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November 13, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Nippon Soda Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4041
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 Representative: President Eiji Aga
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 Scheduled date to commence dividend payments: December 4, 2024
 Scheduled date to file semi-annual securities report: November 14, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	67,079	(2.6)	7,077	9.6	8,364	(10.0)	6,346	(15.8)
September 30, 2023	68,902	(14.7)	6,458	(28.0)	9,292	(33.5)	7,540	(15.2)

Note: Comprehensive income For the six months ended September 30, 2024: ¥4,337 million [(72.1%)]
 For the six months ended September 30, 2023: ¥15,545 million [19.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	115.24	—
September 30, 2023	135.20	—

Note: The Company conducted a 2-for-1 share split for every share of common shares with the effective date of October 1, 2024. Basic earnings per share have been calculated assuming that the aforementioned share split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	282,596	190,439	66.9
March 31, 2024	290,492	189,474	64.7

Reference: Equity

As of September 30, 2024 ¥189,150 million

As of March 31, 2024: ¥188,048 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2024	—	120	—	120	240
Fiscal year ending					
March 31, 2025	—	120			
Fiscal year ending					
March 31, 2025 (Forecast)			—	60	—

Note: Revision to the forecast of cash dividends most recently announced: None

The Company conducted a 2-for-1 share split for every share of common shares with the effective date of October 1, 2024.

The year-end dividend for the fiscal year ending March 2025 takes into account the impact of the aforementioned share split, and the total annual dividend is shown as "—".

If the share split is not considered, year-end dividend would be 120 yen and the total annual dividend for the fiscal year ending March 2025 would be 240 yen.

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	153,000	(0.9)	13,500	(2.7)	17,700	(24.0)	12,600	(24.2)	228.77

Note: Revision to the forecast of financial results most recently announced: Yes

The Company conducted a 2-for-1 share split for every share of common shares with the effective date of October 1, 2024.

The forecasted basic earnings per share for the full year of the fiscal year ending March 31, 2025 takes into account the impact of the aforementioned share split.

If the share split is not considered, the forecasted basic earnings per share for the full year of the fiscal year ending March 31, 2025 would be 457.54 yen.

* Notes

- (1) Significant changes in scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	56,787,734 shares
As of March 31, 2024	57,495,334 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	1,707,392 shares
As of March 31, 2024	2,426,282 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	55,073,844 shares
Six months ended September 30, 2023	55,771,543 shares

Note: The Company conducted a 2-for-1 share split for every share of common shares with the effective date of October 1, 2024. Total number of issued shares at the end of the period (including treasury shares), Number of treasury shares at the end of the period, and Average number of shares outstanding during the period have been calculated assuming that the aforementioned share split was conducted at the beginning of the previous consolidated fiscal year.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The descriptions regarding future performance and outlook contained in this document are based on certain assumptions that our company currently possesses and deems reasonable. However, they do not constitute a promise by our company to achieve those outcomes. Actual performance may vary significantly due to various factors.

Consolidated Financial Statements

• Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	22,215	24,254
Notes and accounts receivable - trade, and contract assets	50,755	31,661
Electronically recorded monetary claims - operating	4,268	4,207
Inventories	51,729	58,953
Other	5,162	4,966
Allowance for doubtful accounts	△8	△4
Total current assets	134,123	124,038
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,400	23,302
Machinery, equipment and vehicles, net	19,051	17,992
Tools, furniture and fixtures, net	2,522	2,421
Land	15,024	15,024
Construction in progress	3,379	8,234
Other, net	81	64
Total property, plant and equipment	63,460	67,039
Intangible assets		
Goodwill	100	84
Other	3,606	3,124
Total intangible assets	3,706	3,208
Investments and other assets		
Investment securities	70,084	68,643
Retirement benefit asset	15,233	15,663
Deferred tax assets	1,797	1,705
Other	2,087	2,298
Allowance for doubtful accounts	△1	△1
Total investments and other assets	89,201	88,308
Total non-current assets	156,369	158,557
Total assets	290,492	282,596

(Millions of yen)

As of March 31, 2024

As of September 30, 2024

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,658	15,883
Electronically recorded obligations - operating	3,891	3,712
Short-term borrowings	23,795	22,505
Income taxes payable	914	1,144
Provision for bonuses	6,151	1,734
Other	6,818	5,840
Total current liabilities	60,228	50,820
Non-current liabilities		
Long-term borrowings	25,118	24,896
Deferred tax liabilities	11,076	12,086
Retirement benefit liability	1,283	1,265
Provision for environmental measures	422	183
Other	2,888	2,904
Total non-current liabilities	40,789	41,336
Total liabilities	101,018	92,156
Net assets		
Shareholders' equity		
Share capital	29,166	29,166
Capital surplus	26,099	24,823
Retained earnings	116,174	119,211
Treasury shares	△4,497	△3,191
Total shareholders' equity	166,942	170,011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,968	13,543
Deferred gains or losses on hedges	30	△17
Foreign currency translation adjustment	3,559	3,244
Remeasurements of defined benefit plans	2,547	2,368
Total accumulated other comprehensive income	21,105	19,139
Non-controlling interests	1,425	1,289
Total net assets	189,474	190,439
Total liabilities and net assets	290,492	282,596

• Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	68,902	67,079
Cost of sales	49,827	47,618
Gross profit	19,074	19,460
Selling, general and administrative expenses	12,616	12,382
Operating profit	6,458	7,077
Non-operating income		
Interest income	31	87
Dividend income	873	1,025
Share of profit of entities accounted for using equity method	612	868
Foreign exchange gains	1,117	—
Other	608	365
Total non-operating income	3,244	2,347
Non-operating expenses		
Interest expenses	131	202
Foreign exchange losses	—	610
Other	278	248
Total non-operating expenses	409	1,060
Ordinary profit	9,292	8,364
Extraordinary income		
Gain on sale of investment securities	1,344	1,158
Other	0	—
Total extraordinary income	1,345	1,158
Extraordinary losses		
Impairment losses	—	25
Disaster losses	—	93
Loss on sale of investment securities	2	9
Loss on abandonment of non-current assets	264	301
Other	2	5
Total extraordinary losses	269	435
Profit before income taxes	10,368	9,087
Income taxes - current	1,418	932
Income taxes - deferred	1,376	1,813
Total income taxes	2,795	2,745
Profit	7,573	6,341
Profit (loss) attributable to non-controlling interests	33	△5
Profit attributable to owners of parent	7,540	6,346

• Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	7,573	6,341
Other comprehensive income		
Valuation difference on available-for-sale securities	2,465	△1,425
Deferred gains or losses on hedges	△7	4
Foreign currency translation adjustment	1,073	△419
Remeasurements of defined benefit plans, net of tax	△73	△180
Share of other comprehensive income of entities accounted for using equity method	4,512	15
Total other comprehensive income	7,971	△2,004
Comprehensive income	15,545	4,337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,410	4,380
Comprehensive income attributable to non-controlling interests	134	△42

• Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	10,368	9,087
Depreciation	3,850	3,888
Amortization of goodwill	15	15
Impairment losses	—	25
Share of loss (profit) of entities accounted for using equity method	△612	△868
Increase (decrease) in provision for bonuses	△4,697	△4,414
Increase (decrease) in allowance for doubtful accounts	△2	△4
Decrease (increase) in retirement benefit asset	△241	△429
Increase (decrease) in retirement benefit liability	△82	△16
Increase (decrease) in provision for environmental measures	△528	△238
Interest and dividend income	△905	△1,113
Interest expenses	131	202
Loss on abandonment of non-current assets	265	301
Loss (gain) on sale of investment securities	△1,342	△1,149
Decrease (increase) in trade receivables	9,591	18,862
Decrease (increase) in inventories	△8,051	△7,409
Increase (decrease) in trade payables	201	△2,667
Other, net	△120	△902
Subtotal	7,838	13,169
Interest and dividends received	905	1,087
Interest paid	△129	△200
Income taxes paid	△4,222	△228
Net cash provided by (used in) operating activities	4,391	13,827
Cash flows from investing activities		
Purchase of property, plant and equipment	△4,087	△7,405
Proceeds from sale of property, plant and equipment	3	1
Purchase of intangible assets	△198	△9
Purchase of investment securities	△34	△63
Proceeds from sale of investment securities	2,063	1,455
Purchase of shares of subsidiaries and associates	△10	△6
Loan advances	—	△50
Proceeds from collection of loans receivable	—	2
Payments for retirement of property, plant and equipment	△146	△274
Other, net	△119	△796
Net cash provided by (used in) investing activities	△2,528	△7,147
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△1,100	△4,000
Proceeds from long-term borrowings	7,000	4,800
Repayments of long-term borrowings	△962	△2,312
Dividends paid	△4,168	△3,296
Purchase of treasury shares	△2	△1
Dividends paid to non-controlling interests	△130	△93
Other, net	△12	△8

Net cash provided by (used in) financing activities	623	△4,911
Effect of exchange rate change on cash and cash equivalents	704	△388
Net increase (decrease) in cash and cash equivalents	3,191	1,379
Cash and cash equivalents at beginning of period	18,484	22,187
Cash and cash equivalents at end of period	21,676	23,566

(Notes to Segment Information)

Information Regarding Net Sales, Profit or Loss of Reportable Segments

For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable Segment					Total	Adjustments *1	Consolidated *2
	Chemical Materials	Agri Business	Trading & Logistics	Engineer- ing	Eco Solutions			
Net Sales								
External sales	17,462	20,076	20,198	7,204	3,960	68,902	—	68,902
Intersegment sales or reclassifications	6,337	27	5,026	1,895	379	13,666	(13,666)	—
Total	23,799	20,103	25,224	9,100	4,340	82,569	(13,666)	68,902
Segment Profit or Loss	2,324	2,616	1,112	357	(88)	6,322	135	6,458

*1 The adjustment amount for Segment Profit or Loss is due to the elimination of intersegment transactions

*2 Segment Profit or Loss is adjusted to operating income of consolidated statement of income

For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(Millions of yen)

	Reportable Segment					Total	Adjustments *1	Consolidated *2
	Chemical Materials	Agri Business	Trading & Logistics	Engineer- ing	Eco Solutions			
Net Sales								
External sales	17,747	16,732	20,884	7,062	4,653	67,079	—	67,079
Intersegment sales or reclassifications	7,070	30	4,790	1,572	435	13,898	(13,898)	—
Total	24,817	16,762	25,674	8,634	5,088	80,977	(13,898)	67,079
Segment Profit	3,441	1,042	1,288	933	99	6,805	272	7,077

*1 The adjustment amount for Segment Profit is due to the elimination of intersegment transactions

*2 Segment Profit is adjusted to operating income of consolidated statement of income