



Briefings on Financial Results

Of the Fiscal 2016

May 30, 2017

ADEKA Corporation
(Securities code: 4401)



Financial Results Overview

Of the Fiscal 2016

[April 1, 2016 – March 31, 2017]

President and Chief Executive Officer Akio Kohri

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1. Fiscal 2016 Consolidated Performance

Fiscal 2016 Consolidated Performance

Consolidated
data

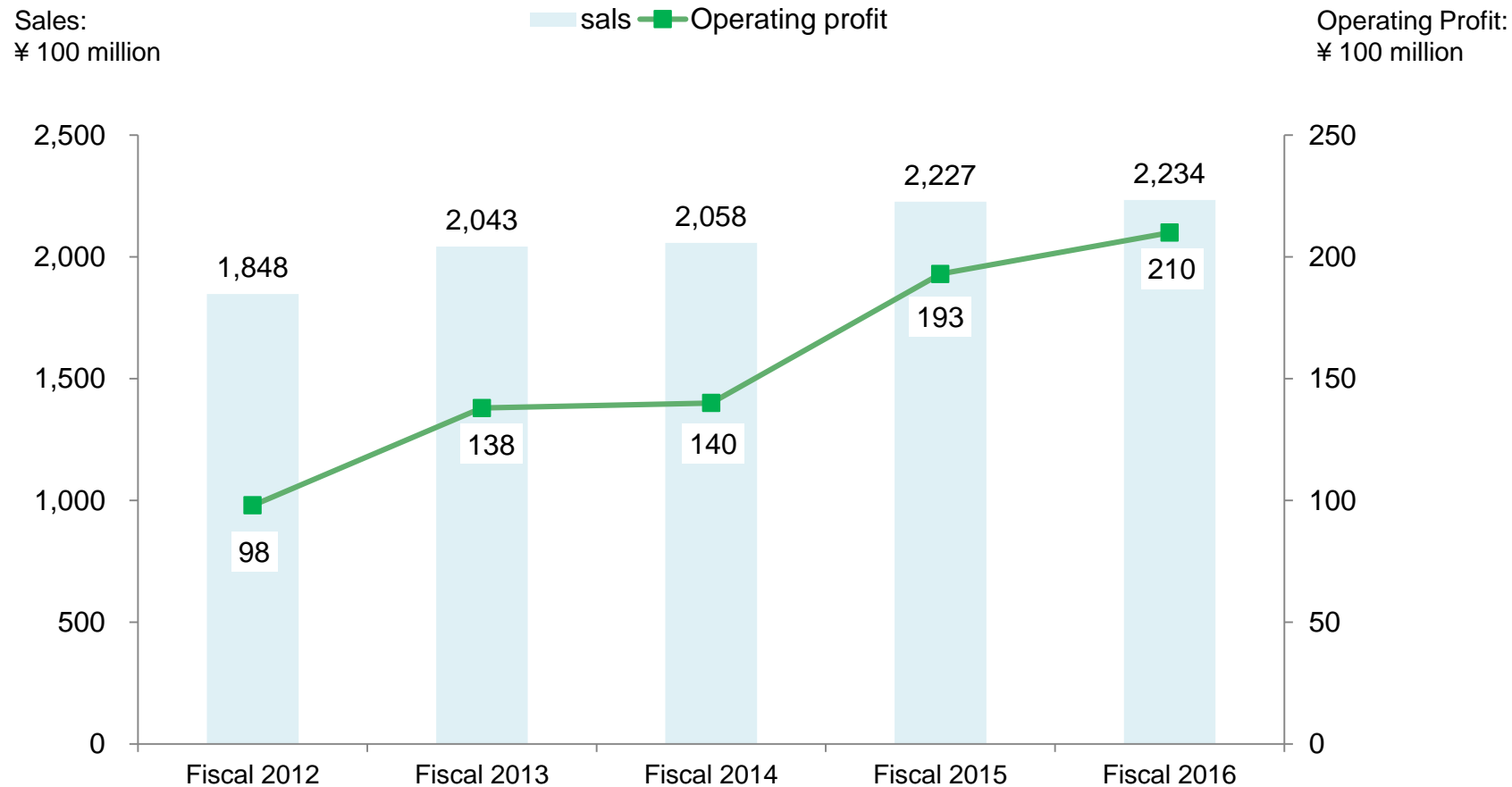
(Unit: 100 million yen)

| | Fiscal 2015 | Fiscal 2016 | Increase/ decrease | Increase/ decrease ratio (%) |
|--|-------------|-------------|-----------------------|---------------------------------|
| Sales | 2,227 | 2,234 | 6 | 0.3 |
| Operating profit | 193 | 210 | 17 | 9.0 |
| Current profit | 195 | 218 | 22 | 11.6 |
| Profit attributable to owners of parent | 132 | 153 | 20 | 15.6 |
| Net profit per share (yen/share) | 128.4 | 149.0 | 20.6 | |
| Dividend (yen/share) | 30 | 35 | 5 | |

- All of the sales, operating profit, ordinary profit, and net profit reached all-time highs (for the second consecutive year).
- The sales volume increased, particularly overseas, but exchange rates had a significant impact.
- The dividend per share came to 35 yen/year as planned (announced on November 2, 2016) by adding the commemorative dividend of 5 yen in commemoration of the 100th anniversary of our founding.

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Fiscal 2016 Consolidated Performance (By segment)



Note1 : The data of FY 2014 has been readjusted by applying the accounting method change retroactively.

Note2 : Figures are expressed in units of 100 million yen and have been rounded off.

Fiscal 2016 Consolidated Performance (By segment)

Consolidated
data

| | Fiscal 2015 | Fiscal 2016 | Increase/ decrease | Increase/ decrease ratio (%) |
|-------------------------------------|-------------|-------------|-----------------------|---------------------------------|
| Sales | 2,227 | 2,234 | 6 | 0.3 |
| Chemicals | 1,538 | 1,476 | △ 61 | △ 4.0 |
| <i>Electronics and IT materials</i> | 217 | 197 | △ 19 | △ 9.1 |
| <i>Functional chemicals</i> | 1,136 | 1,104 | △ 31 | △ 2.8 |
| <i>Commodity chemicals</i> | 184 | 174 | △ 10 | △ 5.5 |
| Food products | 611 | 664 | 52 | 8.6 |
| Other | 77 | 93 | 15 | 20.1 |
| Operating profit | 193 | 210 | 17 | 9.0 |
| Chemicals | 171 | 183 | 12 | 7.0 |
| <i>Electronics and IT materials</i> | 47 | 29 | △ 18 | △ 38.0 |
| <i>Functional chemicals</i> | 98 | 122 | 23 | 23.8 |
| <i>Commodity chemicals</i> | 24 | 31 | 6 | 27.0 |
| Food products | 16 | 22 | 6 | 38.2 |
| Other | 5 | 4 | △ 0 | △ 14.2 |

Note1 : The data of FY 2014 has been readjusted by applying the accounting method change retroactively.

Note2 : Figures are expressed in units of 100 million yen and have been rounded off.

Segmental Information :

Electronics and IT materials

Consolidated
data

Electronics and IT materials (decrease in both sales and profit)

1. Light curing resins and photoinitiators: Sales of optical films and photoresists remained firm in Japan and overseas.
2. Semiconductor materials: Sales of products used for 3D-NAND memories remained firm, but sales of high dielectric constant materials for DRAM were weak.
3. Electronic circuit materials : Sales of etchants for lead frames increased in Japan.

(Unit: ¥100 million)

| | Fiscal 2015 | Fiscal 2016 | Increase/decrease |
|------------------|-------------|-------------|-------------------|
| Sales | 217 | 197 | △ 19 |
| Operating profit | 47 | 29 | △ 18 |

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Functional Chemicals

Consolidated
data

Functional chemicals (decreased in sales/increased in profit)

1. Polymer additives: Sales of additives such as nucleating agents, clarifiers and light stabilizers and PVC stabilizers grew in Japan and overseas, but the sales volume of antioxidants and plasticizers was affected by the stronger yen, although the sales volume increased, particularly overseas.
2. Surfactants: The sales Glycol-based moisturizer for cosmetics and reactive emulsifier for paints and adhesives increased , especially in overseas markets.
3. Lubricants: The sales volume of additives for automobile engine oil reached a record high, reflecting strong sales in Japan and overseas.
4. Functional polymer : Water-based resins corresponding to environmental regulations and highly-functional special epoxy resin for the car was extended, especially in overseas markets.

(Unit: ¥100 million)

| | Fiscal 2015 | Fiscal 2016 | Increase/decrease |
|------------------|-------------|-------------|-------------------|
| Sales | 1,136 | 1,104 | △ 31 |
| Operating profit | 98 | 122 | 23 |

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Commodity Chemicals

Consolidated
data

Commodity chemicals (decreased in sales/increased in profit)

1. Propylene glycols: Demand for those for daily necessities such as toiletries remained firm.
2. Hydrogen peroxide: Sales volume declined, however, to our continuous efforts to reduce the costs for production and logistics bases, in addition to the expansion of demand for hydrogen peroxide derivatives for electronic circuit of liquid crystal display.

(Unit: ¥100 million)

| | Fiscal 2015 | Fiscal 2016 | Increase/decrease |
|------------------|-------------|-------------|-------------------|
| Sales | 184 | 174 | △ 10 |
| Operating profit | 24 | 31 | 6 |

Note1 : The data of FY 2014 has been readjusted by applying the accounting method change retroactively.

Note2 : Figures are expressed in units of 100 million yen and have been rounded off.

Segmental Information :

Food products

Consolidated
data

Food products (increase in both sales and profit)

1. For the domestic market, Sales increased due to the conversion of CROWN CO., LTD. into a consolidated subsidiary, in addition to the sales of margarine, shortenings, and whipping cream for bakery products, western confectioneries, and desserts remained strong.
2. For the Overseas market, sales expanded in China and Southeast Asia as a result of strengthening the sales and development systems and developing products that meet local needs.

(Unit: ¥100 million)

| | Fiscal 2015 | Fiscal 2016 | Increase/decrease |
|------------------|-------------|-------------|-------------------|
| Sales | 611 | 664 | 52 |
| Operating profit | 16 | 22 | 6 |

Note : Figures are expressed in units of 100 million yen and have been rounded off.



2. Fiscal 2017 Prospective Performance

Fiscal2017 Prospective performance

Consolidated
data

(Unit: ¥ 100 million)

| | Fiscal 2017 | | | Increase /decrease | Increase/ decrease ratio (%) |
|---|------------------------|------------------------|------------------------|-----------------------|------------------------------------|
| | 1st half (forecast) | 2st half (forecast) | Whole FY (forecast) | | |
| Sales | 1,175 | 1,225 | 2,400 | 165 | 7.4 |
| Operating profit | 92 | 108 | 200 | △ 10 | △ 4.9 |
| Current profit | 91 | 117 | 208 | △ 10 | △ 4.8 |
| Profit attributable to owners of parent | 61 | 79 | 140 | △ 13 | △ 8.6 |
| 2nd-quarter net profit per share (yen/share) | 59.3 | 76.8 | 136.2 | △ 12.9 | |
| Dividend (yen/share) | 17 | 18 | 35 | 0 | |

| | | Fiscal 2017 Prerequisite | Fiscal 2016 Performance |
|----------|------|--------------------------|-------------------------|
| Exchange | ¥/\$ | 113.00 | 108.38 |
| | ¥/€ | 120.00 | 118.79 |
| Naphtha | ¥/KL | 41,000 | 34,675 |

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Fiscal2017 Prospective performance

- Sales are expected to increase from the previous fiscal year, reflecting stronger sales of polymer additives and materials for semiconductors, for which production facilities were expanded overseas, but costs are expected to increase, mainly due to a rise in fixed costs, which were primarily attributable to active capital investment and rising prices of raw materials and fuels.

| | Major capital investments made in the past | Plans for FY2017 |
|----------------------|--|---|
| Chemicals | <ul style="list-style-type: none"> • At AMFINE CHEMICAL CORP. in the United States, the expansion of facilities for producing highly functional expanded. (completed in January 2017) • At ADEKA PALMAROLE SAS in France, the expansion of facilities for producing a packaged granular expanded. (completed in January 2017) • At ADEKA KOREA CORP., the expansion of facilities for producing high-dielectric constant materials used in semiconductor memory devices expanded. (completed in January 2017) | <ul style="list-style-type: none"> • The construction of a plant will begin at ADEKA FINE CHEMICAL (ZHEJIANG) CO., LTD. in China. (planned for fall 2017) • The production facilities of highly functional additives for plastic will be expanded at the Mie Plant. (planned to commence operation in January 2018) • The production facilities of PVC stabilizers will be expanded at ADEKA FINE CHEMICAL (THAILAND) CO., LTD. (planned to commence operation in October 2017) • The production facilities of special non-ionic surface-active agents will be expanded at the Chiba Plant. (planned to commence operation in September 2018) |
| Food products | <ul style="list-style-type: none"> • A product warehouse for processed foods was added at ADEKA FOODS (CHANGSHU) CO., LTD. in China. | <ul style="list-style-type: none"> • A manufacturing line of processed foods will be newly constructed at ADEKA (SINGAPORE) PTE. LTD.. (planned to commence operation in July 2017) |

Fiscal 2017 Prospective performance (By segment)

(Unit:¥ 100 million)

Consolidated
data

| | the 1st half (a) | the 2nd half (b) | Forecast for fiscal 2017 (a+b) | Fiscal 2016 performance (c) | Increase /Decrease (a+b-c) | Increase /decrease ratio (%) |
|-------------------------------------|---------------------|---------------------|--------------------------------------|-----------------------------------|----------------------------------|------------------------------------|
| Sales | 1,175 | 1,225 | 2,400 | 2,234 | 165 | 7.4 |
| Chemicals | 788 | 817 | 1,605 | 1,476 | 128 | 8.7 |
| <i>Electronics and IT materials</i> | 108 | 122 | 230 | 197 | 32 | 16.4 |
| <i>Functional chemicals</i> | 595 | 605 | 1,200 | 1,104 | 95 | 8.6 |
| <i>Commodity chemicals</i> | 85 | 90 | 175 | 174 | 0 | 0.4 |
| Food products | 347 | 363 | 710 | 664 | 45 | 6.9 |
| Other | 40 | 45 | 85 | 93 | △ 8 | △ 9.3 |
| Operating profit | 92 | 108 | 200 | 210 | △ 10 | △ 4.9 |
| Chemicals | 86 | 93 | 179 | 183 | △ 4 | △ 2.4 |
| <i>Electronics and IT materials</i> | 20 | 23 | 43 | 29 | 13 | 45.1 |
| <i>Functional chemicals</i> | 56 | 60 | 116 | 122 | △ 6 | △ 5.0 |
| <i>Commodity chemicals</i> | 10 | 10 | 20 | 31 | △ 11 | △ 36.7 |
| Food products | 4 | 13 | 17 | 22 | △ 5 | △ 24.0 |
| Other | 2 | 2 | 4 | 4 | △ 0 | △ 15.3 |

Note : Figures are expressed in units of 100 million yen and have been rounded off.



3. Business Strategy

Business Strategy

Electronics and IT materials

- Optronic materials: we aim to expand the sales of light curing resins and photoinitiators for optical films and color filters and to develop the market for leading-edge products and aim to acquire new customers with new products.
- Semiconductor materials: We will expand sales of materials for 3D-NAND and logic semiconductors and focus on the stable supply of high dielectric constant materials for DRAM and cost reductions.

Functional chemicals

- Polymer additives: we will increase highly functional products and the sales of general-purpose products including antioxidants in cooperation with overseas bases and develop new products that should lead the global market.
- Engine oil additives: we will increase sales to automakers in Japan and Europe.
- Cosmetic raw materials: We will expand sales of novel glycols in Japan and expand sales of water-borne gelling agents mainly in Asia.
- Reactive emulsifiers: we will accelerate sales expansion mainly in overseas markets and accelerate the new market development.

Commodity chemicals

- We will continue to deal with fluctuations in the prices of raw materials and fuels and reduce costs.
- Hydrogen peroxide: we aim to further improve the profitability and accelerate the development of products with high added value.
- Propylene glycols: we aim to accelerate the Applications deployment of products with high added value.

Foods products

- we will expand sales of strategic products and new products in the domestic bakery, confectionery, and western confectionery markets as well as strengthen their business foundation. We will also implement price revisions and cost reduction measures, including product model integration, to increase profit.
- For the overseas, we aim to promote the development of products suited to local tastes and those that improve texture and flavors and to increase the sales of processed oils and fats and processed foods for the Asian market.

4. Progress of the mid-term management plan

Overview of the mid-term management plan

ADEKA
Envisioned
for 2025

ADEKA VISION 2025

A global company that creates value for tomorrow and contributes to affluent lifestyles through innovative technologies

Mid-term Management Plan

『STEP 3000-Ⅱ —Creating “a Good Company”—』

Period

Fiscal 2015-2017 (3 years)

Positioning

- A plan that will ensure we create “a Good Company” with annual sales of 300 billion
- The first three years toward achievement of ADEKA VISION 2025

Basic Strategy

1. Expand business with a focus on core business

『Polymer additives』 『Food products』

2. Develop a third core business

『Electronics and IT materials』

3. Create new business and expand into other fields

『Life science』 『Environmental energy』

Three Fundamental Policies

1. Global operations

Expanding globalization and accelerating localization

2. Technology

Encouraging innovation by our fundamental and core technologies

3. Human resources

Developing globally competitive and strategically-minded human resources

Progress towards Targets

(Unit: ¥100 million)

| | Fiscal 2014 Final year of 「STEP 3000」 | Fiscal 2015 1st year of 「STEP 3000- II」 | Fiscal 2016 2nd year of 「STEP 3000- II」 | Fiscal 2017 | |
|------------------------|---|---|---|-------------|----------------------------------|
| | | | | Forecasts | Final year of 「STEP 3000- II」 |
| Sales | 2,058 | 2,227 | 2,234 | 2,400 | 3,000 |
| Operating profit | 140 | 193 | 210 | 200 | 240 |
| Operating profit ratio | 6.8% | 8.7% | 9.4% | 8.3% | 8.0% |
| Overseas sales | 843 | 973 | 927 | 1,030 | 1,500 |
| Overseas sales ratio | 41.0% | 43.7% | 41.5% | 42.9% | 50.0% |

Note1 : The data of FY 2014 has been readjusted by applying the accounting method change retroactively.

Note2 : Figures are expressed in units of 100 million yen and have been rounded off.

Basic Strategy1

Expand business with a focus on core business 『Polymer additives』『Food products』

【Polymer additives】

〈 Strategies in the first and second years of the medium-term management plan 〉

● Enhancement of business bases

- We Established a representative office in Ho Chi Minh City, Vietnam, and began market research on chemicals and food operations.(October 2016)
- ADEKA FINE CHEMICAL (ZHEJIANG) CO., LTD., a manufacturing and sales subsidiary of chemical products such as polymer additives, was established in Zhejiang Province, China.(January 2017)
 - * Planned to commence operation in January 2020.

● Expansion of production facilities, etc.

- Production of condensed phosphate ester flame retardants was concentrated in China and Taiwan.(FY2015)
- The supply system for general-purpose antioxidants was further strengthened in Taiwan. (FY2015)
- Expanded production facilities of liquid stabilizers (FY2016) and production facilities for producing highly functional in the United States. (completed in January 2017)
- Constructed a new product warehouse for producing a packaged granular expanded in UAE. (completed in November 2016)
- The expansion of facilities for producing a packaged granular expanded in France. (completed in January 2017)

● Fostering new businesses

- The research system (experimental/product evaluation facilities) of ADEKA FINE CHEMICAL (THAILAND) CO.,LTD. was strengthened.(FY2015)
- Developed an antistatic agent for polyolefin resins and commenced PR activities at exhibitions and academic meetings. (FY2016)



▲ Exterior of a tenant building where the representative office in Ho Chi Minh City is located.



▲ ADEKA FINE CHEMICAL(THAILAND) CO.,LTD.

Basic Strategy 1

Expand business with a focus on core business 『Polymer additives』 『Food products』

【 Food products 】

〈 Strategies in the first and second years of the medium-term management plan 〉

● Strengthening of national foundation

- At the Kashima Plant, a new manufacturing plant of processed oils and fats products was constructed. (May 2015)
- Akashi plant has acquired the international food safety management system “FSSC 22000” certification. (April 2015)
- CROWN CO., LTD. was consolidated, and strengthened the sales system. (since August 2016)
- Continued to reduce costs through the consolidation of product lines.

● Acceleration of overseas expansion

- At ADEKA FOODS (ASIA) SDN. BHD. in Malaysia, manufacturing facilities are in full operation and the sales of processed oils and fats products to Southeast Asia started. (since FY2015)
Also obtained “HACCP,” a hygiene control system to ensure food safety. (April 2015)
- At ADEKA FOODS (CHANGSHU) CO., LTD. in China, a manufacturing line for processed foods was added (October 2015), and a product warehouse was added. (July 2016)
- ADEKA (SINGAPORE) PTE.LTD.in Singapore has acquired the international food safety management system “FSSC 22000” certification. (May 2016)
- The “Overseas Food Development Office” was established at ADEKA Food Development Laboratory. (April 2017)



▲ ADEKA FOODS (ASIA) SDN. BHD.

Basic Strategy 2

Develop a third core business 『Electronics and IT materials』

【 Electronics and IT materials 】

〈 Strategies in the first and second years of the medium-term management plan 〉

● Electronics

- Strengthened competitiveness by consolidating the production and sales of black matrix resists in Taiwan. (October 2015)
- Reinforced the technical service system by establishing the research and development department at ADEKA FINE CHEMICAL TAIWAN CORP.. (FY2016)
- Focused on acquiring new customers by expanding the product lineup through increasing sales of light curing resins for LCD.
- As for photoinitiators, focused on proposals to customers and sales expansion by developing products that achieved a high level of both sensitivity and brightness for resists for color filters. (since FY2016)

● IT materials

- At the Kashima Plant, the production facilities of ALD materials for logic semiconductors, etc. were expanded. (May 2016)
- At ADEKA KOREA CORP., the production facilities of dielectric materials for 3D-NAND memories, etc. were expanded.
(construction completed in January 2017)
- Promoted the development of next-generation materials (dielectric materials and wiring materials) that corresponded to the further miniaturization of DRAM, NAND memories and logic semiconductors.
- Developed an epoxy insulation sheet that achieved high heat resistance and high heat dissipation by making excellent use of our own resin composition technology and began sample work in a wide range of applications including automobile power modules and high power LEDs. (since FY2015)



▲ ADEKA KOREA CORP.

【Surface active agents／Functional polymers／Functional Chemicals】

〈 Strategies in the first and second years of the medium-term management plan 〉

● Surface active agents

- Lubricant for engine oils: product evaluation facilities were introduced and the research and development system for products for diesel engines was strengthened. (FY2015)
Also added a raw materials storage tank of lubricants for engine oil in the Soma Plant. (completed in October 2016)
- Through joint research, Masayoshi Muraki, a professor at Shonan Institute of Technology, and Dr. Kenta Nakamura at the Tokyo Metropolitan Industrial Technology Research Institute developed a SAPS(sulfated ash, phosphorus and sulfur)-free extreme-pressure agent. (FY2015) They have confirmed that the SAPS-free extreme-pressure agent outperforms existing extreme-pressure agents, and have developed it for a broad range of uses including gear oil and engine oil, as well as machine oil and grease. They seek to find practical application for the agent by fiscal 2018.
- Cosmetic raw materials: novel glycols characterized by low irritation were developed. (FY2015)
Enhanced the distributor network in Europe and China. (FY2016)
Participating in trade shows and strengthened PR activities for cosmetic materials by holding proposal seminars, etc.

● Functional polymers

- The development and sales system for highly functional resins targeting the automotive industry was strengthened. (FY2015)
- The adhesion system in which resin is cured by laser was developed by making use of the compounding technique of low chlorine epoxy resins and curing agents. Full-scale market development was started for products for electronic materials.
(since FY2015)

● Functional Chemicals

- For polypropylene glycols, built a system able to manufacture co-produced high value-added products according to the demand balance.
(since FY2015)
- For hydrogen peroxide, continuously implement drastic cost reductions through improved production and logistics efficiency, etc.

Basic Strategy 3

Create new business and expand into other fields 『Life science』 『Environmental energy』

【Life science／Environmental energy】

〈 Strategies in the first and second years of the medium-term management plan 〉

- Life science

Decellularized regenerative medicine materials, which are next-generation medical materials, and adjuvants for nasal absorbing vaccine, which are the protective effect against influenza infection, were developed.
Promoted efforts for commercialization by actively using open innovation, etc.. (since FY2015)

- Environmental energy

- 『 Graphene 』

- An exclusive license of the patent on a production technique of graphene* was acquired from the University of Tokyo and sample began being distributed. (October 2015)
- Examined the possibility as a catalyst for next-generation fuel cells as an application of graphene by participating in the “Advanced research program for energy and environmental technologies,” a project of NEDO .(FY2016)

- 『 Bades for wind power generation 』

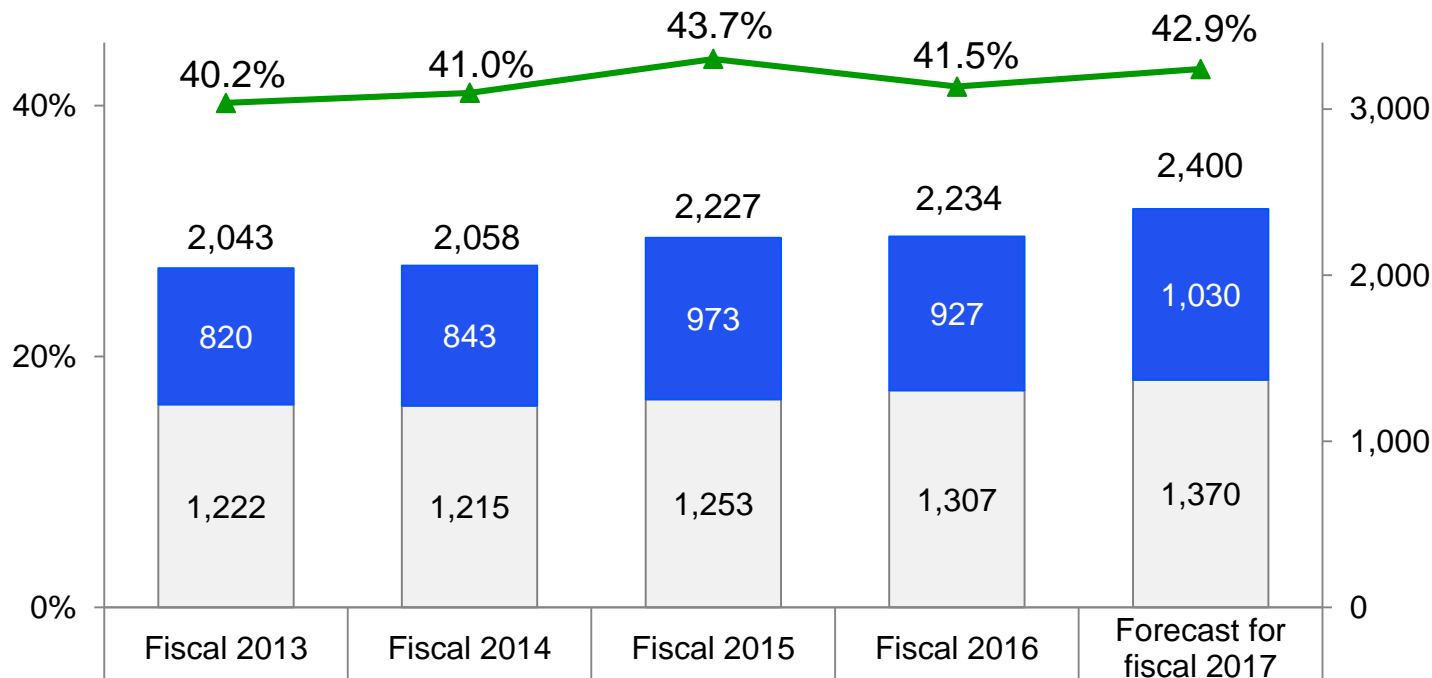
Developed an epoxy resin that can be utilized for fiber reinforced blades for next-generation large windmills (FY2015) by participating in the “Research and development for advanced practical application of wind power generation,” a project of NEDO(until February 2016), and continued the examination for practical use in mega-watt windmills.



5. For Your Reference

Overseas Sales (for reference purposes)

(Unit: ¥ 100 million)



| | | | | | |
|---------------------|-------|-------|-------|-------|-------|
| Overseas sales | 820 | 843 | 973 | 927 | 1,030 |
| Domestic sales | 1,222 | 1,215 | 1,253 | 1,307 | 1,370 |
| Overseas sales rate | 40.2% | 41.0% | 43.7% | 41.5% | 42.9% |
| Sales | 2,043 | 2,058 | 2,227 | 2,234 | 2,400 |

Note1 : The data of FY 2014 has been readjusted by applying the accounting method change retroactively.

Note2 : Figures are expressed in units of 100 million yen and have been rounded off.

Supplemental Documents for Financial Results Overview

- I. Supplemental documents for consolidated financial performance
- II. Management indexes
- III. For information purposes:
 - Overview of information on financial results of single-base and consolidated subsidiaries
 - Overview of ADEKA Group
(consolidated subsidiaries/affiliated company accounted for by the equity-method)
 - Major products by the business segments

Director and Managing Operating Officer Haruhiko Tomiyasu

I . Supplementary Data for the Consolidated Closing of Accounts

1. Consolidated Balance Sheet

| | As of Mar 31, 2016 | As of Mar 31, 2017 | increase/ decrease |
|---|--------------------|--------------------|-----------------------|
| Assets | | | |
| Current assets ① | 145,076 | 155,901 | 10,824 |
| Fixed assets | 124,962 | 134,583 | 9,621 |
| Tangible fixed assets ② | 78,529 | 80,121 | 1,592 |
| Intangible fixed assets | 3,818 | 3,982 | 163 |
| Investment and other assets ③ | 42,613 | 50,479 | 7,865 |
| Total assets | 270,038 | 290,485 | 20,446 |
| Liabilities | | | |
| Current liabilities ④ | 65,991 | 67,845 | 1,853 |
| Long-term liabilities ⑤ | 33,461 | 34,682 | 1,221 |
| Total liabilities | 99,452 | 102,528 | 3,075 |
| Net assets | | | |
| Shareholders' equity | 153,363 | 166,755 | 13,392 |
| Capital stock | 22,899 | 22,899 | — |
| Capital surplus | 19,926 | 19,926 | — |
| Retained earnings | 110,764 | 124,520 | 13,755 |
| Treasury stock | △ 227 | △ 590 | △ 363 |
| Accumulated other comprehensive income | 9,945 | 13,321 | 3,376 |
| Valuation difference on available-for-sale securities | 4,490 | 8,919 | 4,428 |
| Reserve for land revaluation | 4,276 | 4,276 | — |
| Translation adjustment | 4,082 | 2,604 | △ 1,477 |
| Adjustments for retirement Benefits | △ 2,904 | △ 2,477 | 426 |
| Minority interests | 7,276 | 7,879 | 602 |
| Total net assets | 170,586 | 187,956 | 17,370 |
| Total liabilities and net assets | 270,038 | 290,485 | 20,446 |

(Unit: ¥ million)

POINT①

Increase in current assets

| | |
|---|-------|
| Increase in cash and deposits | 3,006 |
| Increase in Notes and accounts receivable | 4,806 |

POINT②

Increase in tangible fixed assets

| | |
|----------------------------------|-------|
| Increase in construction account | 1,645 |
|----------------------------------|-------|

POINT③

Increase in investments and other assets

| | |
|-----------------------------------|-------|
| Increase in investment securities | 8,588 |
|-----------------------------------|-------|

POINT④

Increase in current liabilities

| | |
|--------------------------------------|-----|
| Increase in short-term debts payable | 608 |
| Increase in income taxes payable | 883 |

POINT⑤

Increase in long-term liabilities

| | |
|-------------------------------------|-----|
| Increase in long-term debts payable | 653 |
|-------------------------------------|-----|

Note 1 : Figures are expressed in units of 100 million yen and have been rounded off.

Note 2 : Accumulated depreciation of tangible fixed assets 163,301million yen

I . Supplementary Data for the Consolidated Closing of Accounts

2. Cash Flow Statement (Summary)

Consolidated
data

(Unit: ¥ million)

| | Fiscal 2015 (from April 1, 2015 to March 31, 2016) | Fiscal 2016 (from April 1, 2016 to March 31, 2017) |
|--|---|---|
| Cash flows from operating activities | 23,806 | 22,183 |
| Cash flows from investing activities ① | △ 10,673 | △ 16,666 |
| Cash flows from financing activities | △ 4,566 | △ 3,805 |
| Effect of exchange-rate changes on cash and cash equivalents | △ 860 | △ 1,019 |
| Net increase/decrease in cash and cash equivalents (increase) | 7,706 | 692 |
| Cash and cash equivalents at the beginning of period | 41,697 | 49,981 |
| Cash and cash equivalents from newly consolidated subsidiaries | 577 | 89 |
| Cash and cash equivalents at the end of period | 49,981 | 50,762 |

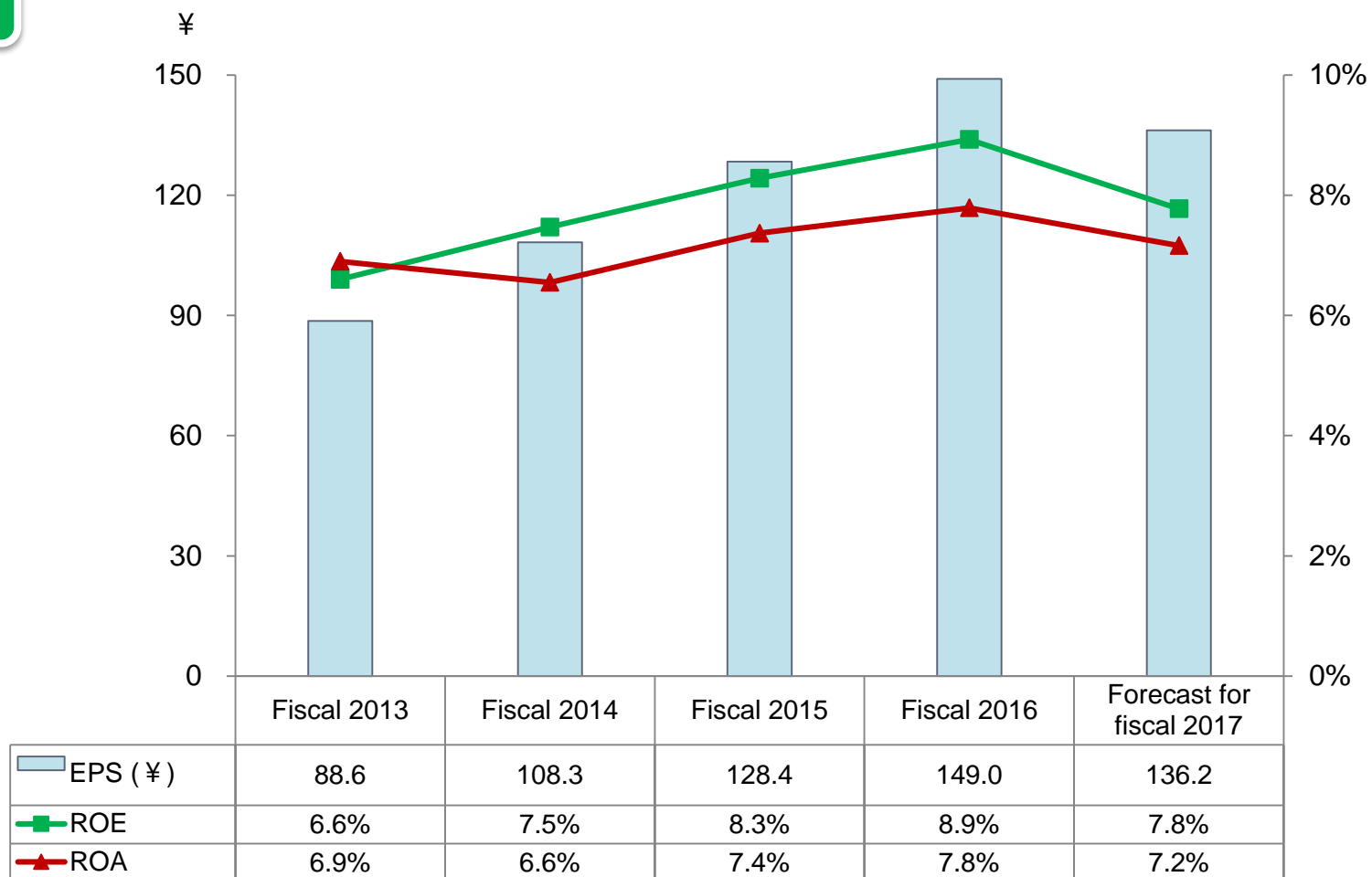
POINT① The main factor for net cash used for investing activities was the purchase of property, plant and equipment.

Note : Figures are expressed in units of 100 million yen and have been rounded off.

II . Management Indexes, etc.

II - 1. Profitability

Consolidated
data



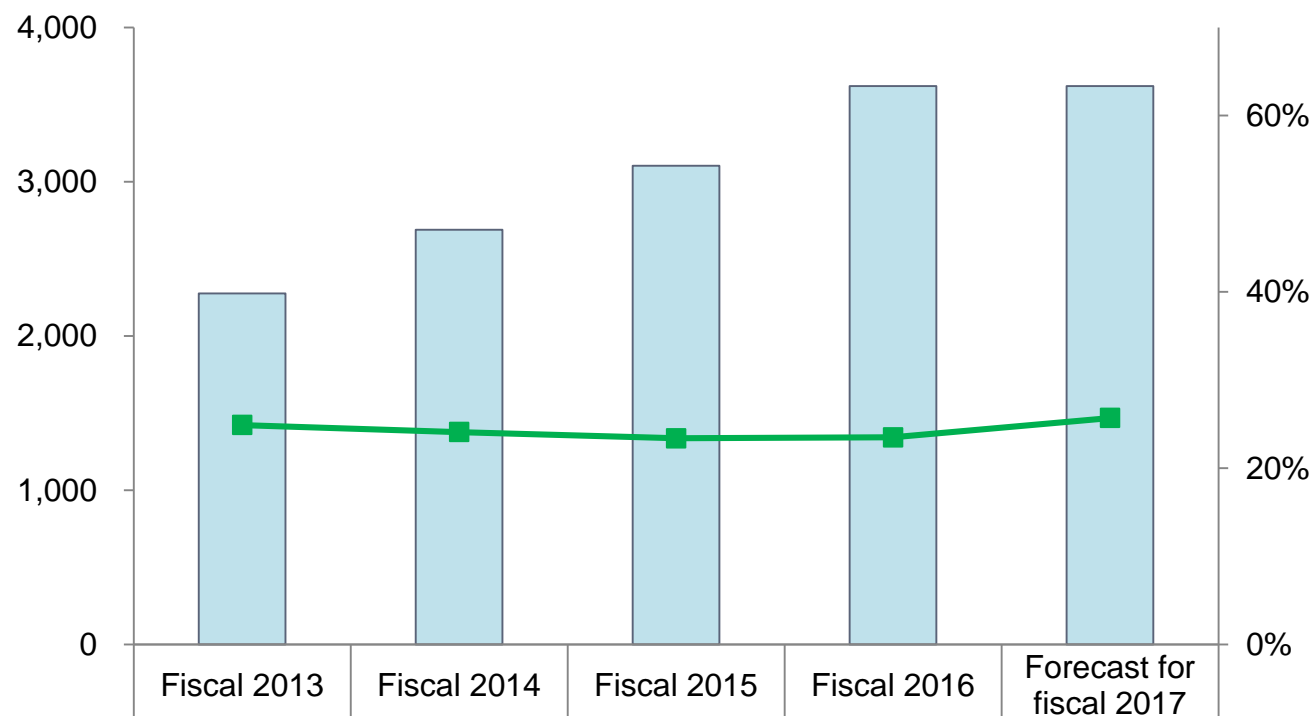
Note : The data of FY 2014 has been readjusted by applying the accounting method change retroactively.

II . Management Indexes, etc.

II - 2. Dividend payout ratio and dividends

Consolidated
data

¥ million



| | | | | | |
|-----------------------|-------|-------|-------|-------|-------|
| Dividend (¥) | 22 | 26 | 30 | 35 | 35 |
| Total dividend | 2,276 | 2,690 | 3,104 | 3,621 | 3,621 |
| Dividend payout ratio | 24.9% | 24.1% | 23.4% | 23.5% | 25.7% |

Note1 : The data of FY 2014 has been readjusted by applying the accounting method change retroactively.

Note2 : The dividend of 35 yen in FY2016 includes a commemorative dividend of 5 yen in commemoration of the 100th anniversary of our founding.

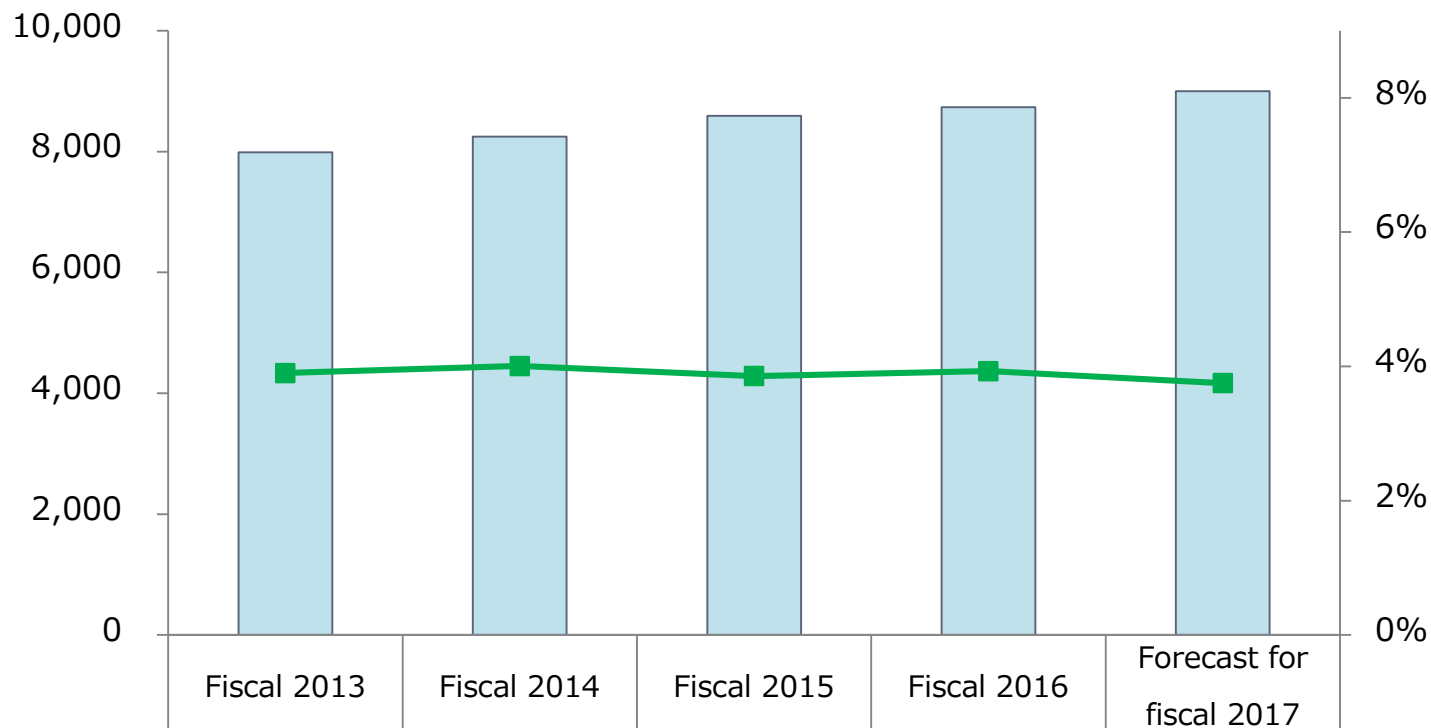
Note3 : Figures are expressed in units of 100 million yen and have been rounded off.

II . Management Indexes, etc.

II - 3. Research and development costs

Consolidated
data

¥ million



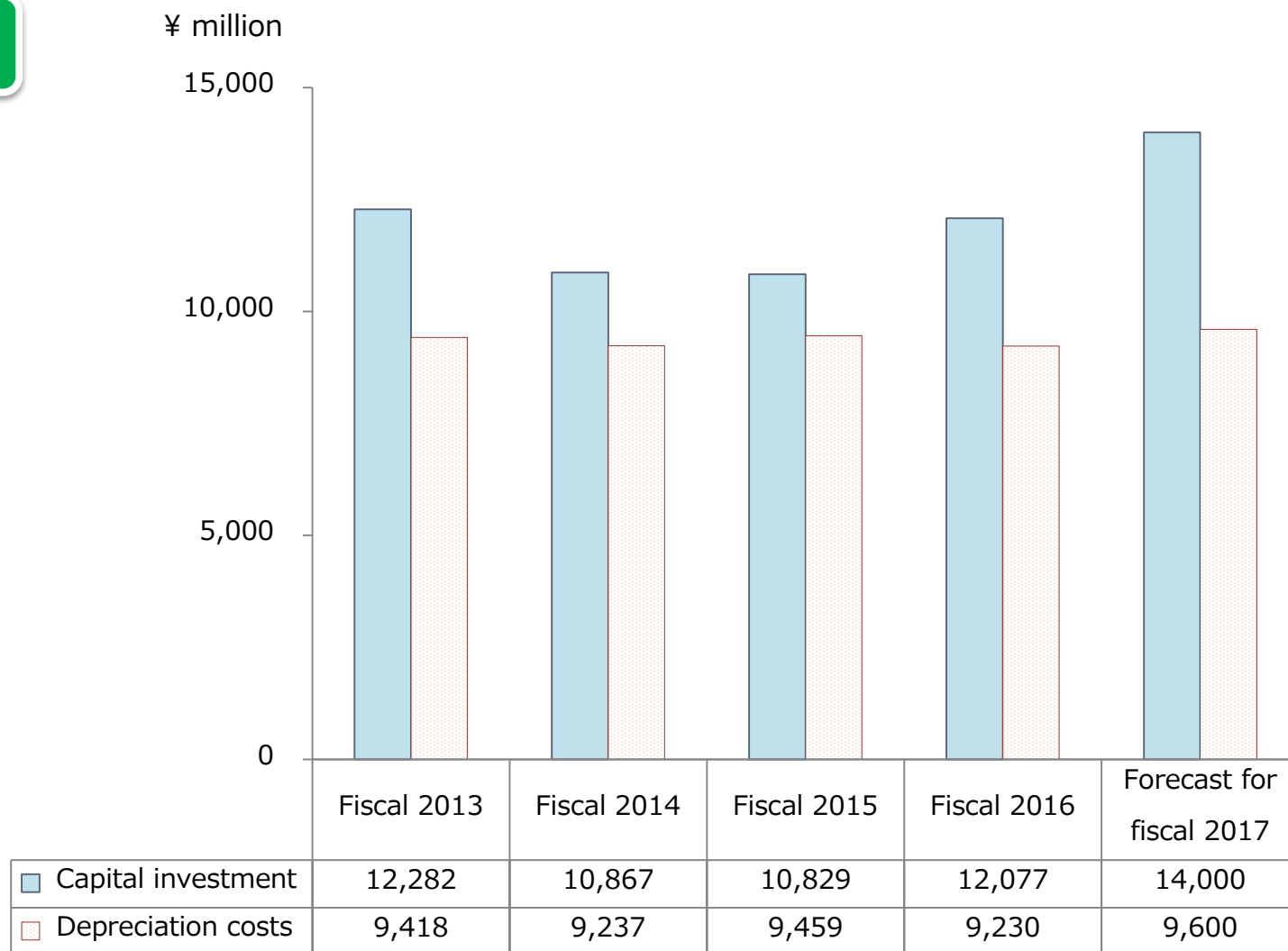
| | | | | | |
|---|-------|-------|-------|-------|-------|
| ■ Research and development costs | 7,988 | 8,247 | 8,588 | 8,735 | 9,000 |
| ■ Rate of research and development costs to sales | 3.9% | 4.0% | 3.9% | 3.9% | 3.8% |

Note : Research and development expense are expressed in units of 100 million yen and have been rounded off.

II . Management Indexes, etc.

II - 4. Capital investment

Consolidated
data

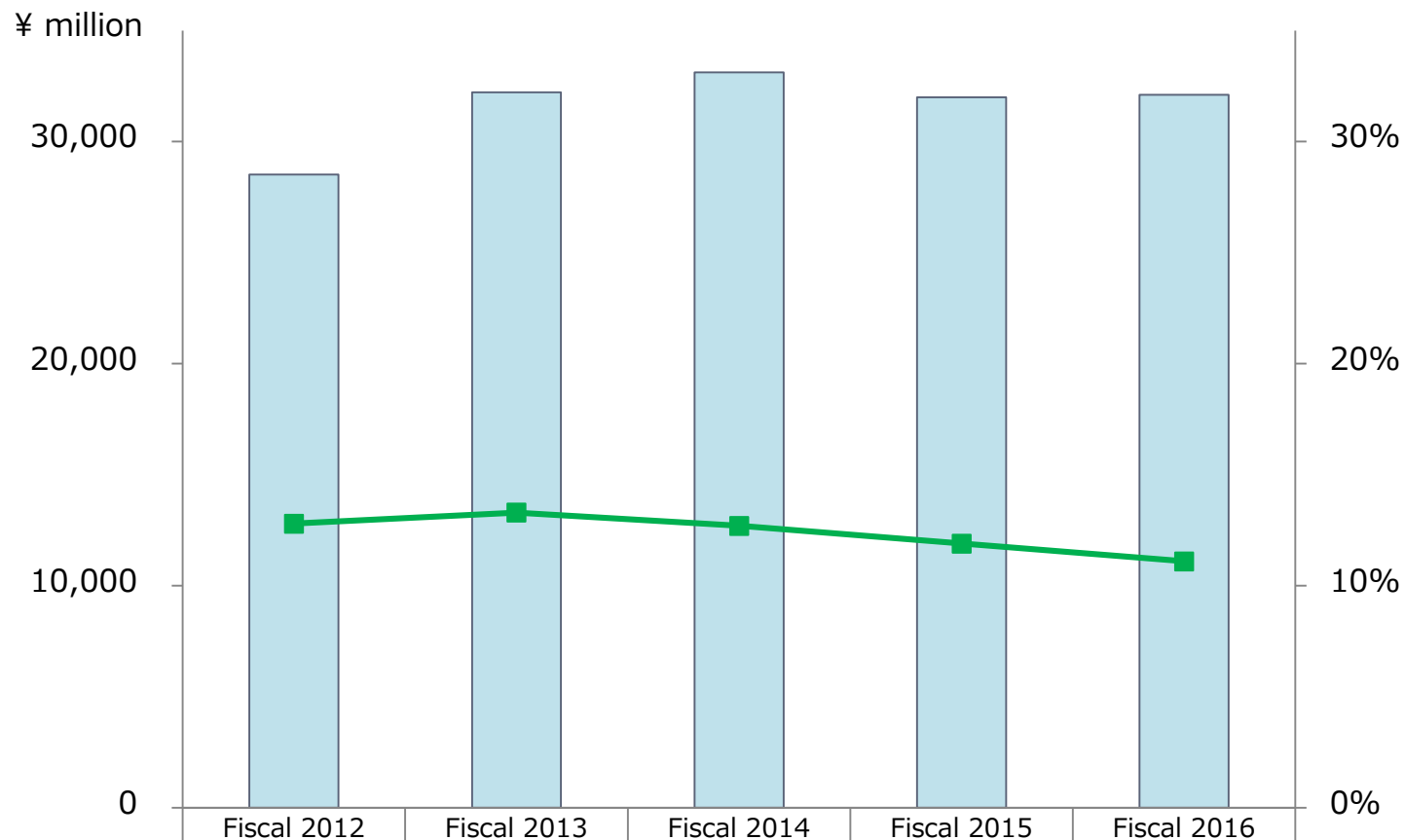


Note : Capital investment and depreciation are expressed in units of 100 million yen and have been rounded off.

II . Management Indexes, etc.

5. Interest-bearing liabilities

Consolidated data



Note : Liabilities with interest are expressed in units of 100 million yen and have been rounded off.

III. for your reference

1. Overview of non-consolidated and consolidated closing accounts

(Unit: ¥100 million)

| Non-consolidated closing of accounts | | | | |
|--------------------------------------|------------------------|------------------------|-------------------|-----------------------------|
| | Results in fiscal 2015 | Results in fiscal 2016 | Increase/decrease | Increase/decrease ratio (%) |
| Sales | 1,235 | 1,249 | 14 | 1.2 |
| Operating profit | 119 | 126 | 6 | 5.8 |
| Current profit | 134 | 143 | 9 | 6.8 |
| NET profit for the Term | 96 | 109 | 13 | 13.9 |
| NET profit per share for the Term | 93.0 | 106.0 | | |

| Domestic companies (11) note1 | | | | |
|-------------------------------|------------------------|------------------------|-------------------|-----------------------------|
| | Results in fiscal 2015 | Results in fiscal 2016 | Increase/decrease | Increase/decrease ratio (%) |
| Sales | 762 | 816 | 54 | 7.1 |
| Operating profit | 13 | 17 | 4 | 32.4 |

| Overseas companies (16) note2 | | | | |
|-------------------------------|------------------------|------------------------|-------------------|-----------------------------|
| | Results in fiscal 2015 | Results in fiscal 2016 | Increase/decrease | Increase/decrease ratio (%) |
| Sales | 1,222 | 1,182 | △ 40 | △ 3.3 |
| Operating profit | 66 | 73 | 7 | 11.0 |

| Consolidation adjustment accounts (deleted) | | |
|---|------------------------|------------------------|
| | Results in fiscal 2015 | Results in fiscal 2016 |
| Sales | △ 993 | △ 1,014 |
| Operating profit | △ 5 | △ 6 |

Note1 : Add CROWN CO., LTD. to the scope of consolidation from the second quarter of fiscal 2016.

Note2 : Add ADEKA USA CORP. to the scope of consolidation from the first quarter of fiscal 2016.

Note3 : Figures are expressed in units of 100 million yen and have been rounded off.

III. for your reference

2. Consolidated Subsidiaries (11 companies in Japan)

| Segment | Consolidated subsidiary | Capital | Controlling share(%) | Line of business |
|---------------|--|--------------|---|--|
| Chemicals | ADEKA CHEMICAL SUPPLY CORP. | ¥ 104million | 98.04 (Indirect ownership: 3.61) | Sales of chemical products, and the development, manufacturing and sales of metal processing oils, etc. |
| Chemicals | ADEKA CLEAN AID CORP. | ¥ 140million | 100.00 | Development and sales of kitchen detergents for commercial use, industrial detergents, etc. |
| Chemicals | OXIRANE CHEMICAL CORP. | ¥ 600million | 51.00 | Manufacturing and sales of epoxy plasticizers, etc. |
| Food products | ADEKA FOOD SALES CORP. | ¥ 42million | 100.00 | Sales of edible processed oils and fats for confectionary and breads, and sales of other foodstuffs, etc. |
| Food products | YONGO CO.,LTD. | ¥ 18million | 92.14 | Wholesaling of ingredients for confectionery and bakery business use. |
| Food products | ADEKA FINE FOODS CORP. | ¥ 50million | 100.00 | Manufacturing and sales of mayonnaise products, oil and fat processed food products and processed products using seafood. |
| Food products | UEHARA FOOD INDUSTRY CO.,LTD. | ¥ 70million | 100.00 | Manufacturing and sales of flour paste products, bean-jams and retort pouch foods. |
| Food products | CROWN CO.,LTD. | ¥ 10million | 51.00 | Wholesale business of food materials such as edible oils and fats |
| Others | ADEKA LOGISTICS CORP. | ¥ 50million | 100.00 | General and principal contracting of logistics for the company, warehousing, leasing of vehicles, etc. |
| Others | ADEKA ENGINEERING & CONSTRUCTION CORP. | ¥ 130million | 100.00 | Design, construction, and construction supervision of facility plants, and facilities maintenance. |
| Others | ADEKA LIFE-CREATE CORP. | ¥ 65million | 90.00 (Indirect ownership: 10.00) | Trading, brokerage and management of real estate, property and life insurance agency, sales in the OA equipment area, and management of buildings and company-owned apartments |

Note : Capitals are expressed in units of 100 million yen and have been rounded off.

III. for your reference

3. Consolidated Subsidiaries (16 overseas companies)

| Country | Segment | Consolidated subsidiary | Capital | Controlling share(%) | Line of business |
|-------------|---------------|--|------------------|-------------------------------------|---|
| U.S. | Chemicals | ADEKA USA CORP. | US\$1 million | 100.00 | Sales of chemical products. |
| U.S. | Chemicals | AMFINE CHEMICAL CORP. | US\$16 million | 60.00 | Manufacturing and sales of polymer additives. |
| U.S. | Chemicals | AM STABILIZERS CORP. | US\$8.5 million | 60.00 (Indirect ownership:60.00) | Manufacturing and sales of polymer additives. |
| GERMANY | Chemicals | ADEKA Europe GmbH | €0.5 million | 100.00 | Sales of chemical products. |
| FRANCE | Chemicals | ADEKA PALMAROLE SAS | €3 million | 90.00 (Indirect ownership:90.00) | Manufacturing and sales of polymer additives. |
| CHINA | Chemicals | ADEKA (CHAINA) CO., LTD. | US\$11 million | 100.00 | Sales of chemical products. |
| CHINA | Chemicals | ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. | US\$20.5million | 100.00 | Manufacturing and sales of polymer additives, functional resins, electronic materials and similar products. |
| CHINA | Chemicals | ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. | US\$21.54million | 50.00 | Manufacturing and sales of polymer additives. |
| CHINA | Food products | ADEKA FOODS (CHANGSHU) CO., LTD. | US\$15 million | 70.00 | Manufacturing and sales of processed oils and fats, processed foods |
| TAIWAN | Chemicals | CHANG CHIANG CHEMICAL CO., LTD. | NT\$30 million | 50.50 | Sales of polymer additives and plasticizers . |
| TAIWAN | Chemicals | ADEKA FINE CHEMICAL TAIWAN CORP. | NT\$200 million | 100.00 | Manufacturing and sale of chemical products |
| SOUTH KOREA | Chemicals | ADEKA KOREA CORP. | ₩15 billion | 100.00 | Manufacturing and sale of chemical products |
| THAILAND | Chemicals | ADEKA FINE CHEMICAL (THAILAND) CO., LTD. | ฿ 350 million | 81.00 | Manufacturing and sale of chemical products |
| SINGAPORE | Chemicals | ADEKA (ASIA) PTE.LTD. | US\$ 0.8 million | 100.00 | Sales of chemical products. |
| SINGAPORE | Food Products | ADEKA(SINGAPORE)PTE.LTD. | S\$8 million | 90.00 | Manufacturing and sales of processed oils and fats, frozen piecrusts and related food products. |
| Malaysia | Food products | ADEKA FOODS(ASIA)SDN.BHD. | RM45million | 60.00 | Manufacturing and sales of processed oils and fats. |

III. for your reference

4. Equity method-applicable companies

| Two equity method-applicable companies | Capital | Controlling share | Line of business |
|--|-----------------|-------------------|---|
| NIHON NOHYAKU CO., LTD. | ¥10,939 million | 24.21% | Manufacturing and sales of agrichemicals and other products. |
| CO-OP CLEAN CO., LTD. | ¥80 million | 46.88% | Development and sales of soap, detergents and similar products. |
| SHOWA KOSAN CO.,LTD. | ¥550 million | 20.81% | Sale of synthetic resins, chemical products, industrial materials, electronic materials and environmental concerns. |

* Add Showa Kosan Co., Ltd. to equity method-applicable companies from the third quarter of fiscal 2016.

Note : Capitals are expressed in units of 100 million yen and have been rounded off.

III. for your reference

5. Core products of each business category

| Business category | | Core products |
|--------------------|------------------------------|--|
| Reportable segment | Electronics and IT materials | High-purity materials for semiconductors, AFES System and etching agents, light curing resins, photoinitiators, Imaging materials, and others. |
| | Functional chemicals | Additives for polyolefins, PVC plasticizers/stabilizers, Flame retardants, Epoxy resins, Polyurethanes, Water-borne resins, Surfactants, Lubricant, Metal working fluid, Cosmetic materials, and others. |
| | Commodity chemicals | Polypropylene glycol, Hydrogen peroxide, Industrial fats and oil-induced products, Water-swelling sealing materials, and others. |
| | Food products business | Margarines, Shortenings, Oil and fats for chocolate, Oils and fats for frying, Whipping cream, Enriched milk products, Fillings, Frozen pie crusts, Mayonnaise dressing, functional foods, and others. |
| Other business | | Designing of equipment plants, Construction and construction management, Maintenance of equipment, Logistic services, Warehousing, Leasing of vehicles, Real estate and insurance business, and others. |

Notice on Forecast Performance and Business Plans

The forecast performance and business plans specified in this document have been prepared based on information available as of the date of publication, as well as on various prerequisites; therefore, the actual results may differ from these forecasts or plans depending on various factors that may arise hereafter.