

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 10, 2018

Company name: ADEKA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4401 URL <https://www.adeka.co.jp>
 Representative: PRESIDENT AND CHIEF EXECUTIVE OFFICER AKIO KOHRI
 GENERAL MANAGER, LEGAL AFFAIRS & PUBLICITY DEPARTMENT HIKARU KAGESHIMA TEL 03-4455-2803
 Inquiries: HIKARU KAGESHIMA TEL 03-4455-2803
 Scheduled date of ordinary general meeting of shareholders: June 22, 2018
 Scheduled date to file Securities Report: June 22, 2018
 Scheduled date to commence dividend payments: June 25, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	239,612	7.2	21,335	1.4	22,337	2.2	15,346	0.1
Year ended March 31, 2017	223,440	0.3	21,041	9.0	21,846	11.6	15,325	15.6

	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, 2018	149.18	–	8.1	7.4	8.9
Year ended March 31, 2017	149.03	–	8.9	7.8	9.4

(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, 2018	312,920	205,088	62.8	1,910.23
As of March 31, 2017	290,485	187,956	62.0	1,751.20

(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, 2018	22,221	(19,139)	(5,825)	48,902
Year ended March 31, 2017	22,183	(16,666)	(3,805)	50,762

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, 2017	–	15.00	–	20.00	35.00	3,621	23.5	1.9
Year ended March 31, 2018	–	17.00	–	22.00	39.00	4,037	26.1	2.0
Year ending March 31, 2019 (Forecast)	–	21.00	–	22.00	43.00		27.8	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	127,000	10.7	10,300	0.9	10,600	0.5	7,100	(2.2)	68.97
Full year	259,000	8.1	22,100	3.6	23,200	3.9	15,900	3.6	154.47

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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, 2018	103,651,442 shares	As of March 31, 2017	103,651,442 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	721,601 shares	As of March 31, 2017	820,217 shares
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Average number of shares during the period

Year ended March 31, 2018	102,875,133 shares	Year ended March 31, 2017	102,831,339 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	51,374	49,669
Notes and accounts receivable - trade	50,250	55,397
Securities	5,822	7,763
Merchandise and finished goods	20,244	22,833
Work in process	4,707	4,928
Raw materials and supplies	16,251	18,452
Deferred tax assets	1,694	1,887
Other	5,827	6,250
Allowance for doubtful accounts	(270)	(341)
Total current assets	155,901	166,841
Non-current assets		
Property, plant and equipment		
Buildings and structures	61,276	64,255
Accumulated depreciation	(37,921)	(39,151)
Buildings and structures, net	23,354	25,104
Machinery, equipment and vehicles	128,529	135,376
Accumulated depreciation	(101,856)	(105,493)
Machinery, equipment and vehicles, net	26,672	29,882
Land	21,184	21,282
Leased assets	1,748	2,017
Accumulated depreciation	(1,080)	(1,155)
Leased assets, net	668	861
Construction in progress	3,586	3,733
Other	27,097	28,010
Accumulated depreciation	(22,442)	(23,329)
Other, net	4,655	4,681
Total property, plant and equipment	80,121	85,546
Intangible assets		
Goodwill	89	29
Software	1,402	1,208
Leased assets	40	227
Other	2,449	2,615
Total intangible assets	3,982	4,080
Investments and other assets		
Investment securities	42,060	46,123
Long-term loans receivable	1,551	1,194
Deferred tax assets	3,347	2,785
Other	3,756	6,589
Allowance for doubtful accounts	(237)	(240)
Total investments and other assets	50,479	56,452
Total non-current assets	134,583	146,079
Total assets	290,485	312,920

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,145	38,599
Current portion of bonds	8	300
Short-term loans payable	18,015	15,567
Lease obligations	212	332
Income taxes payable	3,435	3,040
Provision for bonuses	2,239	2,355
Provision for directors' bonuses	78	75
Other	10,711	15,545
Total current liabilities	67,845	75,816
Non-current liabilities		
Bonds payable	300	—
Long-term loans payable	11,467	7,349
Lease obligations	494	781
Deferred tax liabilities	788	1,156
Deferred tax liabilities for land revaluation	3,424	3,424
Provision for directors' retirement benefits	255	274
Net defined benefit liability	15,910	16,959
Other	2,041	2,068
Total non-current liabilities	34,682	32,015
Total liabilities	102,528	107,832
Net assets		
Shareholders' equity		
Capital stock	22,899	22,944
Capital surplus	19,926	19,985
Retained earnings	124,520	135,988
Treasury shares	(590)	(554)
Total shareholders' equity	166,755	178,363
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,919	12,002
Revaluation reserve for land	4,276	4,276
Foreign currency translation adjustment	2,604	4,346
Remeasurements of defined benefit plans	(2,477)	(2,368)
Total accumulated other comprehensive income	13,321	18,256
Non-controlling interests	7,879	8,468
Total net assets	187,956	205,088
Total liabilities and net assets	290,485	312,920

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	223,440	239,612
Cost of sales	167,576	181,834
Gross profit	55,863	57,777
Selling, general and administrative expenses	34,822	36,442
Operating profit	21,041	21,335
Non-operating income		
Interest income	254	252
Dividend income	432	548
Share of profit of entities accounted for using equity method	914	555
Other	618	607
Total non-operating income	2,220	1,963
Non-operating expenses		
Interest expenses	379	372
Foreign exchange losses	577	128
Other	458	460
Total non-operating expenses	1,415	961
Ordinary profit	21,846	22,337
Extraordinary income		
Gain on sales of investment securities	167	–
Total extraordinary income	167	–
Extraordinary losses		
Loss on abandonment of non-current assets	263	590
Loss on valuation of investments in capital of subsidiaries and associates	146	–
Impairment loss	19	–
Total extraordinary losses	429	590
Profit before income taxes	21,585	21,747
Income taxes - current	5,596	5,729
Income taxes - deferred	(253)	(226)
Total income taxes	5,343	5,503
Profit	16,241	16,244
Profit attributable to non-controlling interests	916	897
Profit attributable to owners of parent	15,325	15,346

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	16,241	16,244
Other comprehensive income		
Valuation difference on available-for-sale securities	2,981	2,099
Foreign currency translation adjustment	(1,800)	1,885
Remeasurements of defined benefit plans, net of tax	408	108
Share of other comprehensive income of entities accounted for using equity method	7	971
Total other comprehensive income	1,598	5,065
Comprehensive income	17,840	21,309
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,237	20,281
Comprehensive income attributable to non-controlling interests	602	1,027

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	22,899	19,926	110,764	(227)	153,363
Changes of items during period					
Dividends of surplus			(3,204)		(3,204)
Profit attributable to owners of parent			15,325		15,325
Change of scope of consolidation			244		244
Change of scope of equity method			1,390		1,390
Purchase of treasury shares				(363)	(363)
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	13,755	(363)	13,392
Balance at end of current period	22,899	19,926	124,520	(590)	166,755

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,490	4,276	4,082	(2,904)	9,945	7,276	170,586
Changes of items during period							
Dividends of surplus					–		(3,204)
Profit attributable to owners of parent					–		15,325
Change of scope of consolidation					–		244
Change of scope of equity method					–		1,390
Purchase of treasury shares					–		(363)
Change in ownership interest of parent due to transactions with non-controlling interests					–		–
Net changes of items other than shareholders' equity	4,428	–	(1,477)	426	3,376	602	3,978
Total changes of items during period	4,428	–	(1,477)	426	3,376	602	17,370
Balance at end of current period	8,919	4,276	2,604	(2,477)	13,321	7,879	187,956

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	22,899	19,926	124,520	(590)	166,755
Changes of items during period					
Issuance of new shares	44	44			89
Dividends of surplus			(3,827)		(3,827)
Profit attributable to owners of parent			15,346		15,346
Purchase of treasury shares				(73)	(73)
Disposal of treasury shares		22		58	80
Retirement of treasury shares			(51)	51	–
Change in ownership interest of parent due to transactions with non-controlling interests		(8)			(8)
Net changes of items other than shareholders' equity					–
Total changes of items during period	44	58	11,467	36	11,607
Balance at end of current period	22,944	19,985	135,988	(554)	178,363

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	8,919	4,276	2,604	(2,477)	13,321	7,879	187,956
Changes of items during period							
Issuance of new shares					–		89
Dividends of surplus					–		(3,827)
Profit attributable to owners of parent					–		15,346
Purchase of treasury shares					–		(73)
Disposal of treasury shares					–		80
Retirement of treasury shares					–		–
Change in ownership interest of parent due to transactions with non-controlling interests					–		(8)
Net changes of items other than shareholders' equity	3,083	–	1,741	109	4,934	589	5,523
Total changes of items during period	3,083	–	1,741	109	4,934	589	17,131
Balance at end of current period	12,002	4,276	4,346	(2,368)	18,256	8,468	205,088

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	21,585	21,747
Depreciation	9,230	9,666
Impairment loss	19	–
Interest and dividend income	(687)	(818)
Interest expenses	380	389
Share of loss (profit) of entities accounted for using equity method	(914)	(555)
Loss on abandonment of non-current assets	263	590
Decrease (increase) in notes and accounts receivable - trade	(4,714)	(4,219)
Decrease (increase) in inventories	(1,787)	(4,337)
Increase (decrease) in notes and accounts payable - trade	542	4,774
Other, net	2,454	500
Subtotal	26,372	27,737
Interest and dividend income received	989	1,080
Interest expenses paid	(371)	(396)
Income taxes paid	(4,807)	(6,200)
Net cash provided by (used in) operating activities	22,183	22,221
Cash flows from investing activities		
Purchase of securities	(18,099)	(17,500)
Proceeds from sales and redemption of securities	14,999	15,601
Purchase of property, plant and equipment	(10,615)	(13,616)
Purchase of intangible assets	(1,053)	(839)
Purchase of investment securities	(677)	(216)
Purchase of shares of subsidiaries and associates	(379)	(268)
Payments for investments in capital of subsidiaries and associates	–	(3,517)
Other, net	(840)	1,216
Net cash provided by (used in) investing activities	(16,666)	(19,139)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	719	(2,349)
Proceeds from long-term loans payable	2,115	2,431
Repayments of long-term loans payable	(2,940)	(1,792)
Cash dividends paid	(3,205)	(3,826)
Dividends paid to non-controlling interests	(262)	(369)
Other, net	(232)	80
Net cash provided by (used in) financing activities	(3,805)	(5,825)
Effect of exchange rate change on cash and cash equivalents	(1,019)	883
Net increase (decrease) in cash and cash equivalents	692	(1,860)
Cash and cash equivalents at beginning of period	49,981	50,762
Increase in cash and cash equivalents from newly consolidated subsidiary	89	–
Cash and cash equivalents at end of period	50,762	48,902