

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2018
(Based on Japanese GAAP)**

November 6, 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 to file Quarterly Securities Report: November 9, 2018
 Scheduled date to commence dividend payments: December 4, 2018
 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, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018	66,300	4.2	1,860	(17.1)	3,390	(12.8)	2,474	(4.3)
Six months ended September 30, 2017	63,608	8.1	2,244	60.3	3,888	1.4	2,584	(35.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	81.98		-	
Six months ended September 30, 2017	85.64		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	215,990	145,953	66.1
As of March 31, 2018	219,457	144,801	64.6

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, 2018	-	6.00	-	6.00	12.00
Year ending March 31, 2019	-	6.00			
Year ending March 31, 2019 (Forecast)			-	30.00	-

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
Full year	144,000	2.0	5,000	(21.8)	7,700	(16.3)	5,600	(12.2)	185.54

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(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, 2018	31,127,307 shares	As of March 31, 2018	31,127,307 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	945,459 shares	As of March 31, 2018	945,767 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, 2018	30,181,607 shares	Six months ended September 30, 2017	30,182,491 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	27,612	22,622
Notes and accounts receivable - trade	44,067	35,889
Electronically recorded monetary claims - operating	2,416	2,517
Inventories	27,623	29,368
Other	3,088	3,836
Allowance for doubtful accounts	(217)	(205)
Total current assets	104,590	94,028
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,858	17,384
Machinery, equipment and vehicles, net	20,715	19,955
Tools, furniture and fixtures, net	1,700	1,694
Land	15,266	15,111
Construction in progress	1,887	2,496
Other, net	16	12
Total property, plant and equipment	56,445	56,654
Intangible assets		
Goodwill	469	352
Other	924	5,832
Total intangible assets	1,393	6,184
Investments and other assets		
Investment securities	43,054	44,899
Net defined benefit asset	8,519	8,837
Deferred tax assets	2,901	2,777
Other	2,550	2,607
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	57,026	59,122
Total non-current assets	114,866	121,961
Total assets	219,457	215,990

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,032	18,294
Electronically recorded obligations - operating	2,788	2,980
Short-term loans payable	19,073	17,437
Income taxes payable	1,031	468
Provision for bonuses	2,766	1,704
Other	6,223	6,161
Total current liabilities	50,915	47,047
Non-current liabilities		
Long-term loans payable	12,846	11,546
Deferred tax liabilities	4,638	5,235
Net defined benefit liability	2,515	2,490
Provision for environmental measures	883	838
Other	2,855	2,877
Total non-current liabilities	23,739	22,988
Total liabilities	74,655	70,036
Net assets		
Shareholders' equity		
Capital stock	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	76,179	77,745
Treasury shares	(2,235)	(2,234)
Total shareholders' equity	132,469	134,037
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,614	9,833
Deferred gains or losses on hedges	7	(20)
Foreign currency translation adjustment	249	(1,562)
Remeasurements of defined benefit plans	470	557
Total accumulated other comprehensive income	9,340	8,807
Non-controlling interests	2,991	3,109
Total net assets	144,801	145,953
Total liabilities and net assets	219,457	215,990

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, 2017	Six months ended September 30, 2018
Net sales	63,608	66,300
Cost of sales	47,449	51,010
Gross profit	16,158	15,289
Selling, general and administrative expenses	13,913	13,428
Operating profit	2,244	1,860
Non-operating income		
Interest income	7	15
Dividend income	446	389
Share of profit of entities accounted for using equity method	1,084	676
Foreign exchange gains	280	480
Other	393	360
Total non-operating income	2,212	1,921
Non-operating expenses		
Interest expenses	175	130
Other	392	261
Total non-operating expenses	568	391
Ordinary profit	3,888	3,390
Extraordinary income		
Gain on sales of non-current assets	27	7
Total extraordinary income	27	7
Extraordinary losses		
Loss on abandonment of non-current assets	290	119
Loss on valuation of investments in capital of subsidiaries and associates	–	85
Other	2	29
Total extraordinary losses	292	234
Profit before income taxes	3,623	3,163
Income taxes - current	614	434
Income taxes - deferred	302	142
Total income taxes	917	577
Profit	2,706	2,586
Profit attributable to non-controlling interests	121	112
Profit attributable to owners of parent	2,584	2,474

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	2,706	2,586
Other comprehensive income		
Valuation difference on available-for-sale securities	2,695	1,252
Deferred gains or losses on hedges	124	(119)
Foreign currency translation adjustment	258	(33)
Remeasurements of defined benefit plans, net of tax	89	95
Share of other comprehensive income of entities accounted for using equity method	(609)	(1,660)
Total other comprehensive income	2,558	(465)
Comprehensive income	5,265	2,120
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,091	1,940
Comprehensive income attributable to non-controlling interests	173	180

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	3,623	3,163
Depreciation	3,286	3,382
Amortization of goodwill	117	117
Share of loss (profit) of entities accounted for using equity method	(1,084)	(676)
Increase (decrease) in provision for bonuses	(1,321)	(1,065)
Decrease (increase) in net defined benefit asset	(232)	(272)
Increase (decrease) in net defined benefit liability	(32)	(18)
Interest and dividend income	(454)	(404)
Interest expenses	175	130
Loss on abandonment of non-current assets	290	124
Decrease (increase) in notes and accounts receivable - trade	4,598	8,076
Decrease (increase) in inventories	(2,253)	(1,547)
Increase (decrease) in notes and accounts payable - trade	2,715	(576)
Other, net	(2,289)	(537)
Subtotal	7,139	9,896
Interest and dividend income received	1,556	459
Interest expenses paid	(174)	(129)
Income taxes paid	(1,379)	(995)
Net cash provided by (used in) operating activities	7,142	9,230
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,452)	(4,398)
Proceeds from sales of property, plant and equipment	92	166
Purchase of intangible assets	(163)	(113)
Purchase of investment securities	(15)	(65)
Purchase of shares of subsidiaries and associates	(61)	(931)
Payments for retirement of property, plant and equipment	(347)	(108)
Payments for transfer of business	–	(5,229)
Other, net	(35)	7
Net cash provided by (used in) investing activities	(3,983)	(10,673)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,232)	(586)
Proceeds from long-term loans payable	1,295	41
Repayments of long-term loans payable	(3,162)	(2,262)
Cash dividends paid	(905)	(904)
Other, net	(27)	(68)
Net cash provided by (used in) financing activities	(5,032)	(3,780)
Effect of exchange rate change on cash and cash equivalents	265	219
Net increase (decrease) in cash and cash equivalents	(1,608)	(5,004)
Cash and cash equivalents at beginning of period	33,146	27,585
Cash and cash equivalents at end of period	31,538	22,581