

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

February 6, 2018

Company name: ADEKA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4401 URL <http://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 to file Quarterly Securities Report: February 9, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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, 2017 (from April 1, 2017 to December 31, 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	%
Nine months ended December 31, 2017	177,062	6.9	16,693	7.3	17,380	9.0	12,136	9.7
Nine months ended December 31, 2016	165,636	(1.2)	15,550	4.7	15,943	9.8	11,063	11.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	117.97		–	
Nine months ended December 31, 2016	107.16		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	307,863	201,356	62.6
As of March 31, 2017	290,485	187,956	62.0

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, 2017	–	15.00	–	20.00	35.00
Year ending March 31, 2018	–	17.00	–		
Year ending March 31, 2018 (Forecast)				18.00	35.00

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	240,000	7.4	21,100	0.3	22,500	3.0	15,400	0.5	149.62

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2017	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 December 31, 2017	721,420 shares	As of March 31, 2017	820,217 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, 2017	102,875,089 shares	Nine months ended December 31, 2016	103,238,828 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	51,374	50,072
Notes and accounts receivable - trade	50,250	56,918
Securities	5,822	7,326
Merchandise and finished goods	20,244	22,678
Work in process	4,707	4,622
Raw materials and supplies	16,251	16,734
Other	7,521	7,104
Allowance for doubtful accounts	(270)	(340)
Total current assets	155,901	165,118
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,354	23,989
Machinery, equipment and vehicles, net	26,672	28,385
Land	21,184	21,213
Other, net	8,909	10,075
Total property, plant and equipment	80,121	83,664
Intangible assets		
Goodwill	89	43
Other	3,892	3,709
Total intangible assets	3,982	3,752
Investments and other assets		
Investment securities	42,060	46,607
Other	8,419	8,720
Total investments and other assets	50,479	55,328
Total non-current assets	134,583	142,744
Total assets	290,485	307,863

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,145	39,204
Short-term loans payable	18,015	16,511
Current portion of bonds	8	4
Income taxes payable	3,435	1,739
Provision for bonuses	2,239	1,143
Other provision	78	55
Other	10,923	16,609
Total current liabilities	67,845	75,268
Non-current liabilities		
Bonds payable	300	300
Long-term loans payable	11,467	7,313
Net defined benefit liability	15,910	16,499
Other provision	255	261
Other	6,749	6,863
Total non-current liabilities	34,682	31,238
Total liabilities	102,528	106,506
Net assets		
Shareholders' equity		
Capital stock	22,899	22,944
Capital surplus	19,926	19,993
Retained earnings	124,520	132,777
Treasury shares	(590)	(553)
Total shareholders' equity	166,755	175,162
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,919	12,618
Revaluation reserve for land	4,276	4,276
Foreign currency translation adjustment	2,604	3,026
Remeasurements of defined benefit plans	(2,477)	(2,266)
Total accumulated other comprehensive income	13,321	17,655
Non-controlling interests	7,879	8,538
Total net assets	187,956	201,356
Total liabilities and net assets	290,485	307,863

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, 2016	Nine months ended December 31, 2017
Net sales	165,636	177,062
Cost of sales	124,503	133,454
Gross profit	41,132	43,607
Selling, general and administrative expenses	25,581	26,913
Operating profit	15,550	16,693
Non-operating income		
Interest income	192	200
Dividend income	340	414
Share of profit of entities accounted for using equity method	216	20
Foreign exchange gains	–	177
Other	395	413
Total non-operating income	1,144	1,228
Non-operating expenses		
Interest expenses	291	290
Foreign exchange losses	195	–
Other	264	249
Total non-operating expenses	751	540
Ordinary profit	15,943	17,380
Extraordinary income		
Gain on sales of investment securities	150	–
Total extraordinary income	150	–
Extraordinary losses		
Loss on retirement of property, plant and equipment	144	188
Loss on valuation of investments in capital of subsidiaries and associates	146	–
Total extraordinary losses	291	188
Profit before income taxes	15,803	17,191
Income taxes - current	3,828	4,157
Income taxes - deferred	202	205
Total income taxes	4,030	4,363
Profit	11,772	12,828
Profit attributable to non-controlling interests	709	692
Profit attributable to owners of parent	11,063	12,136

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	11,772	12,828
Other comprehensive income		
Valuation difference on available-for-sale securities	2,426	3,045
Foreign currency translation adjustment	(5,185)	444
Remeasurements of defined benefit plans, net of tax	215	210
Share of other comprehensive income of entities accounted for using equity method	51	643
Total other comprehensive income	(2,492)	4,343
Comprehensive income	9,280	17,172
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,504	16,469
Comprehensive income attributable to non-controlling interests	(224)	702