

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2018
(Based on Japanese GAAP)**

May 11, 2018

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 28, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	141,230	9.8	6,390	19.1	9,204	(7.1)	6,378	(27.4)
Year ended March 31, 2017	128,647	(9.9)	5,365	(27.7)	9,908	(47.7)	8,785	(38.6)

	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, 2018	42.27	–	4.6	4.2	4.5
Year ended March 31, 2017	57.41	–	6.6	4.5	4.2

(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, 2018	220,898	144,801	64.2	939.72
As of March 31, 2017	217,302	138,069	62.3	897.02

(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, 2018	12,085	(8,327)	(9,485)	27,585
Year ended March 31, 2017	41,236	(7,858)	(14,620)	33,146

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, 2017	–	6.00	–	6.00	12.00	1,816	20.9	1.4
Year ended March 31, 2018	–	6.00	–	6.00	12.00	1,815	28.4	1.3
Year ending March 31, 2019 (Forecast)	–	6.00	–	6.00	12.00		32.3	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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
Six months ending September 30, 2018	63,000	(1.0)	1,200	(46.5)	2,600	(33.1)	1,700	(34.2)	11.27
Full year	144,000	2.0	5,000	(21.8)	7,700	(16.3)	5,600	(12.2)	37.11

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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: 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, 2018	155,636,535 shares	As of March 31, 2017	155,636,535 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	4,728,833 shares	As of March 31, 2017	4,724,709 shares
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Average number of shares during the period

Year ended March 31, 2018	150,911,157 shares	Year ended March 31, 2017	153,030,544 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	33,171	27,612
Notes and accounts receivable - trade	38,153	44,067
Electronically recorded monetary claims - operating	2,018	2,416
Inventories	28,484	27,623
Deferred tax assets	1,996	1,798
Other	3,509	3,088
Allowance for doubtful accounts	(196)	(217)
Total current assets	107,137	106,389
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,637	58,822
Accumulated depreciation	(40,943)	(41,964)
Buildings and structures, net	16,694	16,858
Machinery, equipment and vehicles	105,107	110,405
Accumulated depreciation	(86,823)	(89,690)
Machinery, equipment and vehicles, net	18,284	20,715
Tools, furniture and fixtures	11,094	11,205
Accumulated depreciation	(9,483)	(9,505)
Tools, furniture and fixtures, net	1,610	1,700
Land	15,338	15,266
Construction in progress	2,515	1,887
Other	561	198
Accumulated depreciation	(323)	(181)
Other, net	238	16
Total property, plant and equipment	54,682	56,445
Intangible assets		
Goodwill	704	469
Other	877	924
Total intangible assets	1,582	1,393
Investments and other assets		
Investment securities	41,186	43,054
Net defined benefit asset	7,597	8,519
Deferred tax assets	2,469	2,544
Other	2,673	2,550
Allowance for doubtful accounts	(26)	(0)
Total investments and other assets	53,900	56,669
Total non-current assets	110,165	114,508
Total assets	217,302	220,898

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,445	19,032
Electronically recorded obligations - operating	1,917	2,788
Short-term loans payable	31,634	19,073
Income taxes payable	1,468	1,031
Provision for bonuses	3,017	2,766
Other	6,847	6,223
Total current liabilities	60,330	50,916
Non-current liabilities		
Long-term loans payable	7,569	12,846
Deferred tax liabilities	4,797	6,079
Net defined benefit liability	2,563	2,515
Provision for environmental measures	1,119	883
Other	2,852	2,855
Total non-current liabilities	18,902	25,180
Total liabilities	79,232	76,096
Net assets		
Shareholders' equity		
Capital stock	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	71,592	76,179
Treasury shares	(2,232)	(2,235)
Total shareholders' equity	127,886	132,469
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,083	8,614
Deferred gains or losses on hedges	(139)	7
Foreign currency translation adjustment	616	249
Remeasurements of defined benefit plans	(75)	470
Total accumulated other comprehensive income	7,483	9,340
Non-controlling interests	2,698	2,991
Total net assets	138,069	144,801
Total liabilities and net assets	217,302	220,898

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	128,647	141,230
Cost of sales	94,755	104,758
Gross profit	33,892	36,471
Selling, general and administrative expenses	28,526	30,080
Operating profit	5,365	6,390
Non-operating income		
Interest income	11	17
Dividend income	509	898
Share of profit of entities accounted for using equity method	4,898	2,239
Other	1,314	893
Total non-operating income	6,733	4,048
Non-operating expenses		
Interest expenses	403	344
Provision for environmental measures	924	–
Other	862	889
Total non-operating expenses	2,190	1,234
Ordinary profit	9,908	9,204
Extraordinary income		
Gain on change in equity	907	–
Gain on sales of investment securities	261	33
Gain on sales of non-current assets	–	28
Other	–	1
Total extraordinary income	1,169	63
Extraordinary losses		
Loss on abandonment of non-current assets	537	556
Loss on sales of investment securities	–	74
Other	33	24
Total extraordinary losses	571	656
Profit before income taxes	10,506	8,611
Income taxes - current	3,428	1,562
Income taxes - deferred	(1,835)	429
Total income taxes	1,592	1,992
Profit	8,913	6,619
Profit attributable to non-controlling interests	128	240
Profit attributable to owners of parent	8,785	6,378

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	8,913	6,619
Other comprehensive income		
Valuation difference on available-for-sale securities	2,550	1,582
Deferred gains or losses on hedges	(17)	203
Foreign currency translation adjustment	(191)	382
Remeasurements of defined benefit plans, net of tax	106	555
Share of other comprehensive income of entities accounted for using equity method	(535)	(799)
Total other comprehensive income	1,912	1,924
Comprehensive income	10,825	8,544
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,596	8,235
Comprehensive income attributable to non-controlling interests	229	308

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2018

(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	71,592	(2,232)	127,886
Changes of items during period					
Dividends of surplus			(1,815)		(1,815)
Profit attributable to owners of parent			6,378		6,378
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		1	1
Other			22		22
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	4,586	(3)	4,582
Balance at end of current period	29,166	29,359	76,179	(2,235)	132,469

	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	7,083	(139)	616	(75)	7,483	2,698	138,069
Changes of items during period							
Dividends of surplus							(1,815)
Profit attributable to owners of parent							6,378
Purchase of treasury shares							(5)
Disposal of treasury shares							1
Other							22
Net changes of items other than shareholders' equity	1,530	146	(366)	546	1,856	292	2,149
Total changes of items during period	1,530	146	(366)	546	1,856	292	6,732
Balance at end of current period	8,614	7	249	470	9,340	2,991	144,801

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	10,506	8,611
Depreciation	6,397	6,532
Amortization of goodwill	234	234
Share of loss (profit) of entities accounted for using equity method	(4,898)	(2,239)
Increase (decrease) in provision for bonuses	(431)	(250)
Increase (decrease) in allowance for doubtful accounts	(75)	(23)
Decrease (increase) in net defined benefit asset	(615)	(470)
Increase (decrease) in net defined benefit liability	63	(49)
Increase (decrease) in provision for environmental measures	826	(313)
Interest and dividend income	(520)	(916)
Interest expenses	403	344
Loss on abandonment of non-current assets	540	567
Loss (gain) on valuation of investment securities	9	–
Loss (gain) on sales of investment securities	(261)	37
Loss (gain) on change in equity	(907)	–
Decrease (increase) in notes and accounts receivable - trade	2,292	(5,950)
Decrease (increase) in inventories	(741)	1,141
Increase (decrease) in notes and accounts payable - trade	(304)	4,007
Other, net	392	402
Subtotal	12,911	11,667
Interest and dividend income received	32,004	2,680
Interest expenses paid	(406)	(342)
Income taxes paid	(3,272)	(1,920)
Net cash provided by (used in) operating activities	41,236	12,085
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,328)	(7,594)
Proceeds from sales of property, plant and equipment	7	97
Purchase of intangible assets	(138)	(378)
Purchase of investment securities	(173)	(34)
Proceeds from sales of investment securities	320	147
Purchase of shares of subsidiaries and associates	(290)	(61)
Payments of loans receivable	(69)	(22)
Collection of loans receivable	103	42
Payments for retirement of property, plant and equipment	(312)	(483)
Other, net	23	(39)
Net cash provided by (used in) investing activities	(7,858)	(8,327)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,996)	(11,150)
Proceeds from long-term loans payable	–	9,833
Repayments of long-term loans payable	(7,282)	(6,315)
Cash dividends paid	(1,992)	(1,810)
Purchase of treasury shares	(2,024)	(5)
Payment due to the establishment of money trust for treasury stock acquisition	(209)	–
Other, net	(116)	(38)
Net cash provided by (used in) financing activities	(14,620)	(9,485)
Effect of exchange rate change on cash and cash equivalents	(106)	165
Net increase (decrease) in cash and cash equivalents	18,651	(5,561)
Cash and cash equivalents at beginning of period	14,494	33,146
Cash and cash equivalents at end of period	33,146	27,585