

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 10, 2019

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,Stakeholder Relations Group Satoshi Takeuchi TEL 03-3245-6053
 Scheduled date of ordinary general meeting of shareholders: June 27, 2019
 Scheduled date to file Securities Report: June 27, 2019
 Scheduled date to commence dividend payments: June 28, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	145,663	3.1	7,906	23.7	8,888	(3.4)	5,802	(9.0)
Year ended March 31, 2018	141,230	9.8	6,390	19.1	9,204	(7.1)	6,378	(27.4)

	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, 2019	192.27	—	4.1	4.1	5.4
Year ended March 31, 2018	211.35	—	4.6	4.2	4.5

(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, 2019	216,212	144,916	65.6	4,698.10
As of March 31, 2018	219,457	144,801	64.6	4,698.59

(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, 2019	11,677	(15,280)	(7,534)	16,536
Year ended March 31, 2018	12,085	(8,327)	(9,485)	27,585

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, 2018	—	6.00	—	6.00	12.00	1,815	28.4	1.3
Year ended March 31, 2019	—	6.00	—	30.00	—	1,815	31.2	2.1
Year ending March 31, 2020 (Forecast)	—	30.00	—	40.00	70.00		36.4	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	71,000	7.1	1,700	(8.6)	2,400	(29.2)	1,500	(39.4)	49.71
Full year	153,000	5.0	7,000	(11.5)	8,300	(6.6)	5,800	(0.0)	192.20

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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, 2019	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 March 31, 2019	951,112 shares	As of March 31, 2018	945,767 shares
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Average number of shares during the period

Year ended March 31, 2019	30,179,323 shares	Year ended March 31, 2018	30,182,231 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	27,612	16,565
Notes and accounts receivable - trade	44,067	47,860
Electronically recorded monetary claims - operating	2,416	2,795
Inventories	27,623	27,372
Other	3,088	4,500
Allowance for doubtful accounts	(217)	(199)
Total current assets	104,590	98,895
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,822	60,787
Accumulated depreciation	(41,964)	(42,704)
Buildings and structures, net	16,858	18,082
Machinery, equipment and vehicles	110,405	113,465
Accumulated depreciation	(89,690)	(93,201)
Machinery, equipment and vehicles, net	20,715	20,264
Tools, furniture and fixtures	11,205	11,579
Accumulated depreciation	(9,505)	(9,802)
Tools, furniture and fixtures, net	1,700	1,776
Land	15,266	15,111
Construction in progress	1,887	3,247
Other	198	210
Accumulated depreciation	(181)	(200)
Other, net	16	9
Total property, plant and equipment	56,445	58,491
Intangible assets		
Goodwill	469	249
Other	924	5,527
Total intangible assets	1,393	5,776
Investments and other assets		
Investment securities	43,054	39,307
Retirement benefit asset	8,519	8,767
Deferred tax assets	2,901	2,700
Other	2,550	2,272
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	57,026	53,048
Total non-current assets	114,866	117,316
Total assets	219,457	216,212

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,032	20,933
Electronically recorded obligations - operating	2,788	2,717
Short-term loans payable	19,073	15,501
Income taxes payable	1,031	1,258
Provision for bonuses	2,766	2,900
Other	6,223	6,806
Total current liabilities	50,915	50,118
Non-current liabilities		
Long-term loans payable	12,846	10,604
Deferred tax liabilities	4,638	4,364
Retirement benefit liability	2,515	2,468
Provision for environmental measures	883	724
Other	2,855	3,014
Total non-current liabilities	23,739	21,177
Total liabilities	74,655	71,295
Net assets		
Shareholders' equity		
Capital stock	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	76,179	80,166
Treasury shares	(2,235)	(2,250)
Total shareholders' equity	132,469	136,441
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,614	7,220
Deferred gains or losses on hedges	7	(163)
Foreign currency translation adjustment	249	(2,100)
Remeasurements of defined benefit plans	470	373
Total accumulated other comprehensive income	9,340	5,328
Non-controlling interests	2,991	3,146
Total net assets	144,801	144,916
Total liabilities and net assets	219,457	216,212

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	141,230	145,663
Cost of sales	104,758	108,651
Gross profit	36,471	37,012
Selling, general and administrative expenses	30,080	29,105
Operating profit	6,390	7,906
Non-operating income		
Interest income	17	33
Dividend income	898	752
Share of profit of entities accounted for using equity method	2,239	–
Foreign exchange gains	–	190
Rent income	218	218
Other	674	703
Total non-operating income	4,048	1,897
Non-operating expenses		
Interest expenses	344	248
Share of loss of entities accounted for using equity method	–	1
Other	889	664
Total non-operating expenses	1,234	915
Ordinary profit	9,204	8,888
Extraordinary income		
Gain on sales of investment securities	33	–
Gain on sales of non-current assets	28	7
Other	1	–
Total extraordinary income	63	7
Extraordinary losses		
Loss on abandonment of non-current assets	556	179
Impairment loss	–	68
Loss on valuation of investments in capital of subsidiaries and associates	–	85
Other	99	30
Total extraordinary losses	656	364
Profit before income taxes	8,611	8,531
Income taxes - current	1,562	1,863
Income taxes - deferred	429	601
Total income taxes	1,992	2,464
Profit	6,619	6,066
Profit attributable to non-controlling interests	240	263
Profit attributable to owners of parent	6,378	5,802

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	6,619	6,066
Other comprehensive income		
Valuation difference on available-for-sale securities	1,582	(1,410)
Deferred gains or losses on hedges	203	(154)
Foreign currency translation adjustment	382	(397)
Remeasurements of defined benefit plans, net of tax	555	(103)
Share of other comprehensive income of entities accounted for using equity method	(799)	(1,991)
Total other comprehensive income	1,924	(4,058)
Comprehensive income	8,544	2,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,235	1,790
Comprehensive income attributable to non-controlling interests	308	216

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2019

(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	76,179	(2,235)	132,469
Changes of items 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 of items other than shareholders' equity					
Total changes of items during period	-	(0)	3,987	(15)	3,972
Balance at end of current 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 current period	8,614	7	249	470	9,340	2,991	144,801
Changes of items 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 of items other than shareholders' equity	(1,393)	(171)	(2,350)	(96)	(4,011)	154	(3,857)
Total changes of items during period	(1,393)	(171)	(2,350)	(96)	(4,011)	154	114
Balance at end of current period	7,220	(163)	(2,100)	373	5,328	3,146	144,916

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	8,611	8,531
Depreciation	6,532	6,966
Amortization of goodwill	234	235
Impairment loss	–	68
Share of loss (profit) of entities accounted for using equity method	(2,239)	1
Increase (decrease) in provision for bonuses	(250)	131
Increase (decrease) in allowance for doubtful accounts	(23)	(5)
Decrease (increase) in retirement benefit asset	(470)	(591)
Increase (decrease) in retirement benefit liability	(49)	(67)
Increase (decrease) in provision for environmental measures	(313)	(179)
Interest and dividend income	(916)	(785)
Interest expenses	344	248
Loss on abandonment of non-current assets	567	189
Loss (gain) on valuation of investment securities	–	19
Loss (gain) on sales of investment securities	37	1
Decrease (increase) in notes and accounts receivable - trade	(5,950)	(4,430)
Decrease (increase) in inventories	1,141	99
Increase (decrease) in notes and accounts payable - trade	4,007	1,970
Other, net	402	(417)
Subtotal	11,667	11,986
Interest and dividend income received	2,680	1,588
Interest expenses paid	(342)	(250)
Income taxes paid	(1,920)	(1,648)
Net cash provided by (used in) operating activities	12,085	11,677
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,594)	(8,526)
Proceeds from sales of property, plant and equipment	97	166
Purchase of intangible assets	(378)	(588)
Purchase of investment securities	(34)	(80)
Proceeds from sales of investment securities	147	0
Purchase of shares of subsidiaries and associates	(61)	(931)
Revenue from sales of investments in affiliates	–	112
Payments of loans receivable	(22)	(134)
Collection of loans receivable	42	25
Payments for retirement of property, plant and equipment	(483)	(124)
Payments for acquisition of businesses	–	(5,229)
Other, net	(39)	29
Net cash provided by (used in) investing activities	(8,327)	(15,280)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(11,150)	(942)
Proceeds from long-term loans payable	9,833	119
Repayments of long-term loans payable	(6,315)	(4,813)
Cash dividends paid	(1,810)	(1,809)
Purchase of treasury shares	(5)	(18)
Other, net	(38)	(70)
Net cash provided by (used in) financing activities	(9,485)	(7,534)
Effect of exchange rate change on cash and cash equivalents	165	89
Net increase (decrease) in cash and cash equivalents	(5,561)	(11,049)
Cash and cash equivalents at beginning of period	33,146	27,585
Cash and cash equivalents at end of period	27,585	16,536