

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

February 7, 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 Shusaku Kiyota TEL 03-3245-6053  
 Scheduled date to file Quarterly Securities Report: February 10, 2017  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	88,994	(11.0)	2,457	(44.3)	6,222	(57.7)	5,966	(54.8)
Nine months ended December 31, 2015	99,965	(2.6)	4,414	11.3	14,727	56.4	13,194	86.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2016	38.83		–	
Nine months ended December 31, 2015	85.78		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	212,930	133,708	61.6
As of March 31, 2016	220,587	131,489	58.5

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, 2016	–	5.00	–	7.00	12.00
Year ending March 31, 2017	–	6.00	–		
Year ending March 31, 2017 (Forecast)				6.00	12.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	128,000	(10.3)	5,100	(31.2)	9,700	(48.8)	8,100	(43.4)	52.71

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016  
(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: Yes
  - Changes in accounting policies due to other reasons: No
  - Changes in accounting estimates: Yes
  - 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 December 31, 2016	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 December 31, 2016	4,719,322 shares	As of March 31, 2016	30,307 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2016	153,665,609 shares	Nine months ended December 31, 2015	153,814,409 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	14,517	35,348
Notes and accounts receivable - trade	42,790	32,718
Inventories	27,913	32,105
Deferred tax assets	2,001	1,435
Other	2,974	3,990
Allowance for doubtful accounts	(214)	(185)
Total current assets	89,982	105,414
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,079	16,498
Machinery, equipment and vehicles, net	18,076	17,916
Tools, furniture and fixtures, net	1,626	1,661
Land	15,341	15,333
Leased assets, net	286	229
Construction in progress	1,144	2,206
Total property, plant and equipment	53,553	53,845
Intangible assets		
Goodwill	939	762
Other	1,140	916
Total intangible assets	2,079	1,679
Investments and other assets		
Investment securities	63,096	39,504
Net defined benefit asset	7,030	7,494
Deferred tax assets	2,319	2,272
Other	2,623	2,752
Allowance for doubtful accounts	(98)	(33)
Total investments and other assets	74,971	51,990
Total non-current assets	130,605	107,516
Total assets	220,587	212,930

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,670	17,623
Electronically recorded obligations - operating	3,376	2,094
Short-term loans payable	35,712	31,356
Income taxes payable	905	252
Provision for bonuses	3,449	947
Other	5,897	6,478
Total current liabilities	64,011	58,752
Non-current liabilities		
Long-term loans payable	14,019	9,426
Deferred tax liabilities	5,251	4,801
Net defined benefit liability	2,564	2,545
Provision for environmental measures	322	806
Other	2,928	2,889
Total non-current liabilities	25,086	20,469
Total liabilities	89,097	79,222
<b>Net assets</b>		
Shareholders' equity		
Capital stock	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	64,806	68,774
Treasury shares	(20)	(2,228)
Total shareholders' equity	123,311	125,071
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,605	7,273
Deferred gains or losses on hedges	(166)	(247)
Foreign currency translation adjustment	1,525	(903)
Remeasurements of defined benefit plans	(291)	(112)
Total accumulated other comprehensive income	5,672	6,010
Non-controlling interests	2,505	2,626
Total net assets	131,489	133,708
Total liabilities and net assets	220,587	212,930

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	99,965	88,994
Cost of sales	75,228	66,993
Gross profit	24,736	22,000
Selling, general and administrative expenses	20,321	19,543
Operating income	4,414	2,457
Non-operating income		
Interest income	3	5
Dividend income	509	517
Share of profit of entities accounted for using equity method	9,647	3,530
Other	1,084	1,200
Total non-operating income	11,245	5,253
Non-operating expenses		
Interest expenses	378	299
Provision for environmental measures	17	514
Other	536	674
Total non-operating expenses	932	1,488
Ordinary income	14,727	6,222
Extraordinary income		
Gain on change in equity	–	907
Gain on sales of investment securities	509	261
Gain on sales of non-current assets	31	–
Other	27	–
Total extraordinary income	569	1,169
Extraordinary losses		
Loss on abandonment of non-current assets	137	112
Other	49	24
Total extraordinary losses	187	136
Profit before income taxes	15,109	7,255
Income taxes - current	665	2,245
Income taxes - deferred	1,087	(1,067)
Total income taxes	1,753	1,178
Profit	13,356	6,077
Profit attributable to non-controlling interests	161	110
Profit attributable to owners of parent	13,194	5,966

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	13,356	6,077
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	2,732
Deferred gains or losses on hedges	94	(174)
Foreign currency translation adjustment	(305)	(516)
Remeasurements of defined benefit plans, net of tax	81	104
Share of other comprehensive income of entities accounted for using equity method	(2,566)	(1,762)
Total other comprehensive income	(2,705)	384
Comprehensive income	10,650	6,461
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,575	6,304
Comprehensive income attributable to non-controlling interests	75	157