,525	(291)	5,672	2,505	131,490
Changes of items during period							
Dividends of surplus							(1,998)
Profit attributable to owners of parent							8,785
Purchase of treasury shares							(2,211)
Net changes of items other than shareholders' equity	2,478	27	(909)	215	1,811	193	2,004
Total changes of items during period	2,478	27	(909)	215	1,811	193	6,579
Balance at end of current period	7,083	(139)	616	(75)	7,483	2,698	138,069



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	18,992	10,506
Depreciation	6,242	6,397
Amortization of goodwill	234	234
Share of (profit) loss of entities accounted for using equity method	(11,728)	(4,898)
Increase (decrease) in provision for bonuses	99	(431)
Increase (decrease) in allowance for doubtful accounts	210	(75)
Decrease (increase) in net defined benefit asset	(1,126)	(615)
Increase (decrease) in net defined benefit liability	(46)	63
Increase (decrease) in provision for environmental measures	88	826
Interest and dividend income	(531)	(520)
Interest expenses	500	403
Loss on abandonment of non-current assets	357	540
Loss (gain) on valuation of investment securities	173	9
Loss (gain) on sales of investment securities	(509)	(261)
Loss (gain) on change in equity	–	(907)
Decrease (increase) in notes and accounts receivable - trade	907	2,292
Decrease (increase) in inventories	328	(741)
Increase (decrease) in notes and accounts payable - trade	(2,922)	(304)
Other, net	(1,051)	392
Subtotal	10,217	12,911
Interest and dividend income received	3,364	32,004
Interest expenses paid	(498)	(406)
Income taxes paid	(2,444)	(3,272)
Net cash provided by (used in) operating activities	10,639	41,236
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,981)	(7,328)
Proceeds from sales of property, plant and equipment	111	7
Purchase of intangible assets	(359)	(138)
Purchase of investment securities	(38)	(173)
Proceeds from sales of investment securities	941	320
Purchase of shares of subsidiaries and associates	(2,895)	(290)
Payments of loans receivable	(103)	(69)
Collection of loans receivable	135	103
Other, net	(233)	(289)
Net cash provided by (used in) investing activities	(9,424)	(7,858)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,697	(2,996)
Proceeds from long-term loans payable	4,822	–
Repayments of long-term loans payable	(8,440)	(7,282)
Cash dividends paid	(2,290)	(1,992)
Purchase of treasury shares	(20)	(2,024)
Payment due to the establishment of money trust for treasury stock acquisition	–	(209)
Other, net	(91)	(116)
Net cash provided by (used in) financing activities	(1,323)	(14,620)
Effect of exchange rate change on cash and cash equivalents	(251)	(106)
Net increase (decrease) in cash and cash equivalents	(358)	18,651
Cash and cash equivalents at beginning of period	14,853	14,494
Cash and cash equivalents at end of period	14,494	33,146