

10th
Anniversary

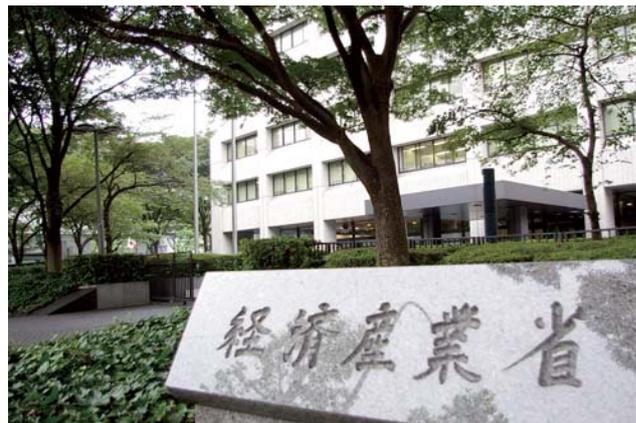
The 10th Anniversary Commemorative Volume

March in 2015



How we started

Back in 2005, when ADAPTEX was established, METI (Ministry of Economy, Trade and Industry) published the 1,000 University-Launched Ventures Plan from the viewpoint of constant innovation being the source for maintaining national strength in Japan. Momentum for university-launched ventures grew rapidly in domestic universities. Also in Hiroshima University, orders were given to develop potentially profitable ideas into venture businesses.



At the same time, there was a turning point in domestic process industries, especially in the oil industry: domestic demand had peaked. It was at this time that the trend changed from the spread of cars in the high-growth period to further acceleration of energy and resource conservation.

The time for maximizing production had ended; the new era for low-cost and highly efficient production had begun. Based on these two factors, that is, the momentum for establishing university-launched ventures and the turning point in process industries, our company was founded by Professor Toru Yamamoto at Hiroshima University (currently part-time director of our company) and three other members in January 21, 2005. ADAPTEX was established by emphasizing the great social significance of further enhancing the competitiveness of the process industries which had driven growth in Japan.



A research group, led by Professor Toru Yamamoto, developed controllers for more than 20 years. These controllers enable high-quality control performance for every object to be controlled, in order to achieve highly efficient plant operations, improve product quality, conserve energy, and enhance safety in various fields, such as oil refining, petrochemicals, and steel.

The group was, of course, active in joint research, and was awarded various prizes by academic conferences for its innovative progress and technology. Recognized for its achievements by both universities and industries, the group set itself the challenge of making its technologies commercially available to the world through ADAPTEX.

Greeting



Masanobu Obika
President and CEO

Firstly, I would like to express my sincere gratitude for your continued support and patronage.

We are happy to announce that our company, which was established in January 2005, has now celebrated its 10th anniversary.

We founded the company with two great ambitions: to make social contributions through contributing to process industries, and enhancing innovations as a source of national strength. Having said that, I can recall these ten years as having been a period of support and guidance from customers. I would like to take this opportunity to again offer my sincere gratitude.

We engage in day-to-day business activities with the primary goal of providing customers with patentable, highly sophisticated, value-added, and highly reliable technologies. I would like to take this opportunity to express my sincere gratitude to those customers who have provided us with various forward-looking challenges.

We support our customers' business and production innovation by promoting the integration of optimization system development (for providing technological solutions which optimize the planning process required before offering control technology consulting services as a core competency of our company), big data development (for extracting key information from a flood of data and visualizing it), and education & training development (for supporting human resource development in developing countries and domestic companies). We are eager and prepared to continue supporting the improvement of your business operations by achieving further technology innovation, establishing a customer support system and making services much easier to understand.

I would like to add a few words on entrepreneurship as a university-launched venture company. A great number of university-launched venture companies have already been established, but according to a survey, in recent years, the number of newly-established university-launched venture companies has been in decline. I am sure that university-launched venture companies play an extremely significant role in sowing in the world potentially valuable seeds which lie in universities.

I strongly hope that, without shying away from risks, we will take on more challenges, to work with those who have the opportunity to start a business. I sincerely hope that those in related support organizations will lead many young venture entrepreneurs to grow in the medium-to-long term growth, not just short-term.

In the future, we will try to solve difficult technological problems hand in hand with universities and related organizations, and, above all, our customers, without forgetting the venture spirit. We hope to expand business with the intention of playing our part in Japan, a technology-oriented nation.

Finally, we ask again for the increased support and guidance of each member of the stakeholder groups.

History

ADAPTEX Co., Ltd. is a technology-oriented venture company established in January 2005 to widely apply to various industries **the advanced control, optimization and big data analysis technologies** of process industries which have been developed by university and industry collaboration.

1983

We started in a university laboratory by developing practical advanced control technology with a top priority given to providing on-site control systems.

1994

The effectiveness of our technologies was verified in process industries such as oil refining, steel, and petrochemical industries.

2005

ADAPTEX Co., Ltd. was established with a capital of 3 million yen after our R&D was approved as a Start Up Subsidiary Enterprise by the SMRJ (Organization for Small & Medium Enterprises and Regional Innovation, Japan).

2006

We developed the world's first control system design scheme based on control performance assessment.

2009

Capital was increased to 17 million yen.

2010

Our energy-saving service won **the Hiroshima Venture Grand Prize** for improvement in control performance in process industries

2011

We started our overseas business operations in South East Asia and the Middle East mainly by developing education and training services. Capital was increased to 47 million yen

2012

Elected as **a semi-finalist in EY Entrepreneur of The Year 2012 Japan** (hosted by Ernst & Young ShinNihon LLC)

2013

Started big data analysis service. The Project for developing production optimization technology was adopted by Mitsubishi-UFJ Technology Development Foundation.



Our university laboratory was awarded a number of academic prizes for its remarkable achievements.



We invited the Iraq National Oil Company to Hiroshima in a pioneering effort to advance overseas business operations to promote technological cooperation.



We were recommended as a representative in the Chugoku and Shikoku areas by administrative organizations and banks, and elected as a semi-finalist in Japan at the EOY 2012.

Challenges

ADAPTEX aims to further expand business under three pillars of challenge: technology innovation, the challenge of new fields, and the integration of knowledge and technology.

Everything – for **our customers’ satisfaction** and for **society**.

Venture – meaning “risky undertaking.”

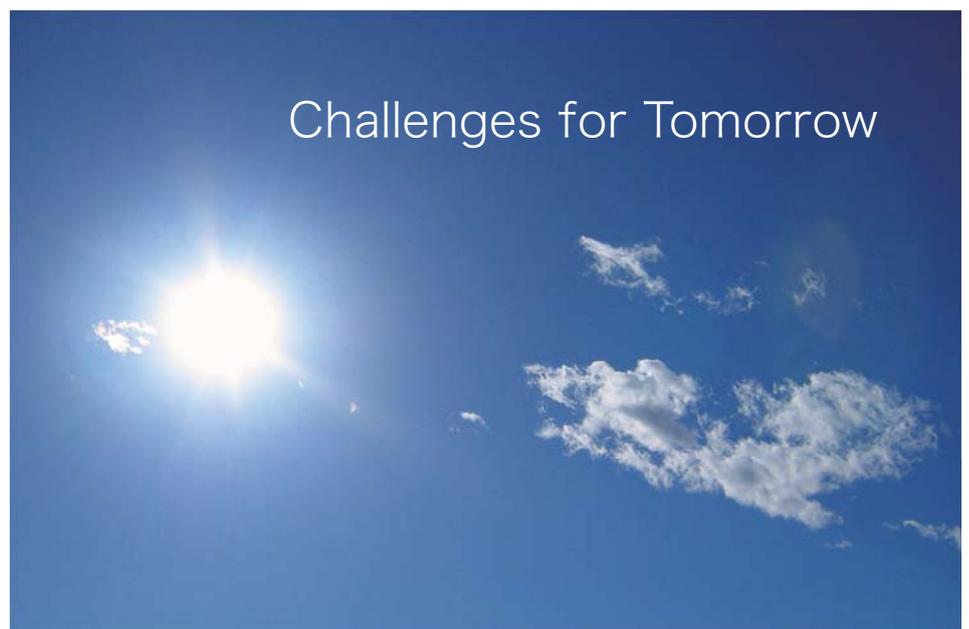
Starting something new and truly valuable requires leaving old ideas behind – not only those that are barriers to technological innovation, but also personal habits and old customs.

The challenge, that is the mission and the best part of a venture, does not exist with a very even and clear view from all sides.

In order to take on the challenge of winning customers’ trust with limited capital and human resources, we need only two things: confidence in our own technology and sincere interactions with customers.

ADAPTEX does and will always look firmly to the future and take on various challenges without being impatient or giving up.

We take on these challenges.



Passion of ADAPTEX

ADAPTEX develops all advanced control technology, optimization system and big data analysis technology in-house as well as at affiliated universities.

Collecting the latest technological information, we create through our own efforts the technologies we think are really good. This is how strong pride in our own technology has developed; we can provide customers with technologies in a way that ensures maximized effectiveness while adding precise environmental conditions to the application of technologies.

We consider usability as a core factor in developing systems which have adopted the latest technology. If there is a shortage of existing components, we create the required component to maximize customer satisfaction.

ADAPTEX has a large number of projects, most of which involve developing solutions the world has never seen. Using the latest technology, we engage in the application development of solutions in order to resolve customers' individual issues. In doing so, we often undertake unsolved problems. ADAPTEX faces these problems in order to meet customer needs.

Continually facing challenges we can refer to as unsolved problems results in accumulated knowledge and discoveries that are used to deal with every problems, and leads to innovation. By integrating the knowledge and discoveries each customer possesses, we can provide customers with new values.

It is our mission to remain eager to solve customers' individual problems.



Voices from Customers

I am pleased to extend my warmest congratulations on the 10th anniversary of your founding. I think your success is due to the continuous efforts of Mr. Obika, President and CEO, and other staff members based on technological capabilities.

We have been working with you for five years to jointly develop an optimal system for allocating tankers which carry oil products. We are now operating 50 tankers, the allocation of which was once optimized based on effort and experience albeit with demand fluctuation and weather changes. Now, with the help of your company, we are engaged in the development of a system for planning an effective and optimal allocation schedule. We need to improve this system for practical use, so we would like to ask you for your continued support.

I would like to congratulate you and offer my wishes for the continued growth of ADAPTEX Co., Ltd.



Mr. Hideaki Koga
Section Manager
Demand & Supply Section
International Demand &
Supply Department
Idemitsu Kosan Co.,Ltd.



Mr. Takeshi Katsuki
Group Leader
System Technology Group
Equipment Facilities
Taiheiyo Cement Corporation

Congratulations on the 10th anniversary of your establishment. When we asked you to perform an optimum tuning operation for PID parameters several years ago, that was our first business interaction with you. As a result, we were given professional support for our tuning technology, which has encouraged us to conduct our business with confidence. In our current work with you, cutting-edge knowledge is being generated, and we are expecting successful results.

I think your strength lies in your curiosity for technologies. I am always surprised to see how committed you are to mastering a field you are not familiar with.

I sincerely hope that you will continue to make diligent efforts as an expert group and achieve yet further progress and success.

Voices from Customers

Congratulations on the 10th anniversary of the founding of your company. It is often said that slow but steady wins the race. I hear that there are only a few venture companies that can continue business operations for ten years. In this regard, I imagine that you have made tremendous efforts to sustain and support your company's business.

I am fully aware of the superiority of your advanced control technologies through our cooperation with you. I do hope you will work toward the spread of these technologies, contributing significantly to the industry as a whole.

I have been assigned to work in Malaysia this year and will help you to spread your latest technology in South East Asia, even though it may be only a small step.

I hope your company and all related parties will gain further success in the future.



Mr. Tetsuo Yamamoto
Consultant
ChAS (Chiyoda Advanced Solutions)
Project Operations,
Chiyoda Corporation



Mr. Michio Kojima
Director
Domestic Sales Center
Tokyo Electric Power
Services Co., Ltd.
(TEPCO)

would like to offer my heartfelt congratulations on the 10th anniversary of the establishment of your company. Last year, the moment I saw the presentation by President Obika, I felt inspired. In the current energy situation, what we need are visualization, optimum control, and use of big data, the goal of which is energy saving and cost reduction. I felt this must be it.

Our industry is now suffering from higher supply prices of energy (such as electricity and gas). The biggest challenge is cost reduction and energy saving. ADAPTEX is the only company whose technologies can meet this challenge. This means that ADAPTEX is an indispensable in the effort for creating a sustainable society.

I expect ADAPTEX will grow further as an innovator focusing on each of the three projects: Control Technology Consulting Services, Optimization System Development, and Education & Training Development.

(Excerpts / Company names are listed in the order of the Japanese syllabary.)

Achievements of the past 10 years

ADAPTEX has learned a lot from customers in the ten years since its inception.

Above all, we realize how important it is to work face-to-face with customers. During the first six years after the establishment, we concentrated on system and software development, and we were not actively engaged in discussions with customers. When we provided customers with our technologies, for example, we developed control analysis software and sold it in a product-out method. In other words, we focused only on selling our products, so we seldom asked customers what kind of problems they had.

Then we began to ask ourselves whether this business style was really good? In updating software to a new version, we could not reflect in it the most important consideration of voices from customers because we were not asking customers what kind of problems they had.

We might not have realized that technology innovations occur through extracting problems in the workplace and solving them. We had a lot of discussion in our company again about how our company should evolve, and we decided to stop selling only software. We changed our business style to offer consulting services along with software sales. As a result, we got to know about customers' problems and concerns which might not have become known to us otherwise. From then on, our R&D changed its course significantly.

We changed from the style whereby we created what we thought was good to a style whereby we helped customers to solve their problems. Consequently, one product corresponds to one order, which cannot be entirely correct as a business. But we have adopted this new business style because we can listen directly to our customers, who are the most important factor for innovation.

These days, it is not unusual for us to enter hard discussions with customers regarding technical aspects. This style of passionately proposing what we think is really good for customers, not merely acceptance orders, is taking root in our company.

We will place prime importance on this business style that we have created over the past ten years, and will continue to innovate and rise to the challenge together with customers.



Vision for the Future

ADAPTEX will head toward its 20th anniversary carrying out the following strategies.

Expanding sales operations

We hope to expand sales operations in main areas across Japan for the purpose of enhancing further collaboration with customers and providing fast follow-up services. We hope to cooperate with more partner companies and develop a system which enables us to deal with customers' demands more swiftly and more thoroughly.

Promoting product commercialization

Our company possesses a lot of technologies which have not yet been made available in a systematic and visible manner. They are what we call know-how and wisdom. We hope to commercialize these as user-friendly systems and software so that we can offer them to customers not only in the form of providing consulting services or receiving orders, but also through the product-out method.

Human resources solution

We hope to increase customers' business efficiency not only by supporting customers through providing consulting services or products but by sending our experts, who share the experiences and knowledge accumulated in our company.

Systematizing technologies

We have a great number of technologies, including those we have created and developed so far, and those which, after consideration, have not been materialized but we think will be promising in the future. We hope to review and systematize these various technologies in a way that enables customers to have a full picture of our technologies. Therefore, we hope to ensure appropriate management of these technologies as intellectual property and prepare an environment in which all interested parties can make wide use of them.

Seeking further challenges overseas

In addition to expanding our business in Japan as before, we hope to enhance our overseas operations over the medium-to-long term. Importantly, the problem of global warming cannot be solved only by Japan. We hope that our technologies which can reduce the environmental burden will be used all over the world. We would like to continue contributing to the improvement of the earth's environment to the best of our ability.

Company Information

As of January 2015

Items	Contents
Company Name	ADAPTEX Co., Ltd.
Date of Foundation	Jan. 21, 2005
Head Office	13-60, Kagamiyama 3, Higashi-Hiroshima, Hiroshima, 7390046 JPN
Bases	Sales Base: Tokyo R&D Center: Hiroshima
Stock Capitalization	JPY 47,000,000
Business Activities Business Fields	<p>Activities</p> <ol style="list-style-type: none"> 1. Developing and selling control systems, and consulting on control systems 2. Developing and selling optimization systems, and consulting on optimization systems 3. Developing and selling big data analysis technologies, and consulting on them 4. Developing education and training, and consulting on education and training <p>Fields of interest Fields of interest include Oil refinery, Petrochemical, Steel, Cement, Paper, Power, Shipping, Auto, School and Agriculture</p>