

# DATA BOOK

**FY2023** (2nd Quarter ended September 30,2022)

***V-ACTION for sustainability***



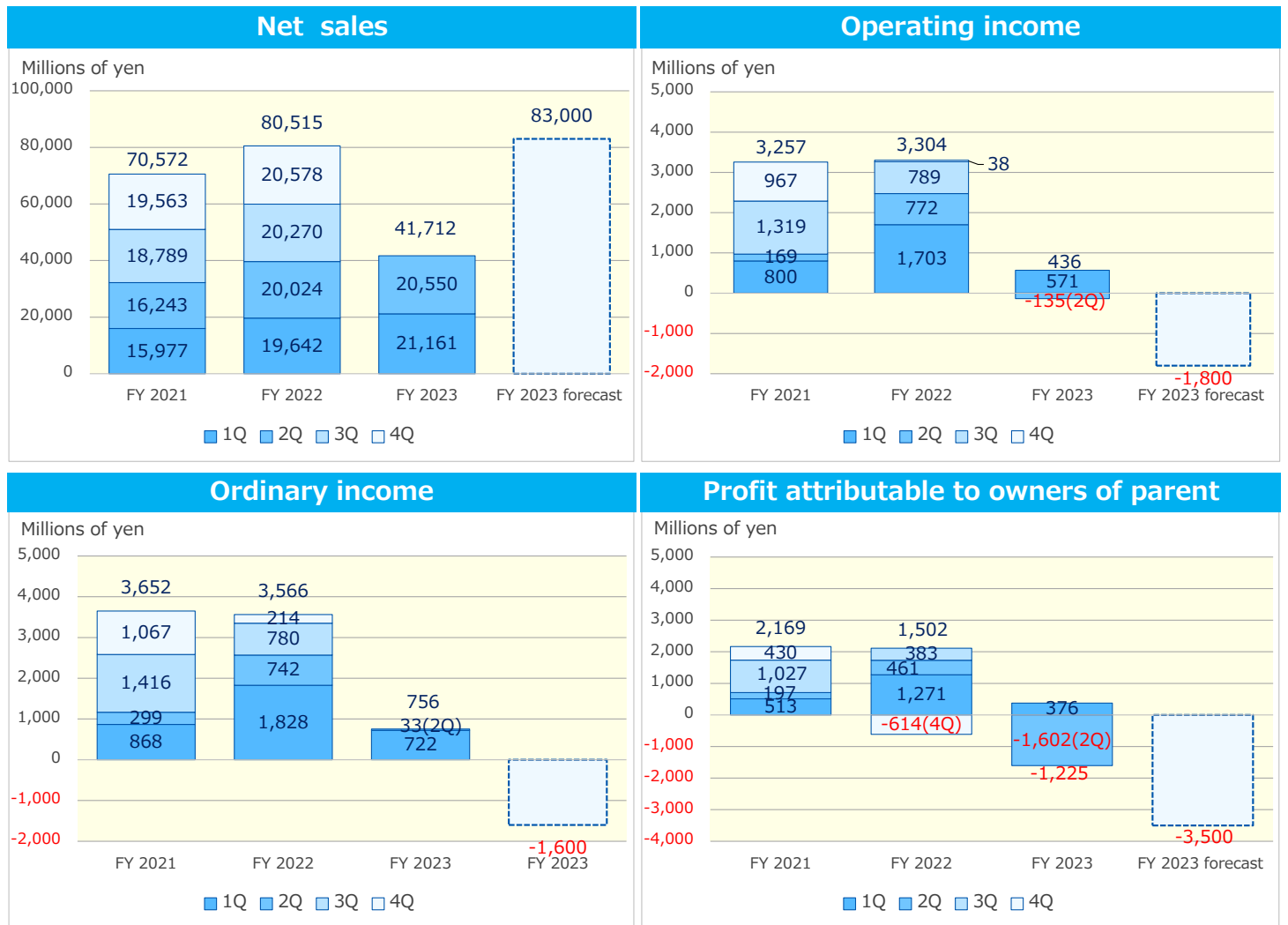
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**November 2nd,2022**

**ARAKAWA CHEMICAL INDUSTRIES, LTD.**

## Performance (Consolidated)



Consolidated	FY 2021 (2Q)		FY 2022 (2Q)		FY 2023 (2Q)		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	32,220	△ 11.9	39,667	23.1	41,712	5.2	70,572	△ 3.3	80,515	14.1	83,000	3.1
Operating income	969	5.3	2,475	155.3	436	△ 82.4	3,257	26.5	3,304	1.4	△ 1,800	-
Ordinary income	1,167	2.2	2,571	120.3	756	△ 70.6	3,652	24.8	3,566	△ 2.3	△ 1,600	-
Profit attributable to owners of parent	710	56.4	1,733	143.9	△ 1,225	-	2,169	25.3	1,502	△ 30.7	△ 3,500	-

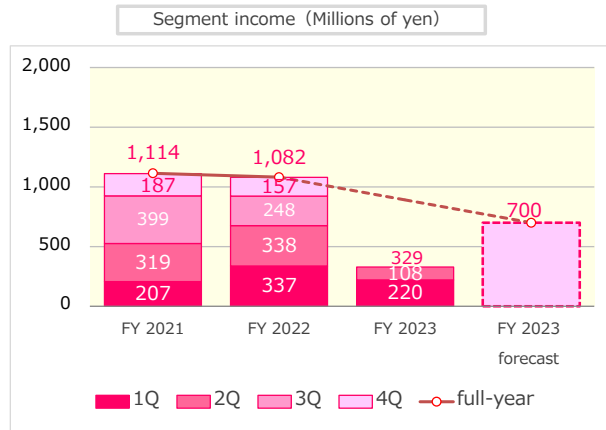
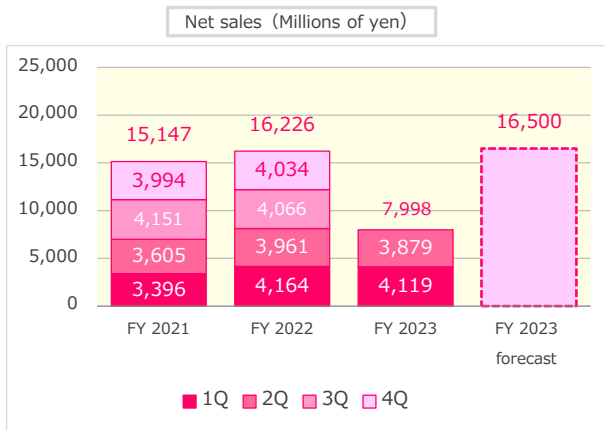
## Capital expenditure, etc.

Consolidated	FY 2021 (2Q)		FY 2022 (2Q)		FY 2023 (2Q)		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 investment	929	△ 489	1,416	486	1,682	266	18,559	14,626	6,567	△ 11,991	6,560	△ 7
Depreciation	1,441	118	1,385	△ 55	1,698	313	2,980	93	3,120	139	4,760	1,639
R&D expenses	1,569	49	1,511	△ 57	1,503	△ 7	3,247	205	3,100	△ 147	3,480	379
Interest-bearing debt	21,704	5,936	22,346	642	31,169	8,823	21,789	2,743	26,680	4,891	35,500	8,819
EBITDA	2,519	134	3,938	1,418	2,135	△ 1,802	6,423	680	6,500	77	2,960	△ 3,540

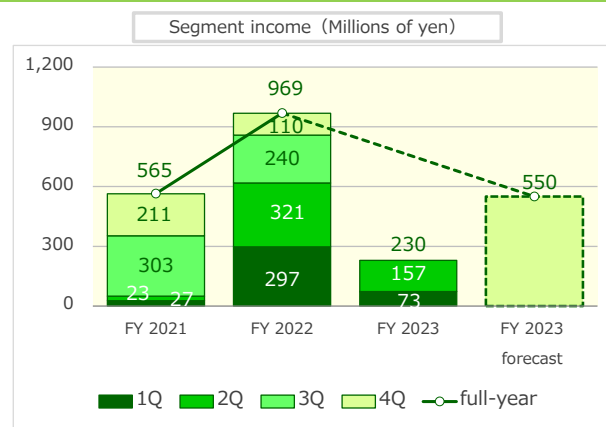
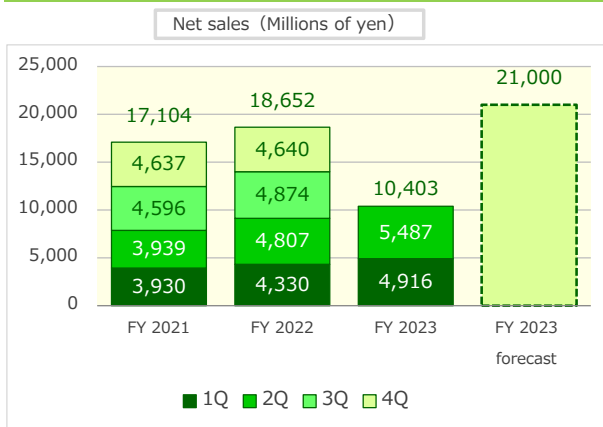
[ EBITDA ] Operating profit before amortization = Operating profit + Depreciation expense + Amortization of goodwill

### Segment Information (Consolidated)

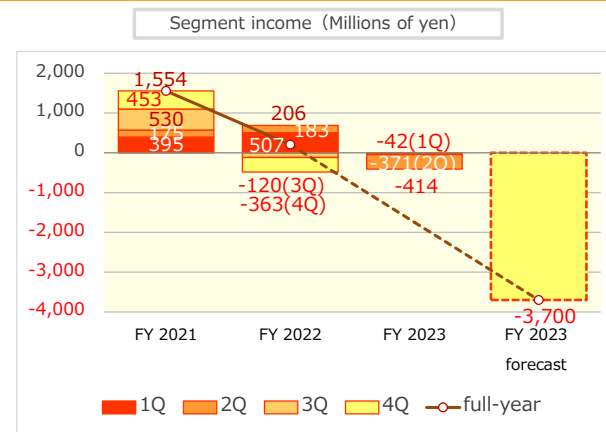
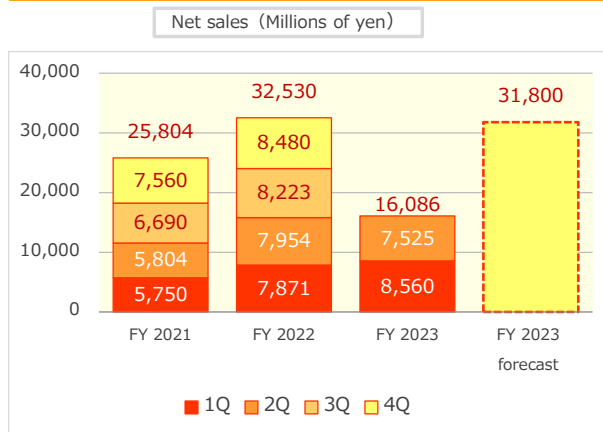
## Functional Coating Chemicals



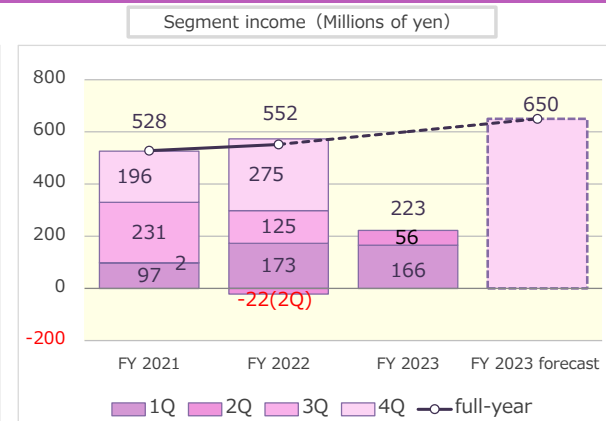
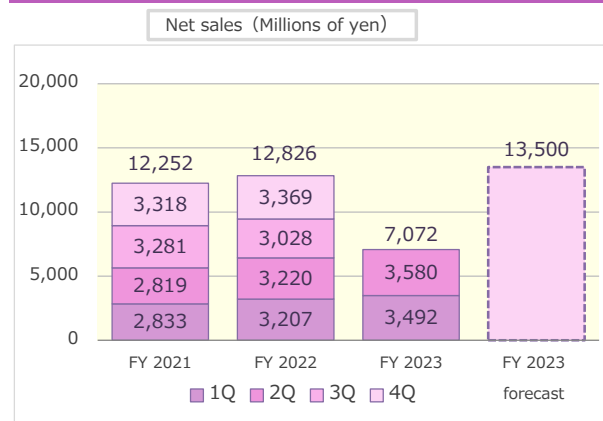
## Paper Chemicals & Environmental Business



## Adhesive & Biomass Materials



## Fine Chemicals & Electronics



## Segment Information (Consolidated)

Consolidated		FY 2021 (2Q)		FY 2022 (2Q)		FY 2023 (2Q)		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	7,001	△ 8.0	8,126	16.1	7,998	△ 1.6	15,147	△ 2.3	16,226	7.1	16,500	1.7
	Segment income	527	101.0	676	28.2	329	△ 51.3	1,114	75.0	1,082	△ 2.9	700	△ 35.3
	Segment income/sales	7.5%		8.3%		4.1%		7.4%		6.7%		4.2%	
Paper Chemicals & Environmental Business	Net sales ※1	7,870	△ 19.0	9,137	16.1	10,403	13.9	17,104	△ 9.6	18,652	9.1	21,000	12.6
	Segment income	50	△ 73.8	618	—	230	△ 62.7	565	63.1	969	71.4	550	△ 43.3
	Segment income/sales	0.6%		6.8%		2.2%		3.3%		5.2%		2.6%	
Adhesive & Biomass Materials	Net sales ※1	11,554	△ 13.4	15,825	37.0	16,086	1.6	25,804	△ 2.3	32,530	26.1	31,800	△ 2.2
	Segment income	570	△ 20.4	690	21.1	△ 414	—	1,554	12.2	206	△ 86.7	△ 3,700	—
	Segment income/sales	4.9%		4.4%		△ 2.6%		6.0%		0.6%		△ 11.6%	
Fine Chemicals & Electronics	Net sales ※1	5,652	△ 1.4	6,428	13.7	7,072	10.0	12,252	3.4	12,826	4.7	13,500	5.3
	Segment income	100	△ 48.5	151	51.2	223	47.7	528	36.9	552	4.6	650	17.7
	Segment income/sales	1.8%		2.4%		3.2%		4.3%		4.3%		4.8%	
Others	Net sales ※1	141	△ 9.2	149	5.4	151	1.4	263	△ 5.2	279	6.2	200	△ 28.4
	Segment income	11	△ 29.0	23	99.6	18	△ 21.2	26	△ 16.2	45	72.8	40	△ 11.8
	Segment income/sales	8.4%		15.9%		12.3%		10.0%		16.2%		20.0%	
Subtotal	Net sales ※1	32,220	△ 11.9	39,667	23.1	41,712	5.2	70,572	△ 3.3	80,515	14.1	83,000	3.1
	Segment income	1,260	△ 8.9	2,160	71.4	388	△ 82.0	3,789	36.0	2,855	△ 24.6	△ 1,760	—
	Segment income/sales	3.9%		5.4%		0.9%		5.4%		3.5%		△ 2.1%	
Consolidated total	Development Investment ※2	△ 188	—	△ 216	—	△ 198	—	△ 377	—	△ 437	—	△ 410	—
	Segment income	1,071	△ 13.3	1,943	81.3	189	△ 90.2	3,411	36.9	2,418	△ 29.1	△ 2,170	—
	Segment income/sales	3.3%		4.9%		0.5%		4.8%		3.0%		△ 2.6%	

※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.

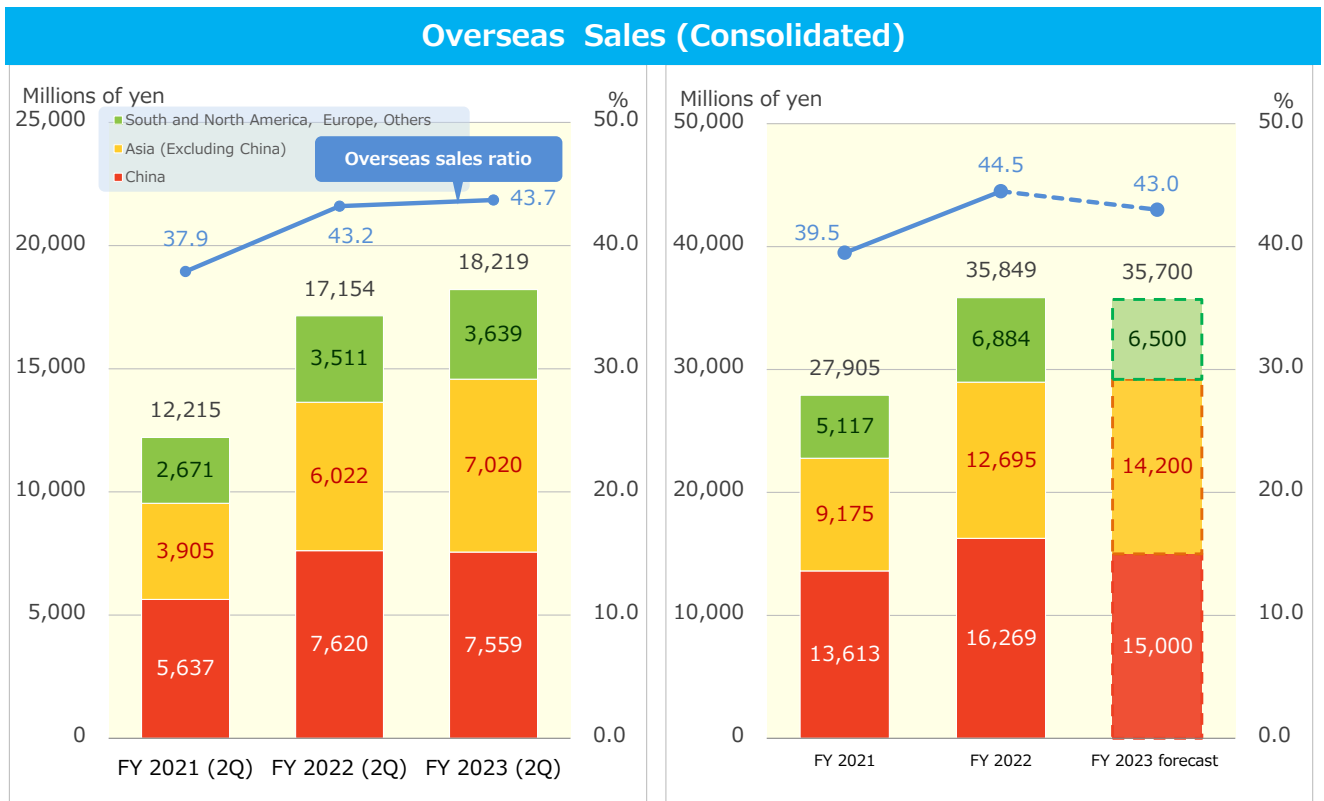
[Paper chemicals & Environmental Business] Paper strengthening agent, Sizing agent, New water-based polymer, etc.

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

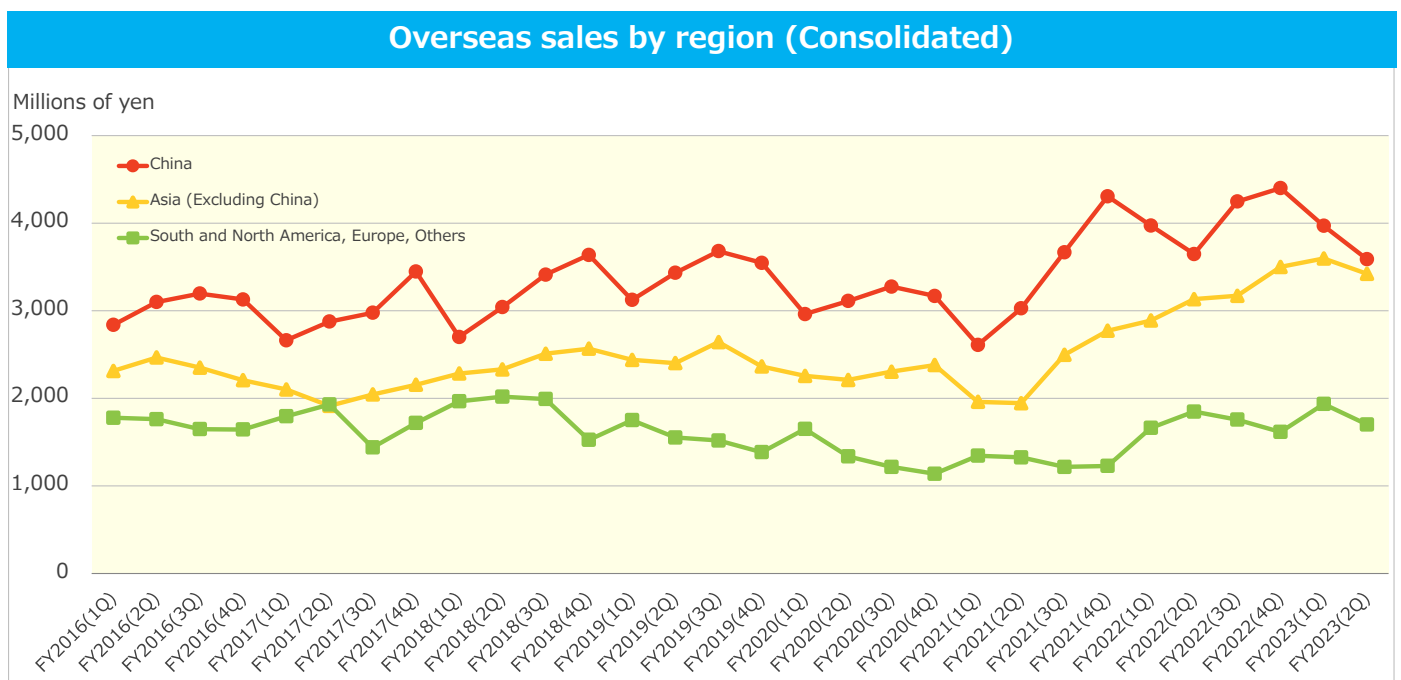
[Fine Chemicals & Electronics] Precise parts cleaning agent and Cleaning system and its peripheral equipment, Thermoplastic Polyimide Solution, Fine chemical Products, Compounded Products for electronic material, Polishing agent for hard disk substrates, etc.

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

## Overseas Sales (Consolidated)



Consolidated	FY 2021 (2Q)		FY 2022 (2Q)		FY 2023 (2Q)		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
<b>Overseas sales</b>	12,215	△ 9.7	17,154	40.4	<b>18,219</b>	<b>6.2</b>	27,905	3.3	35,849	28.5	35,700	△ 0.4
Overseas sales in Asia	9,543	△ 9.5	13,643	43.0	<b>14,579</b>	<b>6.9</b>	22,788	5.1	28,965	27.1	29,200	0.8
Overseas sales in China	5,637	△ 7.2	7,620	35.2	<b>7,559</b>	△ <b>0.8</b>	13,613	8.7	16,269	19.5	15,000	△ 7.8
<b>Overseas sales ratio</b>	37.9%		43.2%		<b>43.7%</b>		39.5%		44.5%		43.0%	



## Balance Sheets (Consolidated)

(Unit: Millions of yen)

Item	FY2022 (As of September 30, 2021)		FY2023 (As of September 30, 2022)		FY2022 (As of March 31, 2022)		Increase /Decrease (A) - (B)
	Amount	Composition ratio	Amount (A)	Composition ratio	Amount (B)	Composition ratio	
		%		%		%	
(Assets)		%		%		%	
<b>I Current assets</b>							
1. Cash and deposits	9,581		10,946		10,374		572
2. Notes and accounts receivable - trade	24,273		26,690		25,713		977
3. Electronically recorded monetary claims - operating	1,843		1,976		1,953		23
4. Merchandise and finished goods	9,058		11,521		10,826		694
5. Work in process	1,296		1,485		1,196		288
6. Raw materials and supplies	8,466		10,648		10,136		512
7. Other	1,625		1,448		2,392		△ 943
8. Allowance for doubtful accounts	△ 109		△ 117		△ 115		△ 2
Total current assets	56,035	51.1	64,600	54.1	62,477	53.1	2,122
<b>II Non-current assets</b>							
1. Property, plant and equipment							
(1) Buildings and structures	15,374		16,953		16,823		130
(2) Machinery, equipment and vehicles	14,997		15,983		16,385		△ 401
(3) Land	4,994		5,005		4,994		11
(4) Construction in progress	3,075		1,344		1,038		306
(5) Other	983		1,090		1,035		55
Total property, plant and equipment	39,425	36.0	40,378	33.8	40,277	34.2	101
2. Intangible assets							
(1) Other	1,841		1,816		1,851		△ 35
Total intangible assets	1,841	1.7	1,816	1.5	1,851	1.6	△ 35
3. Investments and other assets							
(1) Investment securities	8,343		7,355		8,342		△ 986
(2) Retirement benefit asset	2,448		2,927		2,907		20
(3) Deferred tax assets	289		296		267		29
(4) Other	370		396		365		30
(5) Allowance for doubtful accounts	△ 109		△ 143		△ 115		△ 27
Total investments and other assets	11,343	10.3	10,833	9.1	11,766	10.0	△ 932
Total non-current assets	52,610	48.0	53,028	44.4	53,895	45.8	△ 866
<b>III Deferred Assets</b>							
1. Business commencement expenses	1,011		1,826		1,366		459
Total deferred assets	1,011	0.9	1,826	1.5	1,366	1.1	459
Total assets	109,658	100.0	119,455	100.0	117,739	100.0	1,716

(Unit: Millions of yen)

Item	FY2022 (As of September 30, 2021)		FY2023 (As of September 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	8,917		10,248		10,965		△ 716
2. Electronically recorded obligations - operating	1,142		1,176		1,257		△ 80
3. Short-term borrowings	8,599		17,469		12,965		4,504
4. Current portion of bonds payable	5,000		-		-		-
5. Income taxes payable	456		496		526		△ 29
6. Accrued consumption taxes	118		75		54		21
7. Provision for bonuses	1,255		1,207		1,375		△ 168
8. Provision for bonuses for directors (and other officers)	34		10		58		△ 48
9. Provision for repairs	340		501		255		245
10. Notes payable - facilities	165		125		76		49
11. Other	7,499		7,855		8,938		△ 1,083
Total current liabilities	33,528	30.6	39,168	32.8	36,474	31.0	2,693
II Non-current liabilities							
1. Bonds payable	5,000		10,000		10,000		-
2. Long-term borrowings	3,747		3,700		3,715		△ 15
3. Deferred tax liabilities	2,278		1,820		2,313		△ 492
4. Retirement benefit liability	317		317		300		16
5. Asset retirement obligations	1,796		2,178		2,120		57
6. Other	277		265		236		28
Total non-current liabilities	13,416	12.2	18,282	15.3	18,686	15.9	△ 403
Total liabilities	46,945	42.8	57,450	48.1	55,160	46.9	2,289
(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	47,523		45,110		46,816		△ 1,705
4. Treasury shares	△ 1,211		△ 1,211		△ 1,211		△ 0
Total shareholders' equity	53,219	48.5	50,806	42.5	52,512	44.5	△ 1,705
II Accumulated other comprehensive income							
1. Valuation difference on available-for-sale securities	3,391		2,562		3,334		△ 771
2. Foreign currency translation adjustment	1,558		3,839		2,112		1,726
3. Remeasurements of defined benefit plans	980		1,144		1,225		△ 80
Total accumulated other comprehensive income	5,930	5.4	7,546	6.3	6,671	5.7	874
III Non-controlling interests	3,563	3.3	3,651	3.1	3,394	2.9	257
Total net assets	62,712	57.2	62,005	51.9	62,578	53.1	△ 573
Total liabilities and net assets	109,658	100.0	119,455	100.0	117,739	100.0	1,716

## Statements of Income (Consolidated)

(Unit: Millions of yen)

Item	FY2022		FY2023		Increase /Decrease		FY2022	
	'21/4-'21/9		'22/4-'22/9				'21/4-'22/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of Change	Amount	Ratio
I Net sales	39,667	100.0	41,712	100.0	2,045	5.2	80,515	100.0
II Cost of sales	29,995	75.6	33,915	81.3	3,919	13.1	62,544	77.7
Gross profit	9,671	24.4	7,796	18.7	△ 1,874	△ 19.4	17,971	22.3
III Selling, general and administrative expenses	7,195	18.2	7,360	17.7	164	2.3	14,667	18.3
Operating profit	2,475	6.2	436	1.0	△ 2,039	△ 82.4	3,304	4.1
IV Non-operating income								
Interest income	16		11		△ 4		30	
Dividend income	118		130		12		227	
Rental income from real estate	48		51		3		96	
Foreign exchange gains	119		558		439		329	
Insurance claim income	101		-		△ 101		101	
Other	87		90		2		182	
Total non-operating income	490	1.3	842	2.0	352	71.8	967	1.2
V Non-operating expenses								
Interest expenses	75		100		25		158	
Bond issuance costs	-		-		-		27	
Provision for repairs	267		367		100		404	
Other	52		53		1		113	
Total non-operating expenses	394	1.0	522	1.2	127	32.3	704	0.9
Ordinary profit	2,571	6.5	756	1.8	△ 1,815	△ 70.6	3,566	4.4
VI Extraordinary income								
Gain on sale of non-current assets	1		2		0		4	
Gain on sale of investment securities	0		59		58		3	
Total extraordinary income	2	0.0	61	0.2	59	-	7	0.0
VII Extraordinary losses								
Loss on sale and retirement of non-current assets	48		119		70		283	
Impairment losses	-		1,573		1,573		346	
Loss on valuation of non-current assets	-		-		-		3	
Loss on valuation of investment securities	-		0		0		0	
Total extraordinary losses	48	0.1	1,693	4.1	1,644	-	633	0.7
Profit(Loss) before income taxes	2,525	6.4	△ 874	△ 2.1	△ 3,400	-	2,941	3.7
Income taxes - current	519	1.3	445	1.0	△ 73	△ 14.2	1,022	1.3
Income taxes - deferred	135	0.4	△ 144	△ 0.3	△ 279	-	110	0.2
Profit(Loss)	1,870	4.7	△ 1,176	△ 2.8	△ 3,047	-	1,808	2.2
Profit attributable to non-controlling interests	136	0.3	49	0.1	△ 87	△ 64.0	305	0.3
Profit(Loss) attributable to owners of parent	1,733	4.4	△ 1,225	△ 2.9	△ 2,959	-	1,502	1.9

## &lt;Reference&gt; Statements of Comprehensive Income (Consolidated)

Profit(Loss)	1,870		△ 1,176		△ 3,047	-	1,808	
Other comprehensive income								
Valuation difference on available-for-sale securities	△ 184		△ 771		△ 586		△ 241	
Foreign currency translation adjustment	1,038		1,936		898		1,681	
Remeasurements of defined benefit plans, net of tax	△ 65		△ 82		△ 17		177	
Total other comprehensive income	787		1,082		295		1,617	
Comprehensive income	2,658		△ 93		△ 2,752	-	3,425	



## Statements of Cash Flows (Consolidated)

(Unit: Millions of yen)

Item	FY2022	FY2023	Increase /Decrease	FY2022
	'21/4-'21/9	'22/4-'22/9		'21/4-'22/3
	Amount	Amount	Amount	Amount
<b>I Cash flows from operating activities</b>				
Profit before income taxes	2,525	△ 874	△ 3,400	2,941
Depreciation	1,385	1,698	313	3,120
Impairment losses	-	1,573	1,573	346
Amortization of goodwill	76	-	△ 76	76
Increase (decrease) in allowance for doubtful accounts	38	7	△ 31	42
Increase (decrease) in provision for bonuses	△ 245	△ 183	61	△ 133
Increase (decrease) in provision for bonuses for directors (and other officers)	△ 22	△ 48	△ 26	2
Increase (decrease) in retirement benefit liability	14	14	△ 0	△ 2
Decrease (increase) in retirement benefit asset	△ 10	△ 20	△ 10	△ 468
Loss (gain) on sale and retirement of non-current assets	47	117	69	279
Loss on valuation of non-current assets	-	-	-	3
Loss (gain) on sale of investment securities	△ 0	△ 59	△ 58	△ 3
Loss on valuation of investment securities	-	0	0	0
Interest and dividend income	△ 134	△ 141	△ 7	△ 257
Interest expenses	75	100	25	186
Decrease (increase) in trade receivables	△ 787	31	819	△ 1,958
Decrease (increase) in inventories	△ 564	△ 944	△ 379	△ 3,665
Increase (decrease) in trade payables	194	△ 1,324	△ 1,519	2,206
Increase (decrease) in accrued consumption taxes	1,002	427	△ 575	518
Other	526	△ 663	△ 1,190	2,056
Subtotal	4,123	△ 290	△ 4,413	5,291
Interest and dividends received	140	153	12	253
Interest paid	△ 71	△ 88	△ 17	△ 155
Income taxes refund (paid)	△ 856	△ 443	413	△ 1,399
Net cash provided by (used in) operating activities	3,336	△ 669	△ 4,005	3,989
<b>II Cash flows from investing activities</b>				
Decrease (increase) in time deposits	162	-	△ 162	136
Purchase of property, plant and equipment	△ 3,677	△ 2,141	1,535	△ 6,149
Proceeds from sale of property, plant and equipment	14	13	△ 1	8
Purchase of investment securities	△ 68	△ 128	△ 59	△ 172
Proceeds from sale of investment securities	6	74	67	21
Purchase of intangible assets	△ 158	△ 33	125	△ 274
Payments for deferred assets	△ 389	△ 456	△ 66	△ 742
Decrease (increase) in investments and other assets	0	13	12	17
Other	△ 21	△ 20	0	△ 245
Net cash provided by (used in) investing activities	△ 4,131	△ 2,680	1,450	△ 7,401
<b>III Cash flows from financing activities</b>				
Net increase (decrease) in short-term borrowings	461	3,847	3,386	4,647
Repayments of long-term borrowings	△ 66	△ 66	-	△ 132
Proceeds from issuance of bonds	-	-	-	4,972
Redemption of bonds	-	-	-	△ 5,000
Purchase of treasury shares	-	△ 0	△ 0	△ 0
Dividends paid	△ 476	△ 476	0	△ 952
Dividends paid to non-controlling interests	-	-	-	△ 425
Proceeds from share issuance to non-controlling shareholders	1,940	-	△ 1,940	1,940
Other	△ 52	△ 58	△ 5	△ 121
Net cash provided by (used in) financing activities	1,806	3,247	1,440	4,927
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	187	539	351	391
<b>V Net increase (decrease) in cash and cash equivalents</b>	1,199	437	△ 762	1,907
<b>VI Cash and cash equivalents at beginning of period</b>	7,342	9,250	1,907	7,342
<b>VII Cash and cash equivalents at end of period</b>	8,541	9,687	1,145	9,250