

DATA BOOK

FY2024 (2nd Quarter ended September 30, 2023)

V-ACTION for sustainability

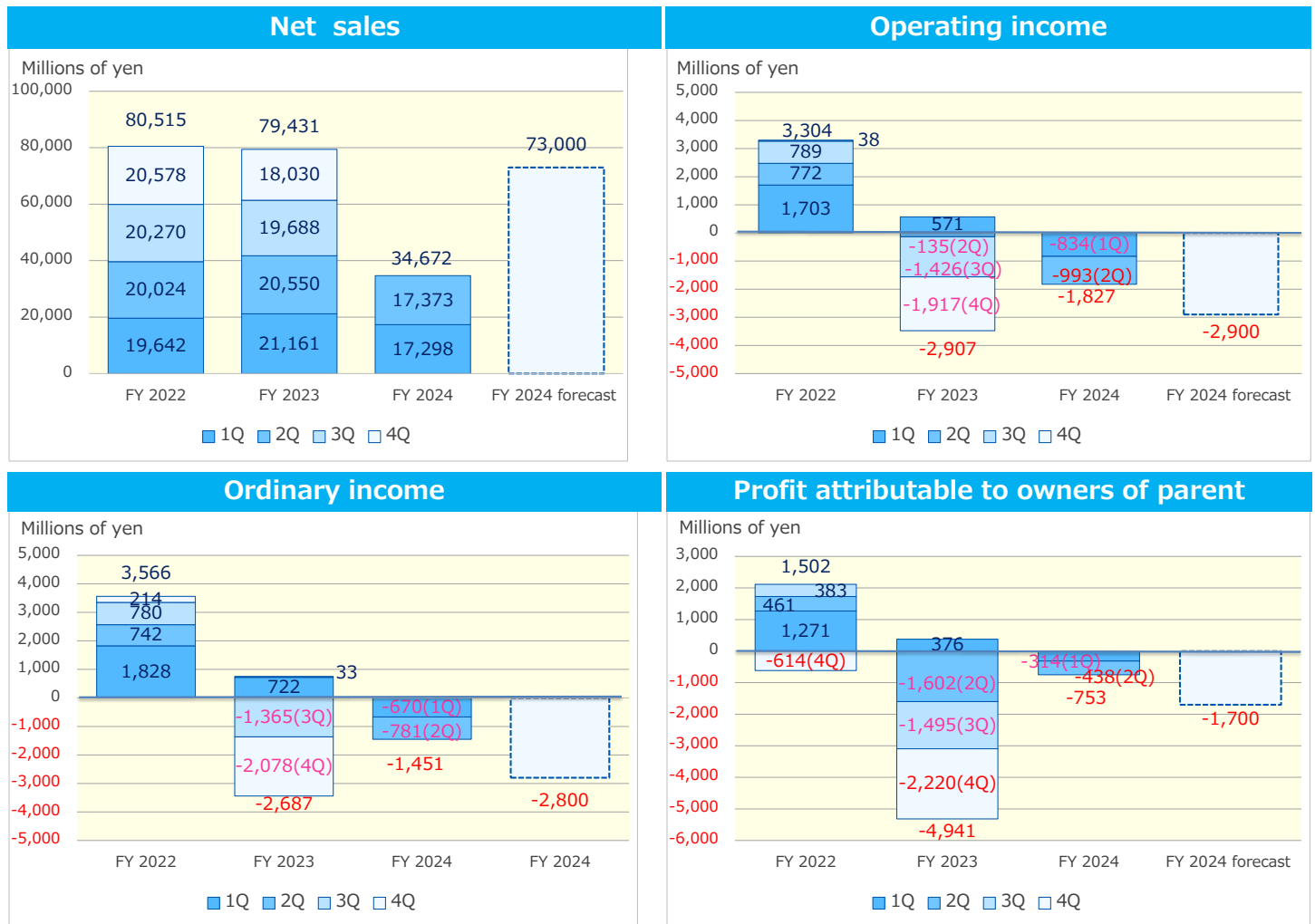


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November 2nd, 2023
ARAKAWA CHEMICAL INDUSTRIES, LTD.

Performance (Consolidated)



Consolidated	FY 2022 (2Q)		FY 2023 (2Q)		FY 2024 (2Q)		FY 2022		FY 2023		FY 2024 forecast	
	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change
Net sales	39,667	23.1	41,712	5.2	34,672	△ 16.9	80,515	14.1	79,431	△ 1.3	73,000	△ 8.1
Operating income	2,475	155.3	436	△ 82.4	△ 1,827	-	3,304	1.4	△ 2,907	-	△ 2,900	-
Ordinary income	2,571	120.3	756	△ 70.6	△ 1,451	-	3,566	△ 2.3	△ 2,687	-	△ 2,800	-
Profit attributable to owners of parent	1,733	143.9	△ 1,225	-	△ 753	-	1,502	△ 30.7	△ 4,941	-	△ 1,700	-

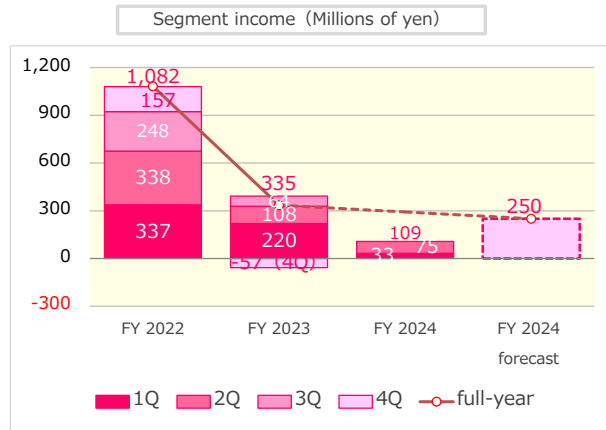
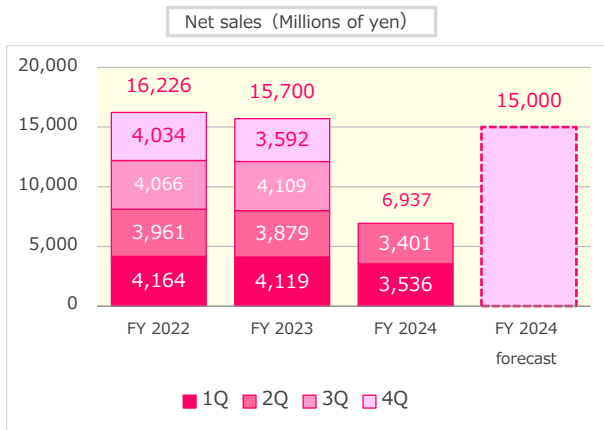
Capital expenditure, etc.

Consolidated	FY 2022 (2Q)		FY 2023 (2Q)		FY 2024 (2Q)		FY 2022		FY 2023		FY 2024 forecast	
	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease
Capital investment	1,416	486	1,682	266	1,323	△ 358	6,567	△ 11,991	4,025	△ 2,541	5,000	974
Depreciation	1,385	△ 55	1,698	313	2,779	1,080	3,120	139	4,477	1,357	6,000	1,522
R&D expenses	1,511	△ 57	1,503	△ 7	1,447	△ 55	3,100	△ 147	3,024	△ 75	3,500	475
Interest-bearing debt	22,346	642	31,169	8,823	40,635	9,466	26,680	4,891	35,052	8,371	43,000	7,947
EBITDA	3,938	1,418	2,135	△ 1,802	952	△ 1,183	6,500	77	1,569	△ 4,931	3,100	1,530

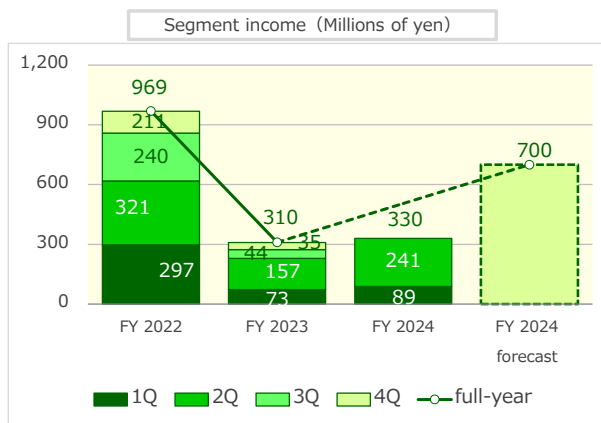
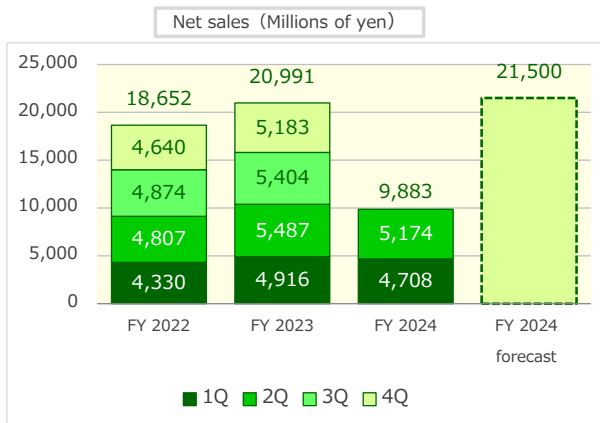
[EBITDA] Operating profit before amortization = Operating profit + Depreciation expense + Amortization of goodwill

Segment Information (Consolidated)

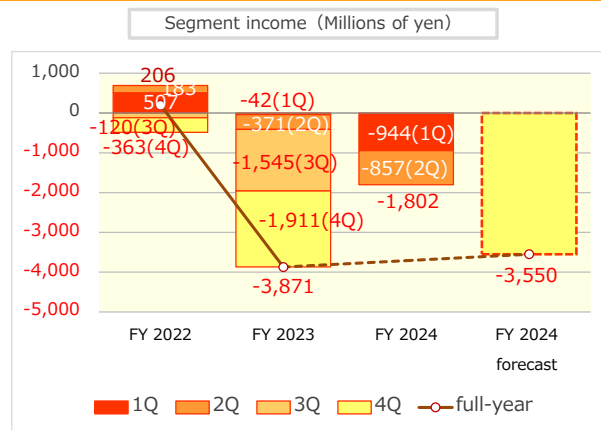
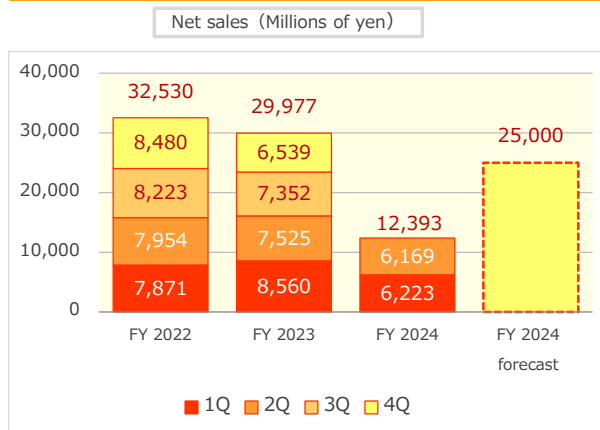
Functional Coating Chemicals



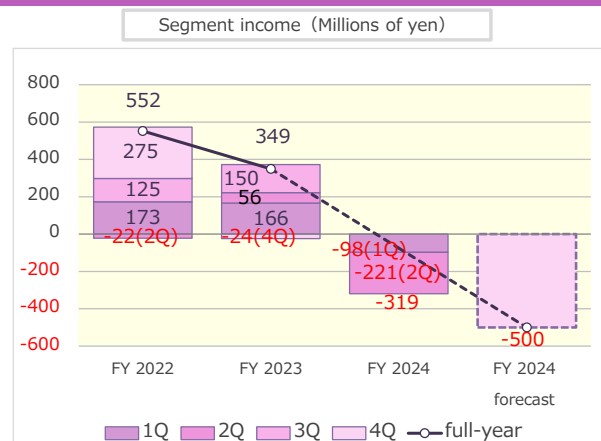
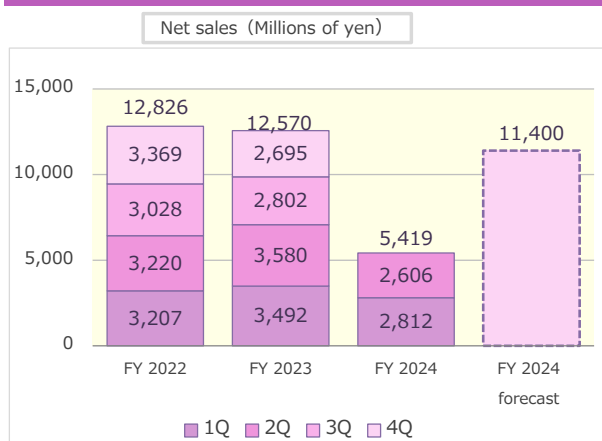
Paper Chemicals & Environmental Business



Adhesive & Biomass Materials



Fine Chemicals & Electronics



Segment Information (Consolidated)

Consolidated		FY 2022 (2Q)		FY 2023 (2Q)		FY 2024 (2Q)		FY 2022		FY 2023		FY 2024 forecast	
		Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change
Functional Coating Chemicals	Net sales ※1	8,126	16.1	7,998	△ 1.6	6,937	△ 13.3	16,226	7.1	15,700	△ 3.2	15,000	△ 4.5
	Segment income	676	28.2	329	△ 51.3	109	△ 66.8	1,082	△ 2.9	335	△ 69.0	250	△ 25.5
	Segment income/sales	8.3%		4.1%		1.6%		6.7%		2.1%		1.7%	
Paper Chemicals & Environmental Business	Net sales ※1	9,137	16.1	10,403	13.9	9,883	△ 5.0	18,652	9.1	20,991	12.5	21,500	2.4
	Segment income	618	–	230	△ 62.7	330	43.2	969	71.4	310	△ 67.9	700	125.2
	Segment income/sales	6.8%		2.2%		3.3%		5.2%		1.5%		3.3%	
Adhesive & Biomass Materials	Net sales ※1	15,825	37.0	16,086	1.6	12,393	△ 23.0	32,530	26.1	29,977	△ 7.8	25,000	△ 16.6
	Segment income	690	21.1	△ 414	–	△ 1,802	–	206	△ 86.7	△ 3,871	–	△ 3,550	–
	Segment income/sales	4.4%		△ 2.6%		△ 14.5%		0.6%		△ 12.9%		△ 14.2%	
Fine Chemicals & Electronics	Net sales ※1	6,428	13.7	7,072	10.0	5,419	△ 23.4	12,826	4.7	12,570	△ 2.0	11,400	△ 9.3
	Segment income	151	51.2	223	47.7	△ 319	–	552	4.6	349	△ 36.7	△ 500	–
	Segment income/sales	2.4%		3.2%		△ 5.9%		4.3%		2.8%		△ 4.4%	
Others	Net sales ※1	149	5.4	151	1.4	38	△ 74.7	279	6.2	191	△ 31.4	100	△ 47.8
	Segment income	23	99.6	18	△ 21.2	16	△ 10.4	45	72.8	42	△ 7.3	40	△ 4.9
	Segment income/sales	15.9%		12.3%		43.6%		16.2%		22.0%		40.0%	
Subtotal	Net sales ※1	39,667	23.1	41,712	5.2	34,672	△ 16.9	80,515	14.1	79,431	△ 1.3	73,000	△ 8.1
	Segment income	2,160	71.4	388	△ 82.0	△ 1,666	–	2,855	△ 24.6	△ 2,832	–	△ 3,060	–
	Segment income/sales	5.4%		0.9%		△ 4.8%		3.5%		△ 3.6%		△ 4.2%	
Consolidated total	Development Investment ※2	△ 216	–	△ 198	–	△ 193	–	△ 437	–	△ 406	–	△ 400	–
	Segment income	1,943	81.3	189	△ 90.2	△ 1,859	–	2,418	△ 29.1	△ 3,239	–	△ 3,460	–
	Segment income/sales	4.9%		0.5%		△ 5.4%		3.0%		△ 4.1%		△ 4.7%	

※1 The sales of business segmentation do not include intersegment sales.

The Accounting Standard for Revenue Recognition is applied from the beginning of the fiscal year ending March 31, 2022.

※2 Applied research and development expense that will be the source of growth in the medium to long term.

[Functional Coating Chemicals] UV/EB curable resin, Resins for paint and printing ink, etc.

[Paper chemicals & Environmental Business] Paper strengthening agent, Sizing agent, New water-based polymer, etc.

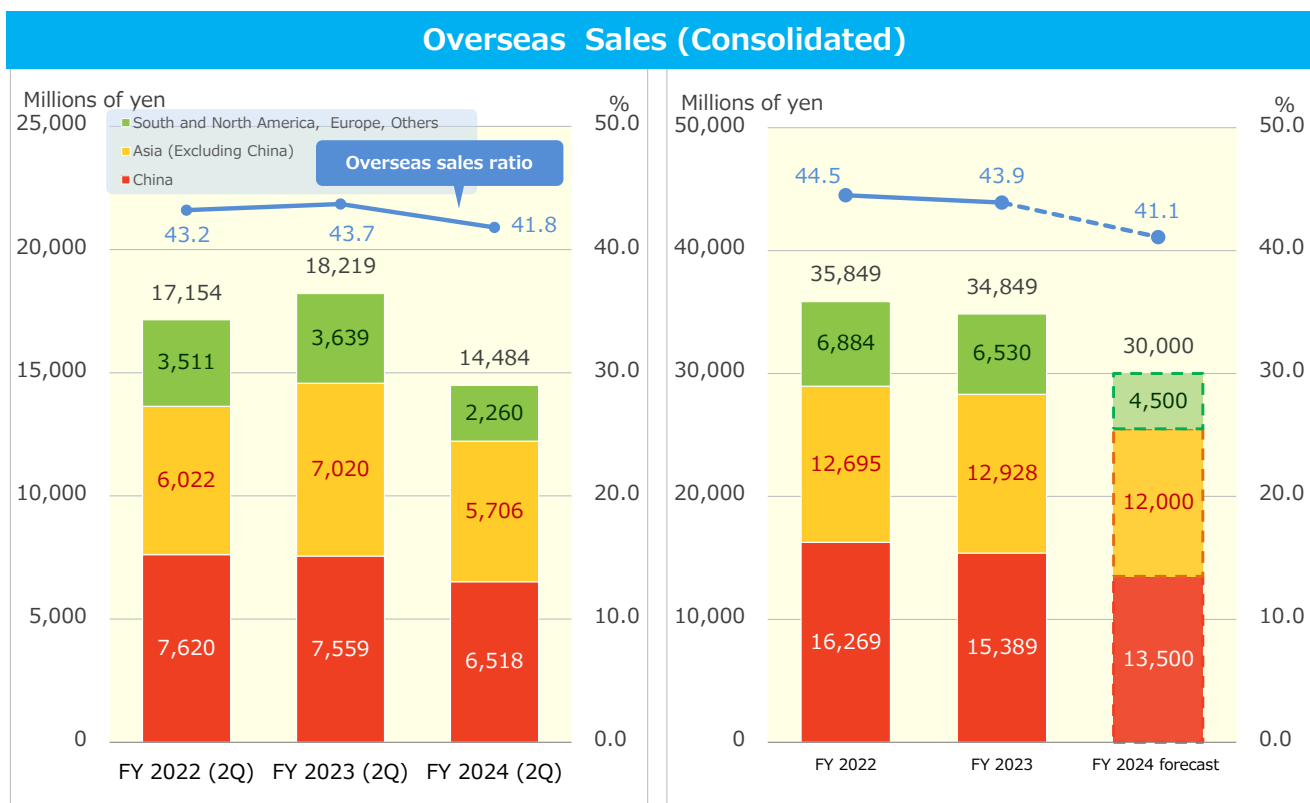
[Adhesive & Biomass Materials] Hydrogenated hydrocarbon resin, Adhesive resin, Colorless rosin derivative, Synthetic rubber polymerization emulsifier, etc.

[Fine Chemicals & Electronics] Precise parts cleaning agent and Cleaning system and its peripheral equipment, Thermoplastic Polyimide Solution, Fine chemical Products, Compounded Products for electronic material, Polishing agent for hard disk substrates, etc.

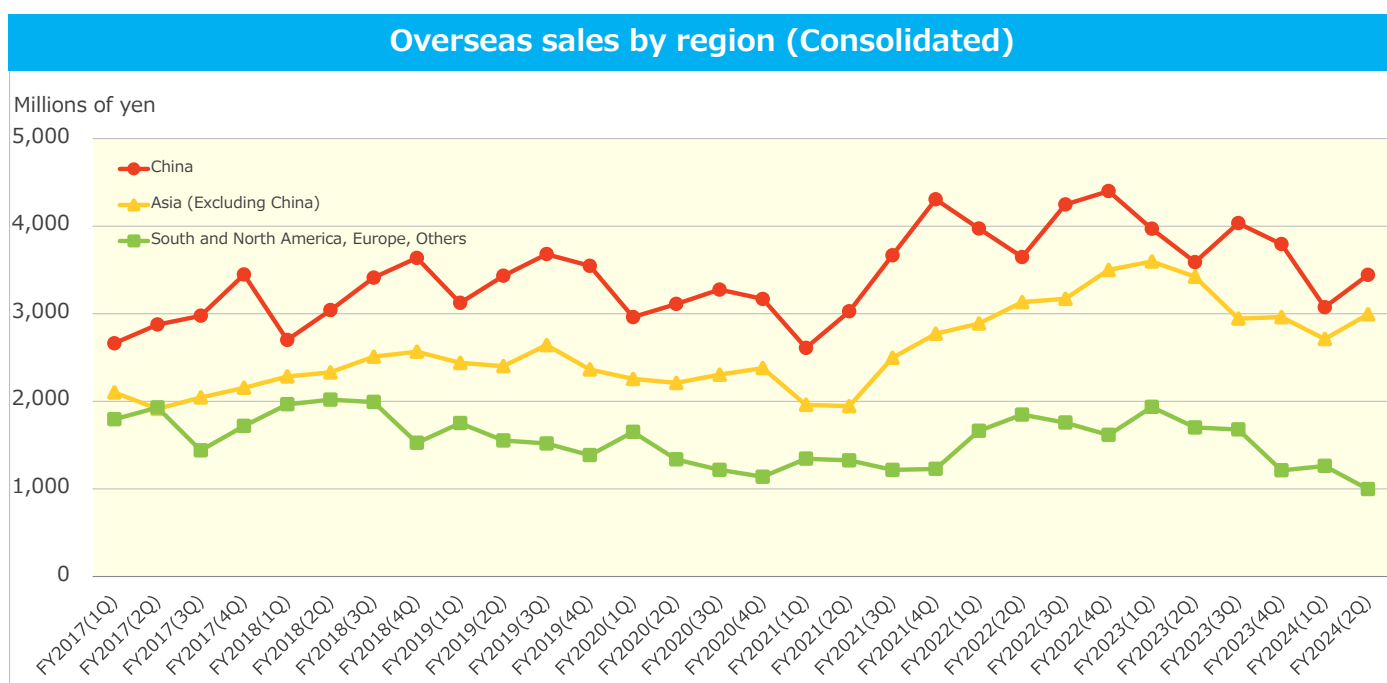
[Others] Insurance business, Real estate management, etc.

Depreciation expense of Chiba Arkon Production, Limited (millions of yen)	FY2023	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
	1,043	2,400	1,900	1,500

Overseas Sales (Consolidated)



Consolidated	FY 2022 (2Q)		FY 2023 (2Q)		FY 2024 (2Q)		FY 2022		FY 2023		FY 2024 forecast	
	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change	Millions of yen	% Change
Overseas sales	17,154	40.4	18,219	6.2	14,484	△ 20.5	35,849	28.5	34,849	△ 2.8	30,000	△ 13.9
Overseas sales in Asia	13,643	43.0	14,579	6.9	12,224	△ 16.2	28,965	27.1	28,318	△ 2.2	25,500	△ 10.0
Overseas sales in China	7,620	35.2	7,559	△ 0.8	6,518	△ 13.8	16,269	19.5	15,389	△ 5.4	13,500	△ 12.3
Overseas sales ratio	43.2%		43.7%		41.8%		44.5%		43.9%		41.1%	



Balance Sheets (Consolidated)

(Unit: Millions of yen)

Item	FY2023 (As of September 30, 2022)		FY2024 (As of September 30, 2023)		FY2023 (As of March 31, 2023)		Increase /Decrease (A) - (B)
	Amount	Composition ratio	Amount (A)	Composition ratio	Amount (B)	Composition ratio	
		%		%		%	
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	10,946		11,449		11,140		309
2. Notes and accounts receivable - trade	26,690		24,278		23,461		817
3. Electronically recorded monetary claims - operating	1,976		2,368		1,965		403
4. Merchandise and finished goods	11,521		12,679		12,609		70
5. Work in process	1,485		1,722		1,649		73
6. Raw materials and supplies	10,648		9,826		9,954		△ 127
7. Other	1,448		1,555		2,129		△ 574
8. Allowance for doubtful accounts	△ 117		△ 109		△ 110		0
Total current assets	64,600	54.1	63,771	52.0	62,799	52.8	972
II Non-current assets							
1. Property, plant and equipment							
(1) Buildings and structures	16,953		16,520		16,628		△ 108
(2) Machinery, equipment and vehicles	15,983		13,958		14,809		△ 850
(3) Land	5,005		5,001		4,993		7
(4) Construction in progress	1,344		4,561		2,927		1,634
(5) Other	1,090		1,040		1,083		△ 43
Total property, plant and equipment	40,378	33.8	41,082	33.5	40,442	34.0	639
2. Intangible assets							
(1) Other	1,816		1,636		1,678		△ 41
Total intangible assets	1,816	1.5	1,636	1.3	1,678	1.4	△ 41
3. Investments and other assets							
(1) Investment securities	7,355		9,662		7,837		1,825
(2) Retirement benefit asset	2,927		4,031		3,895		135
(3) Deferred tax assets	296		335		231		103
(4) Other	396		349		322		27
(5) Allowance for doubtful accounts	△ 143		△ 79		△ 75		△ 3
Total investments and other assets	10,833	9.1	14,298	11.7	12,210	10.2	2,088
Total non-current assets	53,028	44.4	57,017	46.5	54,331	45.6	2,685
III Deferred assets							
1. Business commencement expenses	1,826		1,930		1,904		26
Total deferred assets	1,826	1.5	1,930	1.5	1,904	1.6	26
Total assets	119,455	100.0	122,720	100.0	119,035	100.0	3,685

(Unit: Millions of yen)

Item	FY2023 (As of September 30, 2022)		FY2024 (As of September 30, 2023)		FY2023 (As of March 31, 2023)		Increase /Decrease (A) - (B)
	Amount	Composition ratio	Amount (A)	Composition ratio	Amount (B)	Composition ratio	
		%		%		%	
(Liabilities)							
I Current liabilities							
1. Notes and accounts payable - trade	10,248		8,491		9,973		△ 1,482
2. Electronically recorded obligations - operating	1,176		1,214		1,074		139
3. Short-term borrowings	17,469		25,472		19,645		5,827
4. Income taxes payable	496		376		336		40
5. Accrued consumption taxes	75		190		67		123
6. Provision for bonuses	1,207		1,049		1,036		13
7. Provision for bonuses for directors (and other officers)	10		-		-		-
8. Provision for repairs	501		429		414		15
9. Provision for loss on business liquidation	-		951		1,179		△ 228
10. Notes payable - facilities	125		151		219		△ 67
11. Other	7,855		7,245		8,167		△ 921
Total current liabilities	39,168	32.8	45,573	37.1	42,113	35.4	3,460
II Non-current liabilities							
1. Bonds payable	10,000		10,000		10,000		-
2. Long-term borrowings	3,700		5,162		5,407		△ 244
3. Deferred tax liabilities	1,820		2,743		2,372		370
4. Retirement benefit liability	317		315		298		16
5. Asset retirement obligations	2,178		2,232		2,161		71
6. Other	265		142		172		△ 30
Total non-current liabilities	18,282	15.3	20,596	16.8	20,412	17.1	184
Total liabilities	57,450	48.1	66,170	53.9	62,526	52.5	3,644
(Net assets)							
I Shareholders' equity							
1. Share capital	3,343		3,343		3,343		-
2. Capital surplus	3,564		3,564		3,564		-
3. Retained earnings	45,110		39,693		40,922		△ 1,229
4. Treasury shares	△ 1,211		△ 1,211		△ 1,211		-
Total shareholders' equity	50,806	42.5	45,389	37.0	46,618	39.2	△ 1,229
II Accumulated other comprehensive income							
1. Valuation difference on available-for-sale securities	2,562		4,199		2,933		1,265
2. Foreign currency translation adjustment	3,839		3,671		2,819		852
3. Remeasurements of defined benefit plans	1,144		1,598		1,710		△ 111
Total accumulated other comprehensive income	7,546	6.3	9,470	7.7	7,464	6.3	2,006
III Non-controlling interests	3,651	3.1	1,690	1.4	2,426	2.0	△ 736
Total net assets	62,005	51.9	56,550	46.1	56,509	47.5	40
Total liabilities and net assets	119,455	100.0	122,720	100.0	119,035	100.0	3,685

Statements of Income (Consolidated)

(Unit: Millions of yen)

Item	FY2023 '22/4-'22/9		FY2024 '23/4-'23/9		Increase /Decrease		FY2023 '22/4-'23/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of Change	Amount	Ratio
		%		%		%		%
I Net sales	41,712	100.0	34,672	100.0	△ 7,040	△ 16.9	79,431	100.0
II Cost of sales	33,915	81.3	29,527	85.2	△ 4,387	△ 12.9	67,859	85.4
Gross profit	7,796	18.7	5,144	14.8	△ 2,652	△ 34.0	11,571	14.6
III Selling, general and administrative expenses	7,360	17.7	6,972	20.1	△ 388	△ 5.3	14,479	18.3
Operating profit (loss)	436	1.0	△ 1,827	△ 5.3	△ 2,263	-	△ 2,907	△ 3.7
IV Non-operating income								
Interest income	11		46		35		32	
Dividend income	130		115		△ 15		248	
Rental income from real estate	51		21		△ 29		93	
Foreign exchange gains	558		249		△ 309		413	
Other	90		153		63		148	
Total non-operating income	842	2.0	586	1.7	△ 256	△ 30.4	935	1.2
V Non-operating expenses								
Interest expenses	100		145		44		224	
Provision for repairs	367		-		△ 367		384	
Other	53		65		11		105	
Total non-operating expenses	522	1.2	210	0.6	△ 312	△ 59.8	715	0.9
Ordinary profit (loss)	756	1.8	△ 1,451	△ 4.2	△ 2,208	-	△ 2,687	△ 3.4
VI Extraordinary income								
Gain on sale of non-current assets	2		4		2		1,059	
Gain on sale of investment securities	59		49		△ 10		303	
Total extraordinary income	61	0.2	54	0.2	△ 7	△ 12.4	1,363	1.7
VII Extraordinary losses								
Loss on sale and retirement of non-current assets	119		121		2		284	
Impairment losses	1,573		-		△ 1,573		1,838	
Loss on valuation of investment securities	0		-		△ 0		0	
Loss on liquidation of business	-		-		-		1,205	
Total extraordinary losses	1,693	4.1	121	0.4	△ 1,571	△ 92.8	3,328	4.2
Profit(Loss) before income taxes	△ 874	△ 2.1	△ 1,519	△ 4.4	△ 644	-	△ 4,652	△ 5.9
Income taxes - current	445	1.0	374	1.1	△ 70	△ 15.9	828	1.0
Income taxes - deferred	△ 144	△ 0.3	△ 243	△ 0.7	△ 99	-	54	0.1
Profit(Loss)	△ 1,176	△ 2.8	△ 1,650	△ 4.8	△ 474	-	△ 5,536	△ 7.0
Profit(Loss) attributable to non-controlling interests	49	0.1	897	△ 2.6	△ 946	-	△ 595	△ 0.8
Profit(Loss) attributable to owners of parent	△ 1,225	△ 2.9	△ 753	△ 2.2	△ 472	-	△ 4,941	△ 6.2

<Reference> Statements of Comprehensive Income (Consolidated)

Profit(Loss)	△ 1,176		△ 1,650		△ 474	-	△ 5,536	
Other comprehensive income								
Valuation difference on available-for-sale securities	△ 771		1,265		2,036		△ 400	
Foreign currency translation adjustment	1,936		1,014		△ 922		779	
Remeasurements of defined benefit plans, net of tax	△ 82		△ 112		△ 29		489	
Total other comprehensive income	1,082		2,167		1,084		868	
Comprehensive income	△ 93		516		610	-	△ 4,668	

Statements of Cash Flows (Consolidated)

(Unit: Millions of yen)

Item	FY2023	FY2024	Increase /Decrease	FY2023
	'22/4-'22/9	'23/4-'23/9		'22/4-'23/3
	Amount	Amount	Amount	Amount
I Cash flows from operating activities				
Profit (loss) before income taxes	△ 874	△ 1,519	△ 644	△ 4,652
Depreciation	1,698	2,779	1,080	4,477
Impairment losses	1,573	-	△ 1,573	1,838
Increase (decrease) in allowance for doubtful accounts	7	△ 4	△ 11	△ 54
Increase (decrease) in provision for bonuses	△ 183	5	188	△ 348
Increase (decrease) in provision for bonuses for directors (and other officers)	△ 48	-	48	△ 58
Increase (decrease) in retirement benefit liability	14	15	0	△ 3
Decrease (increase) in retirement benefit asset	△ 20	△ 133	△ 112	△ 988
Increase (decrease) in provision for loss on business liquidation	-	△ 340	△ 340	1,155
Loss (gain) on sale and retirement of non-current assets	117	116	△ 0	△ 775
Loss (gain) on sale of investment securities	△ 59	△ 49	10	△ 303
Loss on valuation of investment securities	0	-	△ 0	0
Interest and dividend income	△ 141	△ 161	△ 19	△ 280
Interest expenses	100	145	44	224
Decrease (increase) in trade receivables	31	△ 726	△ 758	2,863
Decrease (increase) in inventories	△ 944	510	1,455	△ 1,898
Increase (decrease) in trade payables	△ 1,324	△ 1,569	△ 245	△ 1,603
Increase (decrease) in accrued consumption taxes	427	330	△ 97	135
Other	△ 663	△ 652	10	628
Subtotal	△ 290	△ 1,255	△ 964	354
Interest and dividends received	153	160	7	284
Interest paid	△ 88	△ 126	△ 38	△ 218
Income taxes refund (paid)	△ 443	△ 297	146	△ 996
Net cash provided by (used in) operating activities	△ 669	△ 1,518	△ 849	△ 575
II Cash flows from investing activities				
Decrease (increase) in time deposits	-	38	38	△ 701
Purchase of property, plant and equipment	△ 2,141	△ 3,295	△ 1,153	△ 6,046
Proceeds from sale of property, plant and equipment	13	5	△ 7	1,231
Purchase of investment securities	△ 128	△ 19	108	△ 247
Proceeds from sale of investment securities	74	51	△ 23	478
Purchase of intangible assets	△ 33	△ 29	4	△ 69
Payments for deferred assets	△ 456	△ 28	428	△ 542
Decrease (increase) in investments and other assets	13	0	△ 12	7
Other	△ 20	△ 1	19	△ 156
Net cash provided by (used in) investing activities	△ 2,680	△ 3,277	△ 597	△ 6,046
III Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	3,847	5,499	1,651	1,506
Proceeds from long-term borrowings	-	391	391	7,109
Repayments of long-term borrowings	△ 66	△ 695	△ 629	△ 438
Purchase of treasury shares	△ 0	-	0	△ 0
Dividends paid	△ 476	△ 476	0	△ 952
Dividends paid to non-controlling interests	-	-	-	△ 448
Other	△ 58	△ 41	16	△ 110
Net cash provided by (used in) financing activities	3,247	4,677	1,430	6,666
IV Effect of exchange rate change on cash and cash equivalents	539	318	△ 220	△ 7
V Net increase (decrease) in cash and cash equivalents	437	200	△ 236	36
VI Cash and cash equivalents at beginning of period	9,250	9,286	36	9,250
VII Cash and cash equivalents at end of period	9,687	9,487	△ 200	9,286