

Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2018 [Japanese standards]

Company name: EIKEN CHEMICAL CO., LTD. Listing: TSE, First Section
 Securities code: 4549 URL: <http://www.eiken.co.jp/en/>
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 Scheduled filing date of Quarterly Securities Report: February 13, 2018
 Scheduled date of dividend payment: —
 Supplementary materials for the quarterly financial results: Yes
 Investor conference for the quarterly financial results: No

(Millions of yen rounded down)

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2018 (from April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results (% figures represent year-on-year increase or decrease)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to shareholders of parent company | |
|---------------------------------|-----------------|-----|------------------|------|-----------------|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended Dec. 31, 2017 | 26,536 | 5.1 | 3,504 | 3.6 | 3,568 | 3.0 | 2,536 | 2.5 |
| Nine months ended Dec. 31, 2016 | 25,252 | 4.2 | 3,382 | 19.1 | 3,464 | 20.5 | 2,474 | 31.7 |

(Note) Comprehensive income: Nine months ended Dec. 31, 2017: 2,645million yen. Nine months ended Dec. 31, 2016: 2,495million yen.

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Nine months ended Dec. 31, 2017 | 138.49 | 136.83 |
| Nine months ended Dec. 31, 2016 | 135.16 | 133.67 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of Dec. 31, 2017 | 44,163 | 32,304 | 72.4 | 1,746.44 |
| As of March 31, 2017 | 44,252 | 30,609 | 68.6 | 1,659.98 |

(Reference) Shareholders' equity: As of Dec. 31, 2017: 31,994 million yen. As of March 31, 2017: 30,346 million yen.

2. Dividends

| | Dividends per share | | | | |
|--|---------------------|-----------|-----------|-----------|--------|
| | End of 1Q | End of 2Q | End of 3Q | End of 4Q | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 2017 | — | 20.00 | — | 30.00 | 50.00 |
| Fiscal year ended March 2018 | — | 25.00 | — | | |
| Fiscal year ending March 2018 (Forecast) | | | | 25.00 | 50.00 |

(Note) Revision of dividends forecast for this period: No

3. Forecasts of Consolidated Performance for the Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(% figures represent year-on-year increase or decrease)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to shareholders of parent company | | Net income per share |
|-----------|-----------------|-----|------------------|--------|-----------------|--------|---|--------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 35,840 | 7.7 | 3,070 | (22.8) | 3,070 | (25.3) | 2,180 | (25.3) | 119.00 |

(Note) Revision of consolidated results forecast for this period: No

Notes:

(1) Changes in important subsidiaries during the period - Specified subsidiaries accompanying changes in scope of consolidation - : No

(2) Application of special accounting method: Yes

(3) Changes in accounting policies, changes in accounting estimates, restatements

(1) Changes in accounting policies due to revisions to accounting standards, etc.: No

(2) Other changes in accounting policies: No

(3) Changes in accounting estimates: No

(4) Restatements: No

(4) Number of outstanding shares - common stocks -

1) Number of shares outstanding at term-end - including treasury stocks -

As of December 31, 2017: 21,770,719 shares

As of March 31, 2017: 21,770,719 shares

2) Number of treasury stock at term-end

As of December 31, 2017: 3,451,101 shares

As of March 31, 2017: 3,456,572 shares

3) Average number of shares outstanding during the period - Cumulative total for the quarterly consolidated period -

As of December 31, 2017: 18,318,696 shares

As of December 31, 2016: 18,310,118 shares

* Implementation status of quarterly review procedures

This quarterly financial flash report is not the subject of the quarterly review procedures based on the Financial Instruments and Exchange Act.

* Explanations for the appropriate use of earnings forecasts, and remarks

Performance forecasts and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational as of the date of this release. Accordingly, the Company cannot make promises to achieve such forecasts. Actual results could significantly differ from the above forecasts due to a variety of factors.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2017 | As of Dec. 31, 2017 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,039 | 5,075 |
| Notes and accounts receivable - trade | 10,356 | 12,280 |
| Merchandise and finished goods | 3,266 | 3,168 |
| Work in process | 1,091 | 1,170 |
| Raw materials and supplies | 812 | 894 |
| Other | 1,418 | 1,467 |
| Total current assets | 26,983 | 24,057 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 18,804 | 18,844 |
| Accumulated depreciation | (10,457) | (10,719) |
| Buildings and structures, net | 8,347 | 8,124 |
| Machinery, equipment and vehicles | 5,777 | 5,748 |
| Accumulated depreciation | (4,433) | (4,334) |
| Machinery, equipment and vehicles, net | 1,344 | 1,413 |
| Tools, furniture and fixtures | 3,509 | 3,536 |
| Accumulated depreciation | (2,894) | (2,949) |
| Tools, furniture and fixtures, net | 614 | 586 |
| Land | 996 | 996 |
| Construction in progress | 58 | 98 |
| Other | 648 | 593 |
| Accumulated depreciation | (320) | (316) |
| Other, net | 328 | 277 |
| Total property, plant and equipment | 11,689 | 11,497 |
| Intangible assets | 499 | 453 |
| Investments and other assets | | |
| Long-term time deposits | 2,900 | 5,800 |
| Other | 2,187 | 2,361 |
| Allowance for doubtful accounts | (6) | (6) |
| Total investments and other assets | 5,080 | 8,154 |
| Total non-current assets | 17,269 | 20,105 |
| Total assets | 44,252 | 44,163 |

(Millions of yen)

| | As of March 31, 2017 | As of Dec. 31, 2017 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 4,346 | 4,434 |
| Electronically recorded obligations - operating | 2,866 | 3,279 |
| Income taxes payable | 638 | 560 |
| Provision for bonuses | 707 | 366 |
| Provision for sales returns | 4 | 6 |
| Other | 4,108 | 2,202 |
| Total current liabilities | 12,672 | 10,849 |
| Non-current liabilities | | |
| Asset retirement obligations | 34 | 34 |
| Other | 935 | 974 |
| Total non-current liabilities | 970 | 1,009 |
| Total liabilities | 13,642 | 11,858 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,897 | 6,897 |
| Capital surplus | 7,894 | 7,898 |
| Retained earnings | 18,758 | 20,287 |
| Treasury shares | (3,284) | (3,279) |
| Total shareholders' equity | 30,265 | 31,804 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 131 | 136 |
| Foreign currency translation adjustment | 75 | 138 |
| Remeasurements of defined benefit plans | (126) | (84) |
| Total accumulated other comprehensive income | 80 | 189 |
| Subscription rights to shares | 263 | 310 |
| Total net assets | 30,609 | 32,304 |
| Total liabilities and net assets | 44,252 | 44,163 |

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

| | Nine months ended Dec.31,2016 | Nine months ended Dec.31,2017 |
|--|----------------------------------|----------------------------------|
| Net sales | 25,252 | 26,536 |
| Cost of sales | 14,296 | 15,247 |
| Gross profit | 10,955 | 11,289 |
| Selling, general and administrative expenses | 7,573 | 7,784 |
| Operating profit | 3,382 | 3,504 |
| Non-operating income | | |
| Interest income | 5 | 4 |
| Dividend income | 5 | 5 |
| Foreign exchange gains | 7 | — |
| Rent income | 14 | 14 |
| Insurance income | 35 | — |
| Fiduciary obligation fee | 2 | 12 |
| Other | 28 | 45 |
| Total non-operating income | 98 | 82 |
| Non-operating expenses | | |
| Interest expenses | 6 | 6 |
| Foreign exchange losses | — | 1 |
| Depreciation | 6 | 6 |
| Other | 3 | 4 |
| Total non-operating expenses | 17 | 18 |
| Ordinary profit | 3,464 | 3,568 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | 0 |
| Gain on sales of investment securities | 1 | 0 |
| Total extraordinary income | 1 | 0 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 89 | 74 |
| Loss on valuation of investment securities | 18 | — |
| Total extraordinary losses | 107 | 74 |
| Profit before income taxes | 3,358 | 3,493 |
| Income taxes | 883 | 956 |
| Profit | 2,474 | 2,536 |
| Profit attributable to non-controlling interests | — | — |
| Profit attributable to owners of parent | 2,474 | 2,536 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Nine months ended Dec.31,2016 | Nine months ended Dec.31,2017 |
|--|----------------------------------|----------------------------------|
| Profit | 2,474 | 2,536 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5 | 4 |
| Foreign currency translation adjustment | (41) | 62 |
| Remeasurements of defined benefit plans, net of tax | 56 | 42 |
| Total other comprehensive income | 20 | 109 |
| Comprehensive income | 2,495 | 2,645 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,495 | 2,645 |
| Comprehensive income attributable to non-controlling interests | — | — |