

Summary of Consolidated Financial Statements for Fiscal 2016

(From January 1, 2016 to December 31, 2016)

February 7, 2017

Toagosei Co., Ltd.

(URL <http://www.toagosei.co.jp/>)

Stock exchange listings: Tokyo

Code number: 4045

Representative: Mikishi Takamura

President and Representative Director

Contact: Hiroshi Nemoto

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Scheduled date for the Ordinary General Meeting of Shareholders: March 30, 2017

Scheduled date of year-end dividends payout: March 31, 2017

Scheduled date for the filing of the consolidated financial statements: March 30, 2017

1. Consolidated results for fiscal year ended December 31, 2016 (Jan. 1, 2016 – Dec. 31, 2016)

Note: All amounts are rounded down to the nearest million yen.

(1) Performance

% indicates year-on-year changes.

| | Net Sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | |
|-------------|-------------------|-------|-------------------|------|-------------------|------|---|--------|
| | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) |
| Fiscal 2016 | 135,382 | (3.2) | 16,147 | 30.8 | 16,935 | 28.3 | 13,801 | 106.1 |
| Fiscal 2015 | 139,848 | (6.1) | 12,347 | 2.8 | 13,201 | 2.4 | 6,696 | (20.4) |

(Additional Notes) Comprehensive income: Fiscal 2016: 13,476 million yen Fiscal 2015: 8,362 million yen

| | Net income per share | Diluted net income per share | Net income to Shareholders' equity | Ordinary income to total assets | Operating income to net sales |
|-------------|----------------------|------------------------------|------------------------------------|---------------------------------|-------------------------------|
| | (yen) | (yen) | (%) | (%) | (%) |
| Fiscal 2016 | 104.83 | – | 8.5 | 7.9 | 11.9 |
| Fiscal 2015 | 50.86 | – | 4.3 | 6.4 | 8.8 |

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates: Fiscal 2016: 337 million yen Fiscal 2015: 328 million yen

*Toagosei Co., Ltd. has implemented the share consolidation of common stocks at a ratio of one share per two shares effective on July 1, 2015. Accordingly, net income per-share is calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

(2) Financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------|-------------------|-------------------|----------------------------|----------------------|
| | (millions of yen) | (millions of yen) | (%) | (%) |
| Dec. 31, 2016 | 219,520 | 173,003 | 76.5 | 1,276.10 |
| Dec. 31, 2015 | 208,018 | 163,020 | 76.0 | 1,201.46 |

(Reference) Shareholders' equity: End of 2016: 167,990 million yen End of 2015: 158,173 million yen

(3) Cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash & cash equivalents at the end of the year |
|-------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | (millions of yen) | (millions of yen) | (millions of yen) | (millions of yen) |
| Fiscal 2016 | 21,989 | (17,673) | (3,939) | 54,231 |
| Fiscal 2015 | 23,313 | (4,592) | (3,949) | 53,977 |

2. Dividends

| (Period) | Dividends per share | | | | | Total dividends paid (Annual) | Dividends payout ratio (Consolidated) | Dividends on net assets ratio (Consolidated) |
|------------------------|---------------------|-------------|-------------|----------|--------|-------------------------------|---------------------------------------|--|
| | 1st quarter | 2nd quarter | 3rd quarter | Year-end | Annual | | | |
| | (yen) | (yen) | (yen) | (yen) | (yen) | (millions of yen) | (%) | (%) |
| Fiscal 2015 | – | 6.00 | – | 12.00 | – | 3,159 | 47.2 | 2.0 |
| Fiscal 2016 | – | 13.00 | – | 13.00 | 26.00 | 3,422 | 24.8 | 2.1 |
| Fiscal 2017 (Forecast) | – | 13.00 | – | 13.00 | 26.00 | | 30.0 | |

*Per-share dividend at the end of fiscal year ending December 31, 2015 is calculated and listed in consideration of the share consolidation effective on July 1, 2015, and total amount of year-end dividends is referred to “–”

3. Consolidated performance forecast for Fiscal 2017 (Jan. 1, 2017– Dec. 31, 2017)

Note: % indicates the rate of change over the corresponding previous period.

| | Net Sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | | Net income per share |
|------------------|-------------------|-----|-------------------|-----|-------------------|-------|---|--------|----------------------|
| | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) | (yen) |
| First half, 2017 | 67,500 | 0.9 | 7,700 | 5.9 | 8,100 | 6.7 | 5,500 | 11.2 | 41.78 |
| Fiscal 2017 | 138,000 | 1.9 | 16,300 | 0.9 | 16,800 | (0.8) | 11,400 | (17.4) | 86.60 |

* Cautions pertaining to the appropriate use of performance forecasts and other particular items

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance etc. because of various factors that may arise from now on.

4. Other information

(1) Changes of significant subsidiaries in the scope of consolidation during this period : No

Addition to the scope of consolidation: –

Reduction from the scope of consolidation: –

(2) Changes of accounting principles, procedures and presentation methods, etc. related to preparation of the consolidated financial statements

- i. Changes by revision of accounting standard : Yes
- ii. Changes other than the above : No
- iii. Changes in accounting estimates : No
- iv. Retrospective restatements : No

(3) Number of shares issued (in common stock)

i. Number of shares issued at the end of period (including treasury stock):

FY2016: 131,996,299 FY2015: 131,996,299

ii. Number of treasury stock at the end of period: FY2016: 353,240 FY2015: 345,500

iii. Average number of issued shares: FY2016: 131,647,589 FY2015: 131,664,841

Number of shares issued, number of treasury stock at the end of period and average number of issued shares are calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Operating results

1. Non- Consolidated results for fiscal year ended December 31, 2016(Jan. 1, 2016 – Dec. 31, 2016)

Note: All amounts are rounded down to the nearest million yen.

(1) Performance

% indicates year-on-year changes.

| | Net Sales | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|-------|-------------------|------|-------------------|------|-------------------|------|
| | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) | (millions of yen) | (%) |
| Fiscal 2016 | 86,523 | (3.4) | 11,430 | 28.7 | 13,741 | 14.1 | 10,783 | 15.8 |
| Fiscal 2015 | 89,576 | (7.3) | 8,878 | 11.0 | 12,041 | 8.0 | 9,309 | 11.1 |

| | Net income per share | Diluted net income per share |
|-------------|----------------------|------------------------------|
| | (yen) | (yen) |
| Fiscal 2016 | 81.91 | – |
| Fiscal 2015 | 70.71 | – |

*Toagosei Co., Ltd. has implemented the share consolidation of common stocks at a ratio of one share per two shares effective on July 1, 2015. Accordingly, net income per-share is calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year

(2) Financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------|-------------------|-------------------|----------------------------|----------------------|
| | (millions of yen) | (millions of yen) | (%) | (%) |
| Dec. 31, 2016 | 197,869 | 133,076 | 67.3 | 1,010.89 |
| Dec. 31, 2015 | 187,534 | 126,232 | 67.3 | 958.84 |

(Reference) Shareholders' equity: End of 2016: 133,076 million yen End of 2015: 126,232 million yen

* Cautions pertaining to the appropriate use of performance forecasts and other particular items

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance etc. because of various factors that may arise from now on.