

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2017
(Based on Japanese GAAP)**

November 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 Satoshi Takeuchi TEL 03-3245-6053
 Scheduled date to file Quarterly Securities Report: November 10, 2017
 Scheduled date to commence dividend payments: December 5, 2017
 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, 2017 (from April 1, 2017 to September 30, 2017)

(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, 2017	63,608	8.1	2,244	60.3	3,888	1.4	2,584	(35.1)
Six months ended September 30, 2016	58,827	(14.2)	1,400	(57.7)	3,835	(64.1)	3,983	(57.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	17.13	-
Six months ended September 30, 2016	25.74	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	218,329	142,411	63.9
As of March 31, 2017	217,302	138,069	62.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	-	6.00	-	6.00	12.00
Year ending March 31, 2018	-	6.00			
Year ending March 31, 2018 (Forecast)			-	6.00	12.00

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 six months ended September 30, 2017
(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, 2017	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 September 30, 2017	4,723,447 shares	As of March 31, 2017	4,724,709 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, 2017	150,912,453 shares	Six months ended September 30, 2016	154,736,785 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	33,171	31,576
Notes and accounts receivable - trade	38,153	34,205
Electronically recorded monetary claims - operating	2,018	1,745
Inventories	28,484	31,001
Deferred tax assets	1,996	2,100
Other	3,509	4,177
Allowance for doubtful accounts	(196)	(206)
Total current assets	107,137	104,600
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,694	16,897
Machinery, equipment and vehicles, net	18,284	18,761
Tools, furniture and fixtures, net	1,610	1,607
Land	15,338	15,263
Construction in progress	2,515	2,172
Other, net	238	23
Total property, plant and equipment	54,682	54,726
Intangible assets		
Goodwill	704	586
Other	877	859
Total intangible assets	1,582	1,446
Investments and other assets		
Investment securities	41,186	44,527
Net defined benefit asset	7,597	7,829
Deferred tax assets	2,469	2,220
Other	2,673	3,001
Allowance for doubtful accounts	(26)	(24)
Total investments and other assets	53,900	57,555
Total non-current assets	110,165	113,728
Total assets	217,302	218,329

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,445	17,673
Electronically recorded obligations - operating	1,917	2,942
Short-term loans payable	31,634	28,640
Income taxes payable	1,468	591
Provision for bonuses	3,017	1,698
Other	6,847	5,080
Total current liabilities	60,330	56,626
Non-current liabilities		
Long-term loans payable	7,569	6,585
Deferred tax liabilities	4,797	6,199
Net defined benefit liability	2,563	2,570
Provision for environmental measures	1,119	1,085
Other	2,852	2,849
Total non-current liabilities	18,902	19,290
Total liabilities	79,232	75,917
Net assets		
Shareholders' equity		
Capital stock	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	71,592	73,270
Treasury shares	(2,232)	(2,231)
Total shareholders' equity	127,886	129,564
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,083	9,706
Deferred gains or losses on hedges	(139)	(78)
Foreign currency translation adjustment	616	354
Remeasurements of defined benefit plans	(75)	8
Total accumulated other comprehensive income	7,483	9,991
Non-controlling interests	2,698	2,855
Total net assets	138,069	142,411
Total liabilities and net assets	217,302	218,329

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, 2016	Six months ended September 30, 2017
Net sales	58,827	63,608
Cost of sales	44,509	47,449
Gross profit	14,317	16,158
Selling, general and administrative expenses	12,917	13,913
Operating profit	1,400	2,244
Non-operating income		
Interest income	3	7
Dividend income	337	446
Share of profit of entities accounted for using equity method	2,470	1,084
Other	417	673
Total non-operating income	3,229	2,212
Non-operating expenses		
Interest expenses	211	175
Foreign exchange losses	232	–
Other	350	392
Total non-operating expenses	794	568
Ordinary profit	3,835	3,888
Extraordinary income		
Gain on sales of non-current assets	–	27
Gain on change in equity	907	–
Total extraordinary income	907	27
Extraordinary losses		
Loss on abandonment of non-current assets	85	290
Other	–	2
Total extraordinary losses	85	292
Profit before income taxes	4,657	3,623
Income taxes - current	1,879	614
Income taxes - deferred	(1,252)	302
Total income taxes	626	917
Profit	4,031	2,706
Profit attributable to non-controlling interests	48	121
Profit attributable to owners of parent	3,983	2,584

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	4,031	2,706
Other comprehensive income		
Valuation difference on available-for-sale securities	(54)	2,695
Deferred gains or losses on hedges	33	124
Foreign currency translation adjustment	(854)	258
Remeasurements of defined benefit plans, net of tax	69	89
Share of other comprehensive income of entities accounted for using equity method	(2,059)	(609)
Total other comprehensive income	(2,866)	2,558
Comprehensive income	1,164	5,265
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,188	5,091
Comprehensive income attributable to non-controlling interests	(23)	173

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	4,657	3,623
Depreciation	3,153	3,286
Amortization of goodwill	117	117
Increase (decrease) in provision for bonuses	(1,694)	(1,321)
Decrease (increase) in net defined benefit asset	(310)	(232)
Increase (decrease) in net defined benefit liability	(4)	(32)
Interest and dividend income	(341)	(454)
Interest expenses	211	175
Share of (profit) loss of entities accounted for using equity method	(2,470)	(1,084)
Loss (gain) on change in equity	(907)	–
Loss on abandonment of non-current assets	85	290
Decrease (increase) in notes and accounts receivable - trade	10,203	4,598
Decrease (increase) in inventories	(2,929)	(2,253)
Increase (decrease) in notes and accounts payable - trade	(220)	2,715
Decrease (increase) in prepaid expenses	(853)	(457)
Increase (decrease) in Advances received on uncompleted construction contracts	682	(537)
Increase (decrease) in accrued consumption taxes	(233)	(419)
Other, net	(767)	(874)
Subtotal	8,378	7,139
Interest and dividend income received	30,935	1,556
Interest expenses paid	(212)	(174)
Income taxes paid	(2,517)	(1,379)
Net cash provided by (used in) operating activities	36,583	7,142
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,852)	(3,452)
Proceeds from sales of property, plant and equipment	1	92
Purchase of intangible assets	(46)	(163)
Purchase of investment securities	(141)	(15)
Purchase of shares of subsidiaries and associates	–	(61)
Payments for retirement of property, plant and equipment	(72)	(347)
Other, net	(11)	(35)
Net cash provided by (used in) investing activities	(3,122)	(3,983)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,040)	(2,232)
Proceeds from long-term loans payable	–	1,295
Repayments of long-term loans payable	(3,740)	(3,162)
Purchase of treasury shares	(1,891)	(1)
Cash dividends paid	(1,085)	(905)
Other, net	(78)	(25)
Net cash provided by (used in) financing activities	(9,837)	(5,032)
Effect of exchange rate change on cash and cash equivalents	(394)	265
Net increase (decrease) in cash and cash equivalents	23,228	(1,608)
Cash and cash equivalents at beginning of period	14,494	33,146
Cash and cash equivalents at end of period	37,723	31,538