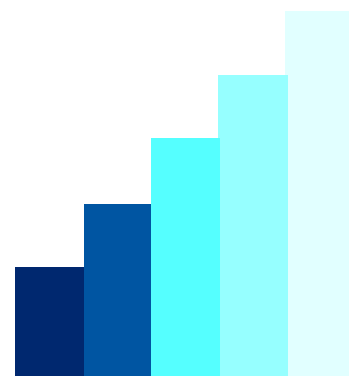


DATA BOOK



FY2018

1st Quarter ended June 30, 2017

August 2nd, 2017

ARAKAWA CHEMICAL INDUSTRIES, LTD.

Achievement Transition (Consolidated)



consolidated	FY 2016 (1Q)		FY 2017 (1Q)		FY 2018 (1Q)		FY 2016		FY 2017		FY 2018 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	19,329	△ 2.5	19,000	△ 1.7	19,838	4.4	79,119	△ 3.2	77,380	△ 2.2	78,000	0.8
Operating income	734	△ 27.0	1,414	92.5	1,629	15.2	3,639	22.9	5,095	40.0	4,750	△ 6.8
Ordinary income	786	△ 26.0	1,361	73.0	1,712	25.8	3,851	12.2	5,314	38.0	4,900	△ 7.8
Profit attributable to owners of parent	496	△ 42.1	937	88.7	1,119	19.4	2,311	3.9	3,416	47.8	3,200	△ 6.3

Management index transition

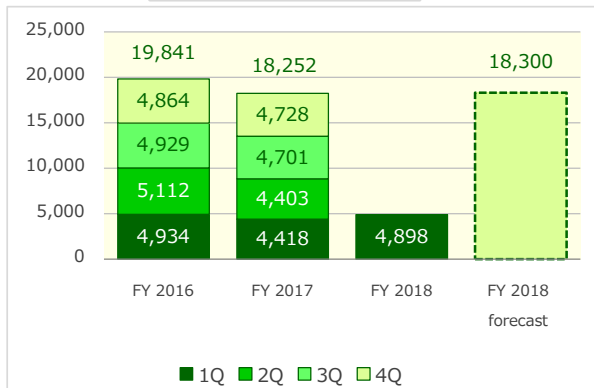
consolidated	FY 2016 (1Q)		FY 2017 (1Q)		FY 2018 (1Q)		FY 2016		FY 2017		FY 2018 forecast	
	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease	Millions of yen	Increase /Decrease
Capital investment	341	120	761	419	313	△ 448	2,993	1,185	2,107	△ 885	3,000	892
Depreciation and amortization	619	△ 24	640	21	614	△ 26	2,717	17	2,661	△ 55	2,600	△ 61
R&D expenses	685	10	755	70	798	42	2,819	116	3,179	359	3,350	170
Interest-bearing debt	19,339	961	15,579	△ 3,759	13,143	△ 2,436	17,426	151	13,300	△ 4,126	11,000	△ 2,300
EBITDA	1,354	△ 297	2,055	701	2,244	188	6,357	695	7,757	1,400	7,350	△ 407

[EBITDA] Earnings Before Interest, Taxes, Depreciation, and Amortization

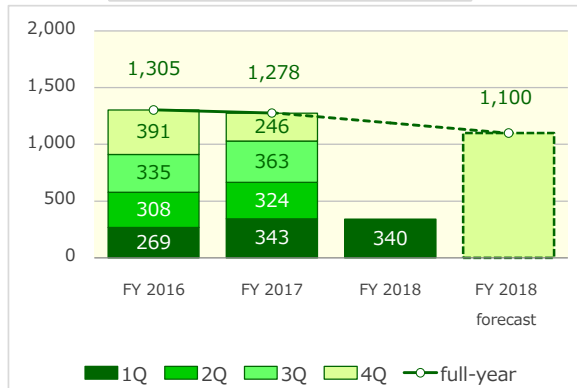
Segment Information (Consolidated)

Paper chemicals

Net sales (Millions of yen)

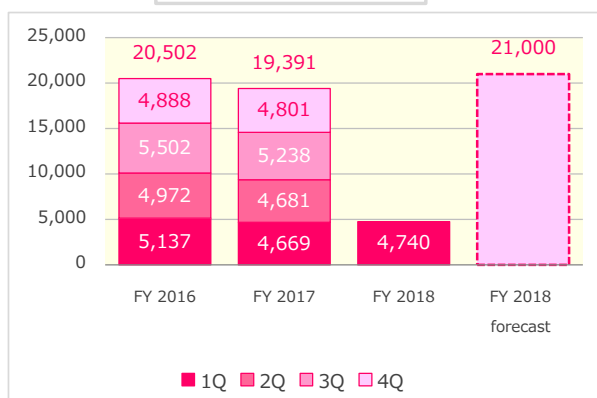


Segment income (Millions of yen)

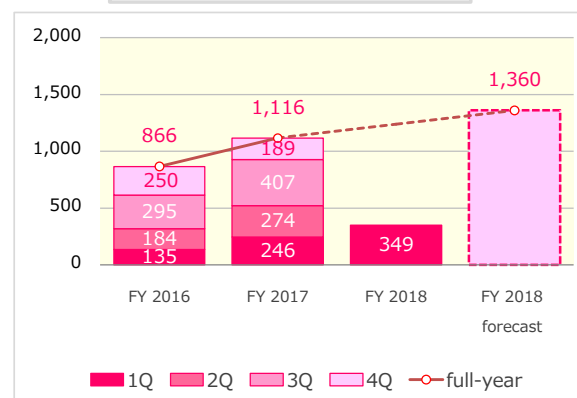


Coating chemicals

Net sales (Millions of yen)

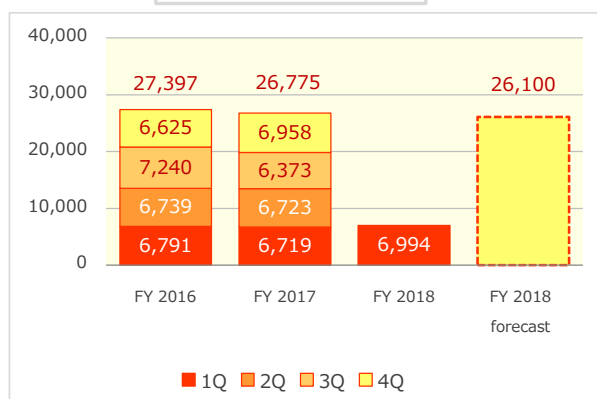


Segment income (Millions of yen)

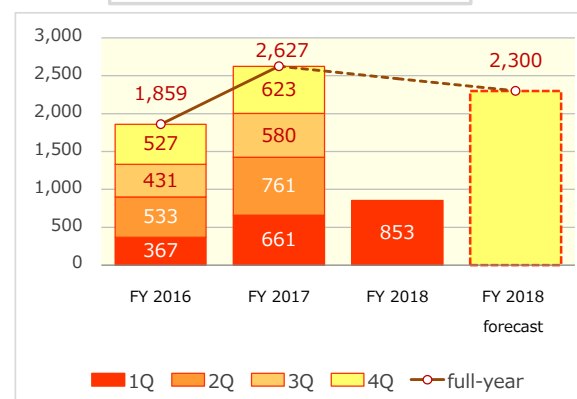


Adhesive Materials

Net sales (Millions of yen)

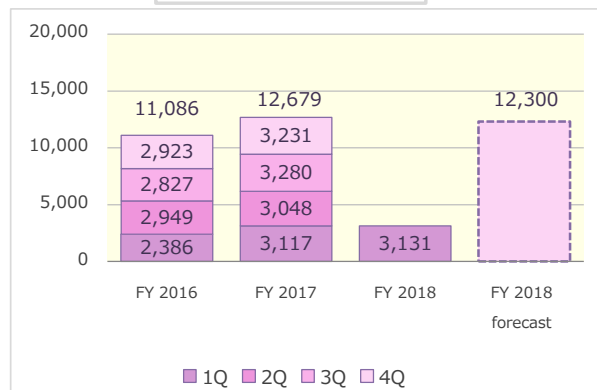


Segment income (Millions of yen)

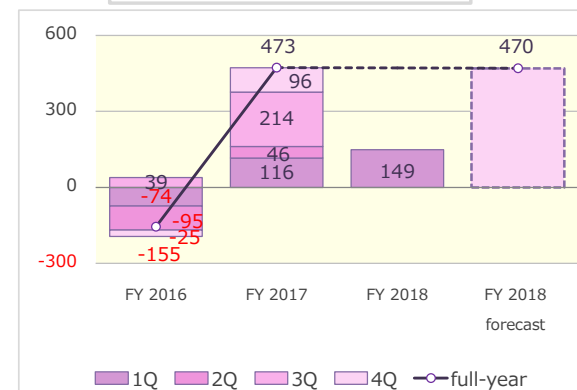


Functional Materials

Net sales (Millions of yen)



Segment income (Millions of yen)



Segment Information (Consolidated)

Consolidated		FY 2016 (1Q)		FY 2017 (1Q)		FY 2018 (1Q)		FY 2016		FY 2017		FY 2018 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
Paper chemicals	Net sales	4,934	△ 0.1	4,418	△ 10.5	4,898	10.9	19,841	△ 4.5	18,252	△ 8.0	18,300	0.3
	Segment income	269	0.7	343	27.5	340	△ 1.0	1,305	17.3	1,278	△ 2.0	1,100	△ 14.0
	Segment income/sales	5.5%		7.8%		6.9%		6.6%		7.0%		6.0%	
Coating chemicals	Net sales	5,137	1.6	4,669	△ 9.1	4,740	1.5	20,502	△ 3.6	19,391	△ 5.4	21,000	8.3
	Segment income	135	6.5	246	81.1	349	42.0	866	89.7	1,116	28.9	1,360	21.8
	Segment income/sales	2.6%		5.3%		7.4%		4.2%		5.8%		6.5%	
Adhesive Materials	Net sales	6,791	△ 6.9	6,719	△ 1.1	6,994	4.1	27,397	△ 4.3	26,775	△ 2.3	26,100	△ 2.5
	Segment income	367	△ 15.8	661	80.1	853	28.9	1,859	36.8	2,627	41.3	2,300	△ 12.5
	Segment income/sales	5.4%		9.9%		12.2%		6.8%		9.8%		8.8%	
Functional Materials	Net sales	2,386	△ 3.2	3,117	30.7	3,131	0.4	11,086	2.7	12,679	14.4	12,300	△ 3.0
	Segment income	△ 74	–	116	–	149	27.9	△ 155	–	473	–	470	△ 0.7
	Segment income/sales	△ 3.1%		3.7%		4.8%		△ 1.4%		3.7%		3.8%	
Others	Net sales	79	9.8	74	△ 6.3	72	△ 2.8	291	6.9	282	△ 3.1	300	6.4
	Segment income	6	10.4	5	△ 11.1	7	39.7	13	11.0	16	19.3	20	25.0
	Segment income/sales	7.8%		7.5%		10.7%		4.6%		5.7%		6.7%	
Subtotal	Net sales	19,329	△ 2.5	19,000	△ 1.7	19,838	4.4	79,119	△ 3.2	77,380	△ 2.2	78,000	0.8
	Segment income	704	△ 18.5	1,374	95.0	1,700	23.7	3,889	34.3	5,512	41.7	5,250	△ 4.8
	Segment income/sales	3.6%		7.2%		8.6%		4.9%		7.1%		6.7%	
Consolidated total	Development Investment	△ 71	–	△ 79	–	△ 91	–	△ 302	–	△ 385	–	△ 500	–
	Segment income	633	△ 20.2	1,294	104.4	1,608	24.2	3,586	39.2	5,126	42.9	4,750	△ 7.3
	Segment income/sales	3.3%		6.8%		8.1%		4.5%		6.6%		6.1%	

The sales of business segmentation do not include intersegment sales.

[Paper chemicals] Size agent, Paper strengthening agent, Latex, etc.

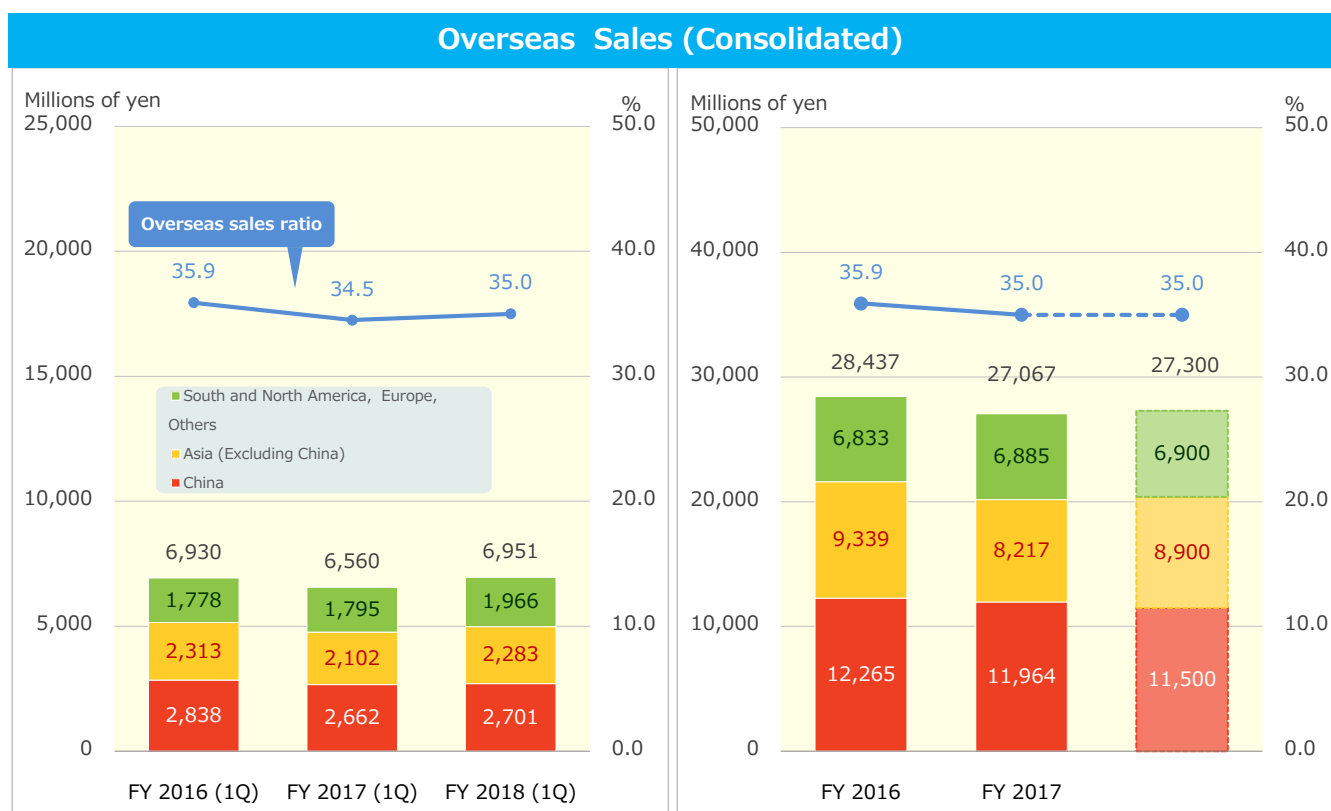
[Coating chemicals] Printing ink resin, Paint resin, Polymerization emulsifier, UV/EB curable resin, etc.

[Adhesive Materials] Adhesive resin, Colorless rosin derivatives, etc.

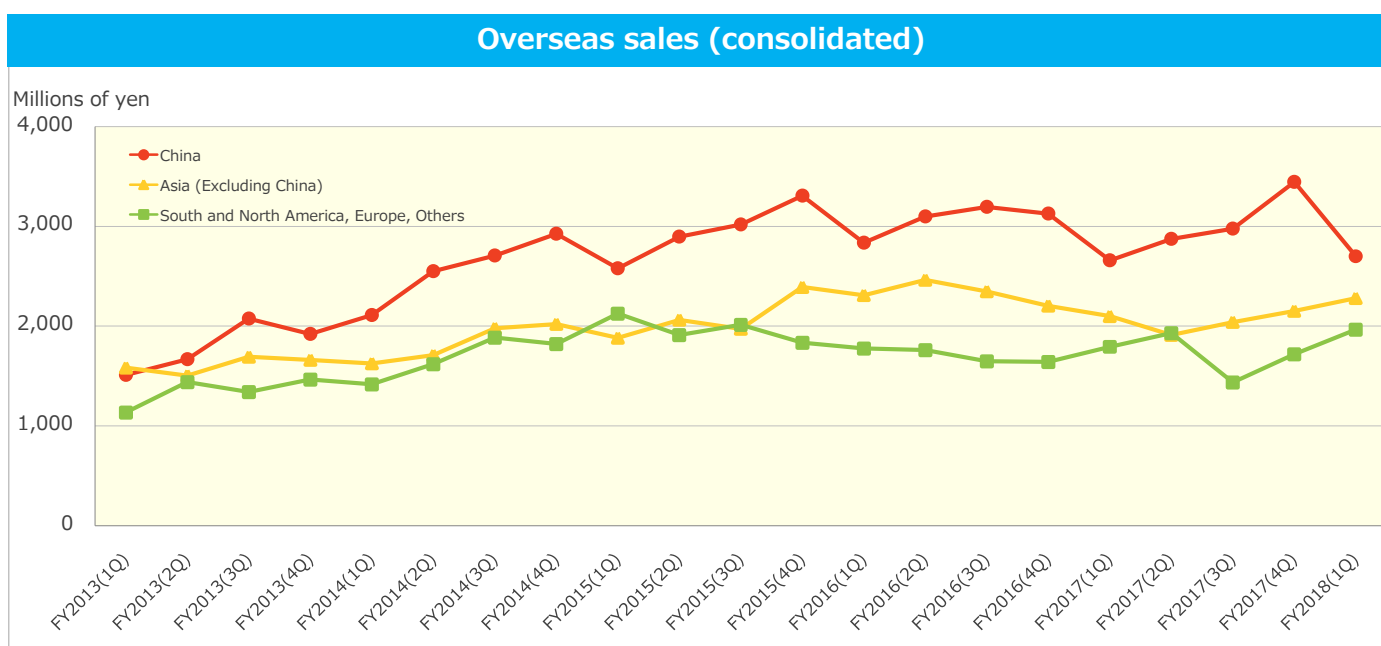
[Functional Materials] Compound materials for electronics, Functional fine chemical materials, Polishing agent for hard disk substrates, Flux cleaning System, etc.

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

Overseas Sales (Consolidated)



Consolidated	FY 2016 (1Q)		FY 2017 (1Q)		FY 2018 (1Q)		FY 2016		FY 2017		FY 2018 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	6,930	5.1	6,560	△ 5.3	6,951	5.9	28,437	1.5	27,067	△ 4.8	27,300	0.9
Overseas sales in Asia	5,152	15.3	4,765	△ 7.5	4,984	4.6	21,604	7.3	20,182	△ 6.6	20,400	1.1
Overseas sales in China	2,838	10.0	2,662	△ 6.2	2,701	1.5	12,265	3.8	11,964	△ 2.4	11,500	△ 3.9
Overseas sales ratio	35.9%		34.5%		35.0%		35.9%		35.0%		35.0%	



Balance Sheets (Consolidated)

(Unit : Millions of yen)

Item	FY2017(1Q)		FY2018 (1Q)		FY2017		Increase /Decrease (A) - (B)
	(As of June 30, 2016)		(As of June 30, 2017)		(As of March 31, 2017)		
	Amount	Com- position ratio	Amount (A)	Com- position ratio	Amount (B)	Com- position ratio	
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	8,895		9,939		10,212		△ 272
2. Notes and accounts receivable-trade	25,499		25,486		25,939		△ 453
3. Electronically recorded monetary claims - operating	1,055		1,365		1,161		204
4. Securities	232		-		-		-
5. Merchandise and finished goods	7,564		7,969		7,661		307
6. Work in process	1,028		1,116		998		118
7. Raw materials and supplies	6,374		6,579		6,359		220
8. Deferred tax assets	355		415		668		△ 252
9. Other	621		1,107		956		150
10. Allowance for doubtful accounts	△ 131		△ 127		△ 153		25
Total current assets	51,496	64.7	53,853	64.1	53,804	64.1	49
II Noncurrent assets							
1. Property, plant and equipment							
(1) Buildings and structures	8,033		7,682		7,766		△ 84
(2) Machinery, equipment and vehicles	6,985		6,278		6,614		△ 336
(3) Land	5,202		5,190		5,190		0
(4) Construction in progress	205		125		163		△ 37
(5) Other	487		488		465		23
Total property, plant and equipment	20,914	26.3	19,765	23.5	20,199	24.1	△ 434
2. Intangible assets							
(1) Goodwill	517		1,035		1,107		△ 71
(2) Other	403		368		374		△ 5
Total intangible assets	920	1.2	1,404	1.7	1,481	1.8	△ 77
3. Investments and other assets							
(1) Investment securities	5,469		7,994		7,430		563
(2) Net defined benefit asset	-		457		386		70
(3) Deferred tax assets	206		151		159		△ 7
(4) Other	634		515		521		△ 6
Allowance for doubtful accounts	△ 83		△ 83		△ 85		2
Total investments and other assets	6,227	7.8	9,036	10.7	8,413	10.0	623
Total noncurrent assets	28,061	35.3	30,205	35.9	30,094	35.9	111
Total assets	79,557	100.0	84,058	100.0	83,898	100.0	160

(Unit: Millions of yen)

Item	FY2017(1Q)		FY2018(1Q)		FY2017		Increase /Decrease (A) - (B)
	(As of June 30, 2016)		(As of June 30, 2017)		(As of March 31, 2017)		
	Amount	Com- position ratio	Amount (A)	Com- position ratio	Amount (B)	Com- position ratio	
(Liabilities)		%		%		%	
I Current liabilities							
1. Notes and accounts payable-trade	9,204		9,867		9,967		△ 100
2. Short-term loans payable	8,524		7,980		7,957		23
3. Current portion of bonds	5,000		-		-		-
4. Income taxes payable	419		531		880		△ 348
5. Accrued consumption taxes	206		173		179		△ 6
6. Deferred tax liabilities	57		45		45		0
7. Provision for bonuses	562		617		1,276		△ 658
8. Provision for directors' bonuses	14		24		80		△ 56
9. Provision for repairs	41		145		80		65
10. Notes payable - facilities	56		105		63		41
11. Other	3,550		4,299		3,929		369
Total current liabilities	27,638	34.7	23,788	28.3	24,459	29.1	△ 670
II Noncurrent liabilities							
1. Bonds payable	-		5,000		5,000		-
2. Long-term loans payable	2,055		163		343		△ 180
3. Deferred tax liabilities	889		1,885		1,695		189
4. Provision for repairs	51		-		-		-
5. Net defined benefit liability	693		336		335		1
6. Asset retirement obligations	103		210		212		△ 1
7. Other	347		303		295		8
Total noncurrent liabilities	4,139	5.2	7,899	9.4	7,881	9.4	18
Total liabilities	31,778	39.9	31,688	37.7	32,340	38.5	△ 652
(Net assets)							
I Shareholders' equity							
1. Capital stock	3,294		3,343		3,343		-
2. Capital surplus	3,515		3,564		3,564		-
3. Retained earnings	36,651		39,468		38,802		665
4. Treasury stock	△ 12		△ 12		△ 12		-
Total shareholders' equity	43,450	54.6	46,362	55.2	45,697	54.5	665
II Accumulated other comprehensive income							
1. Valuation difference on available-for-sale securities	1,560		3,291		2,904		386
2. Foreign currency translation adjustment	1,234		837		1,026		△ 188
3. Remeasurements of defined benefit plans	△ 56		278		286		△ 8
Total accumulated other comprehensive income	2,739	3.5	4,407	5.2	4,218	5.0	189
III Subscription rights to shares	3	0.0	-	0.0	-	0.0	-
IV Minority interests	1,587	2.0	1,600	1.9	1,641	2.0	△ 41
Total net assets	47,779	60.1	52,370	62.3	51,557	61.5	813
Total liabilities and net assets	79,557	100.0	84,058	100.0	83,898	100.0	160

Statements of Income (Consolidated)

(Unit : Millions of yen)

Item	FY2017 (1Q)		FY2018 (1Q)		Increase/ Decrease		FY2017	
	'16/4-'16/6		'17/4-'17/6		Amount	Rate of Change	'16/4-'17/3	
	Amount	Ratio	Amount	Ratio			Amount	Ratio
I Net sales	19,000	100.0	19,838	100.0	837	4.4	77,380	100.0
II Cost of sales	14,417	75.9	14,944	75.3	527	3.7	59,111	76.4
Gross profit	4,582	24.1	4,893	24.7	310	6.8	18,269	23.6
III Selling, general and administrative expenses	3,168	16.7	3,263	16.5	95	3.0	13,173	17.0
Operating income	1,414	7.4	1,629	8.2	214	15.2	5,095	6.6
IV Non-operating income								
Interest income	3		1				25	
Dividends income	57		60				157	
Real estate rent	31		28				58	
Foreign exchange gains	-		-				3	
Other	38	130	52	143	12	9.9	282	527
V Non-operating expenses								
Interest expenses	50		40				177	
Foreign exchange losses	101		5				-	
Commission fee	-		-				31	
Other	32	184	16	61	△ 123	△ 66.7	98	308
Ordinary income		1,361		1,712	351	25.8		5,314
VI Extraordinary income								
Gain on sales of noncurrent assets	0		-				5	
Gain on sales of investment securities	-		-				1	
Compensation income	13		-				13	
State subsidy	-	14	-	-	△ 14	-	15	36
VII Extraordinary loss								
Loss on sales of non-current assets	12		1				80	
Loss on valuation of non-current assets	-		-				2	
Loss on sales of investment securities	-		-				0	
Loss on valuation of investments in capital of subsidiaries and associates	-	12	-	1	△ 10	△ 87.6	91	174
Income before income taxes		1,363		1,710	347	25.5		5,176
Income taxes-current	158		214				1,469	
Income taxes-deferred	191	350	280	495	145	41.5	△ 17	1,452
Net income		1,012		1,214	202	20.0		3,724
Profit Attributable to noncontrolling interests		75		95	20	26.6		307
Profit Attributable to owners of parent		937		1,119	182	19.4		3,416

<Reference> Statements of Comprehensive Income(Consolidated)

Profit		1,012		1,214		202	20.0		3,724
Other comprehensive income									
Valuation difference on available-for-sale securities	△	59		386		445			1,285
Foreign currency translation adjustment	△	598		171		427		△	780
Remeasurements of defined benefit plans		0		8		△ 8			341
Total other comprehensive income	△	657		206		863			846
Comprehensive income		355		1,421		1,066	300.0		4,571