

DATA BOOK

FY2023 (1st Quarter ended June 30,2022)

V-ACTION for sustainability



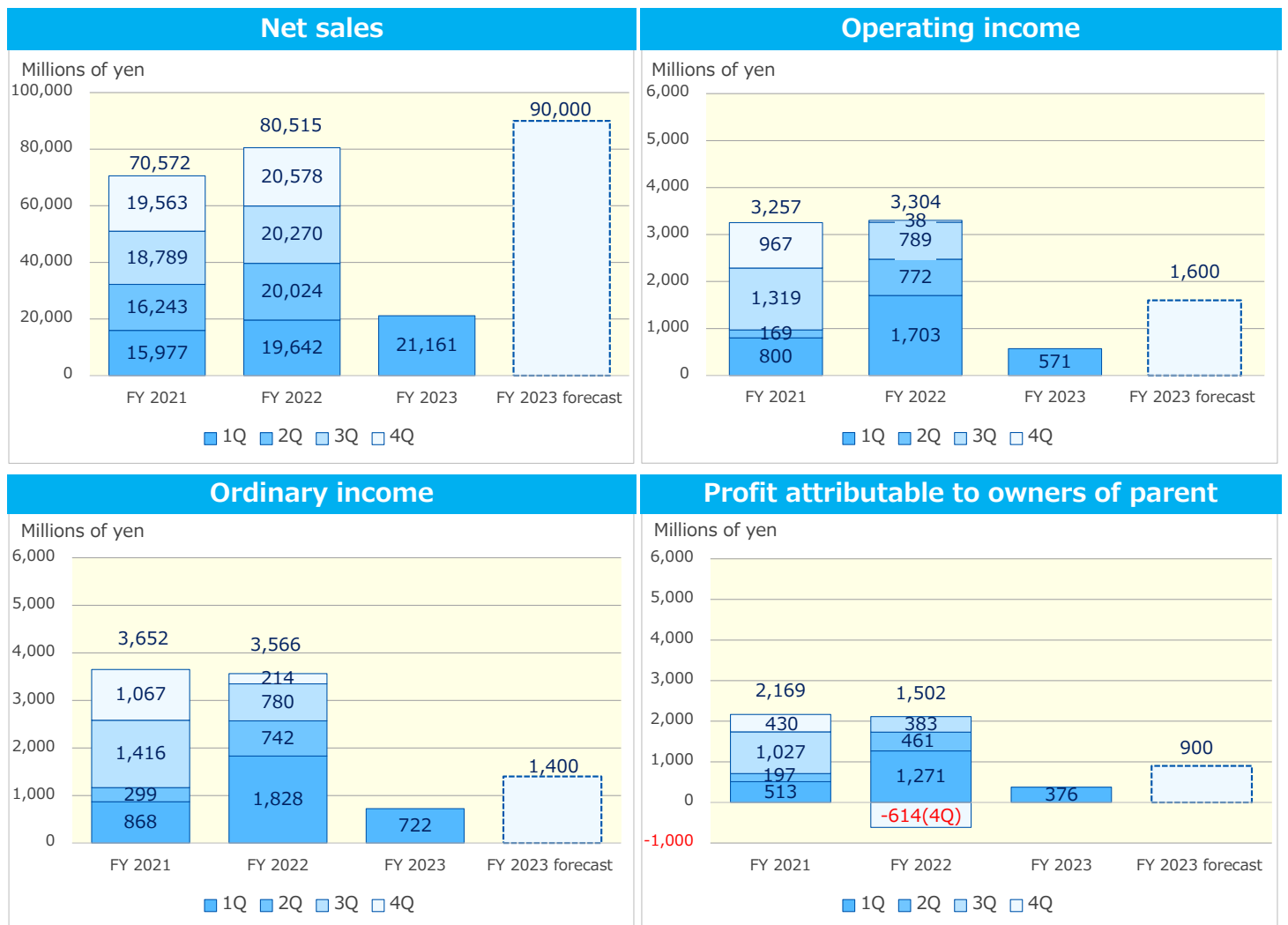
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August 2nd,2022

ARAKAWA CHEMICAL INDUSTRIES, LTD.

Performance (Consolidated)



Consolidated	FY 2021 (1Q)		FY 2022 (1Q)		FY 2023 (1Q)		FY 2021		FY 2022		FY 2023 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	15,977	△ 12.3	19,642	22.9	21,161	7.7	70,572	△ 3.3	80,515	14.1	90,000	11.8
Operating income	800	△ 8.5	1,703	112.7	571	△ 66.4	3,257	26.5	3,304	1.4	1,600	△ 51.6
Ordinary income	868	△ 10.7	1,828	110.6	722	△ 60.5	3,652	24.8	3,566	△ 2.3	1,400	△ 60.7
Profit attributable to owners of parent	513	2.4	1,271	147.9	376	△ 70.4	2,169	25.3	1,502	△ 30.7	900	△ 40.1

Capital expenditure, etc.

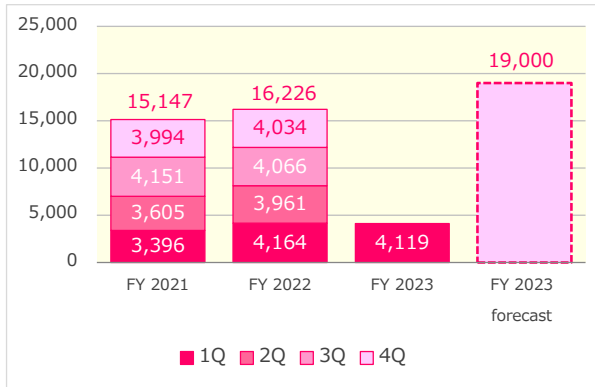
Consolidated	FY 2021 (1Q)		FY 2022 (1Q)		FY 2023 (1Q)		FY 2021		FY 2022		FY 2023 forecast	
	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease
Capital expenditure	305	△ 117	580	275	936	355	18,559	14,626	6,567	△ 11,991	6,430	△ 137
Depreciation	704	△ 20	679	△ 24	815	135	2,980	93	3,120	139	5,470	2,349
R&D expenses	791	53	730	△ 60	751	20	3,247	205	3,100	△ 147	3,480	379
Interest-bearing debt	21,716	7,021	22,170	453	29,402	7,231	21,789	2,743	26,680	4,891	33,500	6,819
EBITDA	1,575	△ 94	2,421	845	1,387	△ 1,033	6,423	680	6,500	77	7,070	569

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

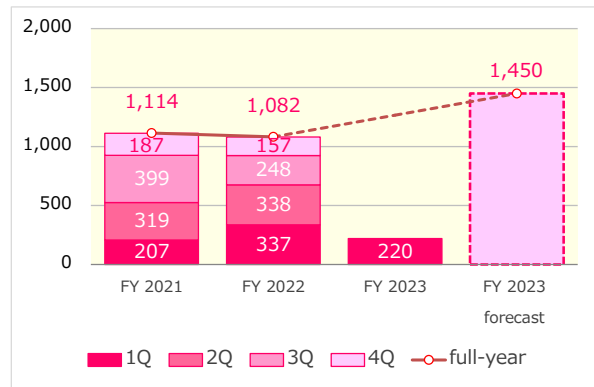
Segment Information (Consolidated)

Functional Coating Chemicals

Net sales (Millions of yen)

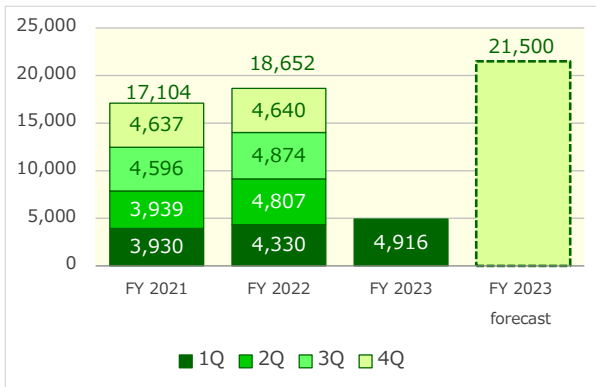


Segment income (Millions of yen)

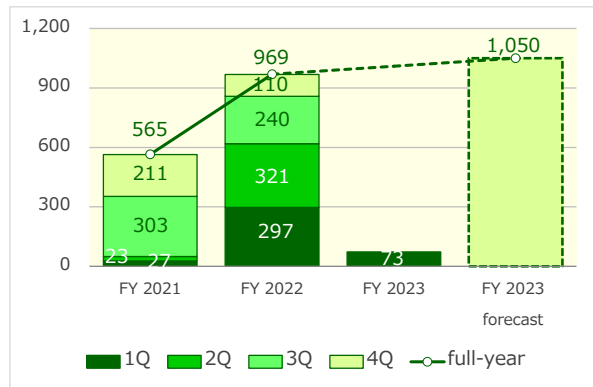


Paper Chemicals & Environmental Business

Net sales (Millions of yen)

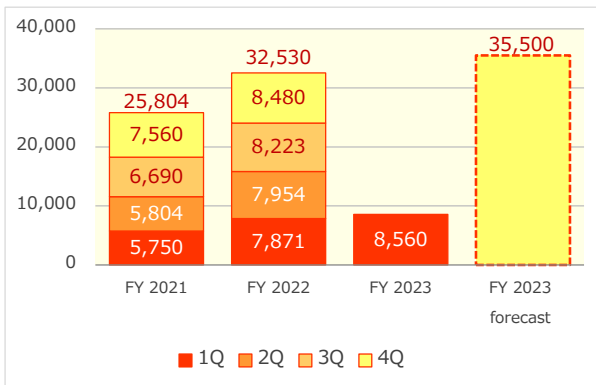


Segment income (Millions of yen)

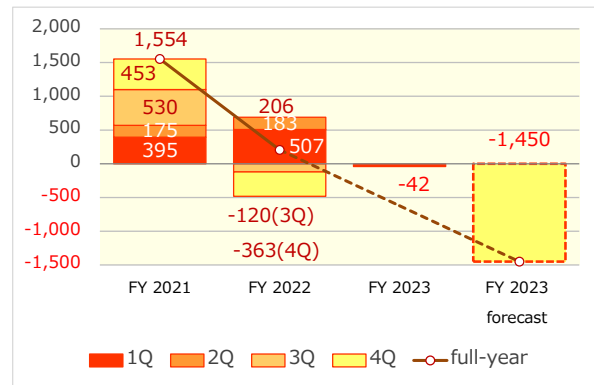


Adhesive & Biomass Materials

Net sales (Millions of yen)

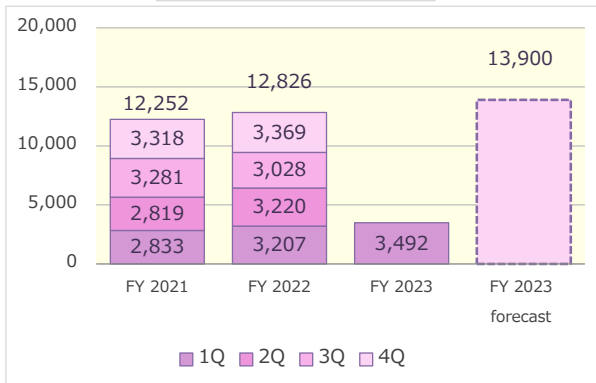


Segment income (Millions of yen)

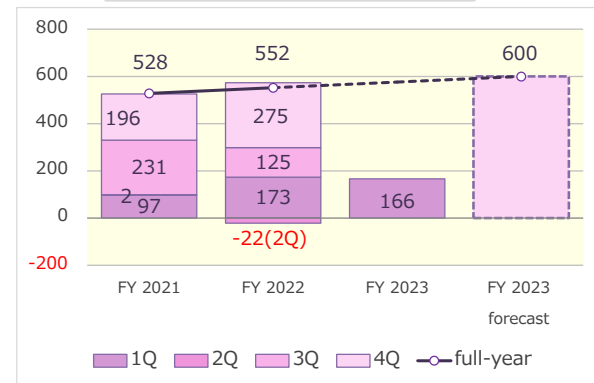


Fine Chemicals & Electronics

Net sales (Millions of yen)



Segment income (Millions of yen)



Segment Information (Consolidated)

Consolidated		FY 2021 (1Q)		FY 2022 (1Q)		FY 2023 (1Q)		FY 2021		FY 2022		FY 2023 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	3,396	△ 14.0	4,164	22.6	4,119	△ 1.1	15,147	△ 2.3	16,226	7.1	19,000	17.1
	Segment income	207	△ 16.0	337	62.4	220	△ 34.6	1,114	75.0	1,082	△ 2.9	1,450	34.0
	Segment income/sales	6.1%		8.1%		5.4%		7.4%		6.7%		7.6%	
Paper Chemicals & Environmental Business	Net sales ※1	3,930	△ 18.8	4,330	10.2	4,916	13.5	17,104	△ 9.6	18,652	9.1	21,500	15.3
	Segment income	27	△ 79.4	297	974.9	73	△ 75.2	565	63.1	969	71.4	1,050	8.3
	Segment income/sales	0.7%		6.9%		1.5%		3.3%		5.2%		4.9%	
Adhesive & Biomass Materials	Net sales ※1	5,750	△ 14.6	7,871	36.9	8,560	8.8	25,804	△ 2.3	32,530	26.1	35,500	9.1
	Segment income	395	△ 10.2	507	28.4	△ 42	—	1,554	12.2	206	△ 86.7	△ 1,450	—
	Segment income/sales	6.9%		6.4%		△ 0.5%		6.0%		0.6%		△ 4.1%	
Fine Chemicals & Electronics	Net sales ※1	2,833	8.0	3,207	13.2	3,492	8.9	12,252	3.4	12,826	4.7	13,900	8.4
	Segment income	97	△ 7.4	173	78.1	166	△ 3.9	528	36.9	552	4.6	600	8.6
	Segment income/sales	3.4%		5.4%		4.8%		4.3%		4.3%		4.3%	
Others	Net sales ※1	66	△ 16.6	67	1.9	72	7.0	263	△ 5.2	279	6.2	100	△ 64.2
	Segment income	6	△ 35.2	9	58.7	9	△ 4.9	26	△ 16.2	45	72.8	30	△ 33.9
	Segment income/sales	9.1%		14.1%		12.6%		10.0%		16.2%		30.0%	
Subtotal	Net sales ※1	15,977	△ 12.3	19,642	22.9	21,161	7.7	70,572	△ 3.3	80,515	14.1	90,000	11.8
	Segment income	733	△ 21.6	1,325	80.5	427	△ 67.7	3,789	36.0	2,855	△ 24.6	1,680	△ 41.2
	Segment income/sales	4.6%		6.7%		2.0%		5.4%		3.5%		1.9%	
Consolidated total	Development Investment ※2	△ 93	—	△ 104	—	△ 102	—	△ 377	—	△ 437	—	△ 410	—
	Segment income	640	△ 25.9	1,220	90.5	324	△ 73.4	3,411	36.9	2,418	△ 29.1	1,270	△ 47.5
	Segment income/sales	4.0%		6.2%		1.5%		4.8%		3.0%		1.4%	

※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.

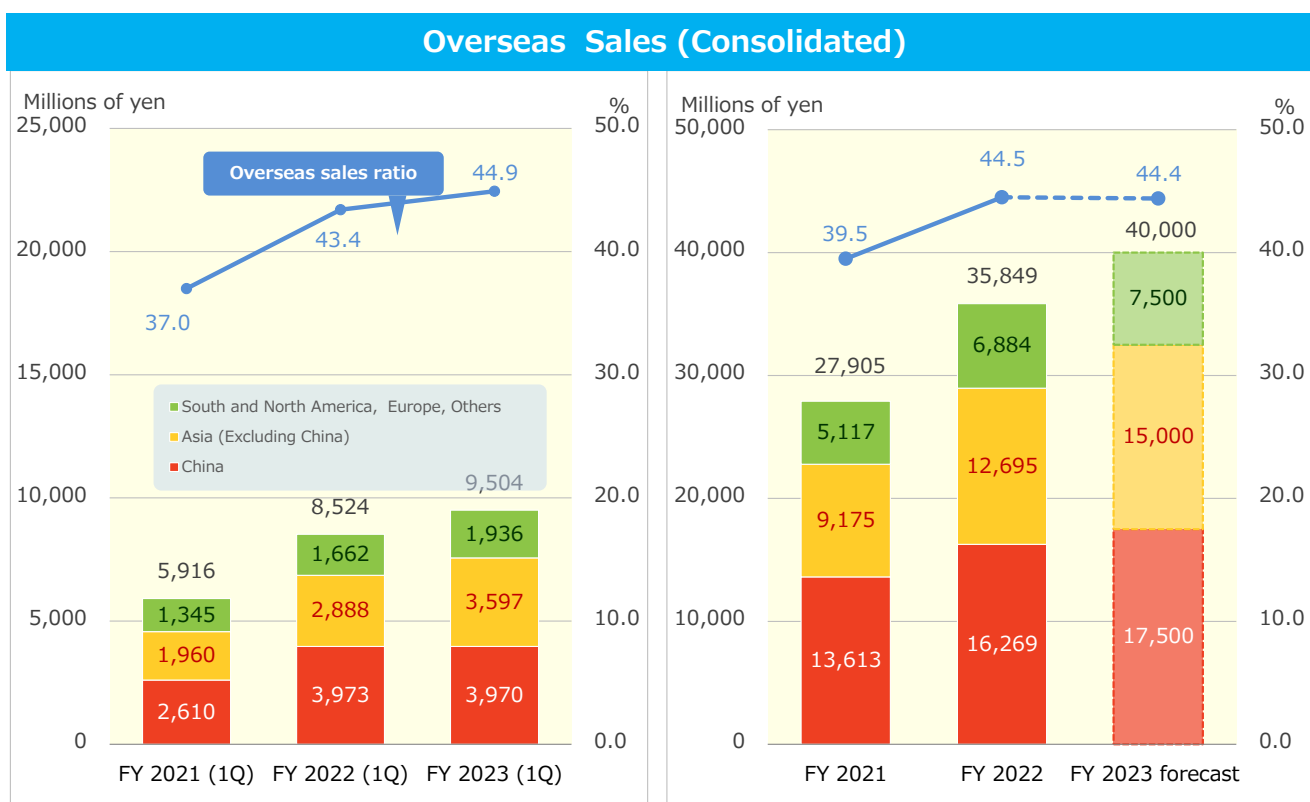
[Paper chemicals & Environmental Business] Paper strengthening agent, Sizing agent, New water-based polymer, etc.

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

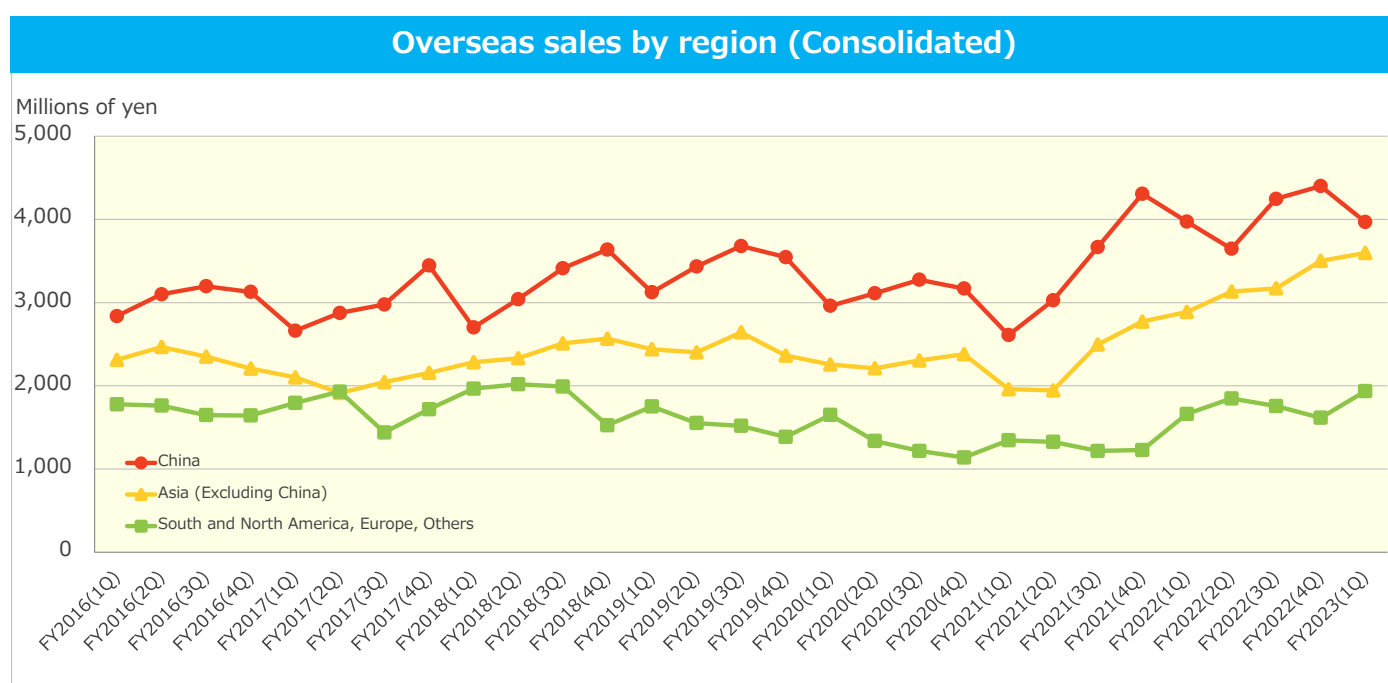
[Fine Chemicals & Electronics] Precise parts cleaning agent and Cleaning system and its peripheral equipment, Thermoplastic Polyimide Solution, Fine chemical Products, Compounded Products for electronic material, Polishing agent for hard disk substrates, etc.

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

Overseas Sales (Consolidated)



Consolidated	FY 2021 (1Q)		FY 2022 (1Q)		FY 2023 (1Q)		FY 2021		FY 2022		FY 2023 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	5,916	△ 13.9	8,524	44.1	9,504	11.5	27,905	3.3	35,849	28.5	40,000	11.6
Overseas sales in Asia	4,570	△ 12.4	6,862	50.1	7,567	10.3	22,788	5.1	28,965	27.1	32,500	12.2
Overseas sales in China	2,610	△ 11.9	3,973	52.2	3,970	△ 0.1	13,613	8.7	16,269	19.5	17,500	7.6
Overseas sales ratio	37.0%		43.4%		44.9%		39.5%		44.5%		44.4%	



Balance Sheets (Consolidated)

(Unit: Millions of yen)

Item	FY2022 (As of June 30, 2021)		FY2023 (As of June 30, 2022)		FY2022 (As of March 31, 2022)		Increase /Decrease (A) - (B)
	Amount	Composition ratio	Amount (A)	Composition ratio	Amount (B)	Composition ratio	
		%		%		%	
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	8,781		10,096		10,374		△ 277
2. Notes and accounts receivable - trade	24,524		27,280		25,713		1,567
3. Electronically recorded monetary claims - operating	1,803		1,989		1,953		36
4. Merchandise and finished goods	9,548		10,985		10,826		158
5. Work in process	1,291		1,508		1,196		312
6. Raw materials and supplies	7,677		11,279		10,136		1,142
7. Other	2,295		2,179		2,392		△ 212
8. Allowance for doubtful accounts	△ 111		△ 122		△ 115		△ 7
Total Current assets	55,809	51.5	65,197	54.1	62,477	53.1	2,719
II Non-current assets							
1. Property, plant and equipment							
(1) Buildings and structures	15,398		17,034		16,823		210
(2) Machinery, equipment and vehicles	14,908		16,826		16,385		441
(3) Land	4,996		5,000		4,994		6
(4) Construction in progress	2,392		949		1,038		△ 88
(5) Other	944		1,025		1,035		△ 9
Total property, plant and equipment	38,640	35.7	40,837	33.9	40,277	34.2	560
2. Intangible assets							
(1) Goodwill	38		-		-		-
(2) Other	1,731		1,846		1,851		△ 4
Total intangible assets	1,770	1.6	1,846	1.5	1,851	1.6	△ 4
3. Investments and other assets							
(1) Investment securities	8,322		7,788		8,342		△ 553
(2) Retirement benefit asset	2,443		2,916		2,907		9
(3) Deferred tax assets	217		220		267		△ 46
(4) Other	358		388		365		23
(5) Allowance for doubtful accounts	△ 107		△ 135		△ 115		△ 19
Total investments and other assets	11,234	10.4	11,178	9.3	11,766	10.0	△ 588
Total noncurrent assets	51,645	47.7	53,862	44.7	53,895	45.8	△ 32
III Deferred Assets							
1. Business commencement expenses	841		1,563		1,366		196
Total deferred assets	841	0.8	1,563	1.2	1,366	1.1	196
Total assets	108,296	100.0	120,623	100.0	117,739	100.0	2,884

(Unit: Millions of yen)

Item	FY2022 (As of June 30, 2021)		FY2023 (As of June 30, 2022)		FY2022 (As of March 31, 2022)		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	8,470		11,873		10,965		907
2. Electronically recorded obligations - operating	1,022		1,250		1,257	△	7
3. Short-term borrowings	8,390		15,702		12,965		2,737
4. Current portion of bonds payable	5,000		-		-		-
5. Income taxes payable	425		439		526	△	86
6. Accrued consumption taxes	211		107		54		53
7. Provision for bonuses	644		672		1,375	△	702
8. Provision for bonuses for directors (and other officers)	24		10		58	△	48
9. Provision for repairs	487		494		255		239
10. Notes payable - facilities	260		87		76		10
11. Other	7,629		8,507		8,938	△	431
Total current liabilities	32,564	30.1	39,146	32.5	36,474	31.0	2,671
II Non-current liabilities							
1. Bonds payable	5,000		10,000		10,000		-
2. Long-term borrowings	3,780		3,700		3,715	△	15
3. Deferred tax liabilities	2,416		2,198		2,313	△	114
4. Retirement benefit liability	305		313		300		12
5. Asset retirement obligations	1,796		2,149		2,120		29
6. Other	330		269		236		33
Total noncurrent liabilities	13,628	12.6	18,630	15.4	18,686	15.9	△ 55
Total liabilities	46,193	42.7	57,777	47.9	55,160	46.9	2,616
(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	47,061		46,716		46,816	△	99
4. Treasury shares	△ 1,211		△ 1,211		△ 1,211		-
Total shareholders' equity	52,757	48.7	52,413	43.4	52,512	44.5	△ 99
II Accumulated other comprehensive income							
1. Valuation difference on available-for-sale securities	3,412		2,865		3,334	△	468
2. Foreign currency translation adjustment	1,498		2,923		2,112		810
3. Remeasurements of defined benefit plans	1,012		1,185		1,225	△	39
Total accumulated other comprehensive income	5,922	5.5	6,974	5.8	6,671	5.7	302
III Non-controlling interests	3,422	3.2	3,458	2.9	3,394	2.9	64
Total net assets	62,102	57.3	62,846	52.1	62,578	53.1	267
Total liabilities and net assets	108,296	100.0	120,623	100.0	117,739	100.0	2,884

Statements of Income (Consolidated)

(Unit : Millions of yen)

Item	FY2022 '21/4-'21/6		FY2023 '22/4-'22/6		Increase /Decrease		FY2022 '21/4-'22/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of Change	Amount	Ratio
I Net sales	19,642	100.0	21,161	100.0	1,519	7.7	80,515	100.0
II Cost of sales	14,334	73.0	16,830	79.5	2,496	17.4	62,544	77.7
Gross profit	5,308	27.0	4,331	20.5	△ 976	△ 18.4	17,971	22.3
III Selling, general and administrative expenses	3,605	18.3	3,759	17.9	154	4.3	14,667	18.3
Operating profit	1,703	8.7	571	2.7	△ 1,131	△ 66.4	3,304	4.1
IV Non-operating income								
Interest income	5		3		△ 2		30	
Dividend income	68		82		13		227	
Rental income from real estate	24		24		0		96	
Foreign exchange gains	109		309		200		329	
Insurance claim income	100		-		△ 100		101	
Other	32		29		△ 3		182	
Total non-operating income	341	1.7	449	2.1	107	31.5	967	1.2
V Non-operating expenses								
Interest expenses	36		48		12		158	
Bond issuance costs	-		-		-		27	
Loss on investments in investment partnerships	-		-		-		11	
Provision for repairs	161		210		49		404	
Other	17		39		21		102	
Total non-operating expenses	215	1.1	298	1.4	82	38.4	704	0.9
Ordinary profit	1,828	9.3	722	3.4	△ 1,106	△ 60.5	3,566	4.4
VI Extraordinary income								
Gain on sale of non-current assets	0		0		△ 0		4	
Gain on sale of investment securities	0		-		△ 0		3	
Total extraordinary income	1	0.0	0	0.0	△ 1	△ 99.7	7	0.0
VII Extraordinary losses								
Loss on sale and retirement of non-current assets	17		9		△ 8		283	
Impairment losses	-		-		-		346	
Loss on valuation of non-current assets	-		-		-		3	
Loss on valuation of investment securities	-		-		-		0	
Total extraordinary losses	17	0.1	9	0.0	△ 8	△ 46.1	633	0.7
Profit before income taxes	1,812	9.2	713	3.4	△ 1,099	△ 60.7	2,941	3.7
Income taxes - current	185	1.0	170	0.8	△ 14	△ 7.7	1,022	1.3
Income taxes - deferred	322	1.6	157	0.8	△ 165	△ 51.2	110	0.2
Profit	1,305	6.6	384	1.8	△ 920	△ 70.5	1,808	2.2
Profit attributable to non-controlling interests	33	0.1	7	0.0	△ 25	△ 76.6	305	0.3
Profit attributable to owners of parent	1,271	6.5	376	1.8	△ 894	△ 70.4	1,502	1.9
<Reference> Statements of Comprehensive Income (Consolidated)								
Profit	1,305		384		△ 920	△ 70.5	1,808	
Other comprehensive income								
Valuation difference on available-for-sale securities	△ 163		△ 468		△ 305		△ 241	
Foreign currency translation adjustment	940		867		△ 72		1,681	
Remeasurements of defined benefit plans, net of tax	△ 33		△ 40		△ 7		177	
Total other comprehensive income	743		358		△ 384		1,617	
Comprehensive income	2,048		743		△ 1,304	△ 63.7	3,425	