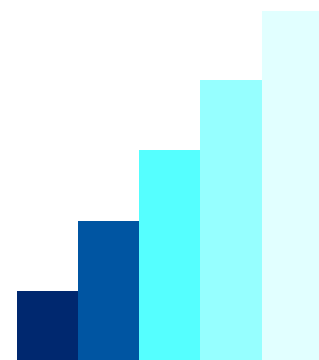


# DATA BOOK

# FY2020

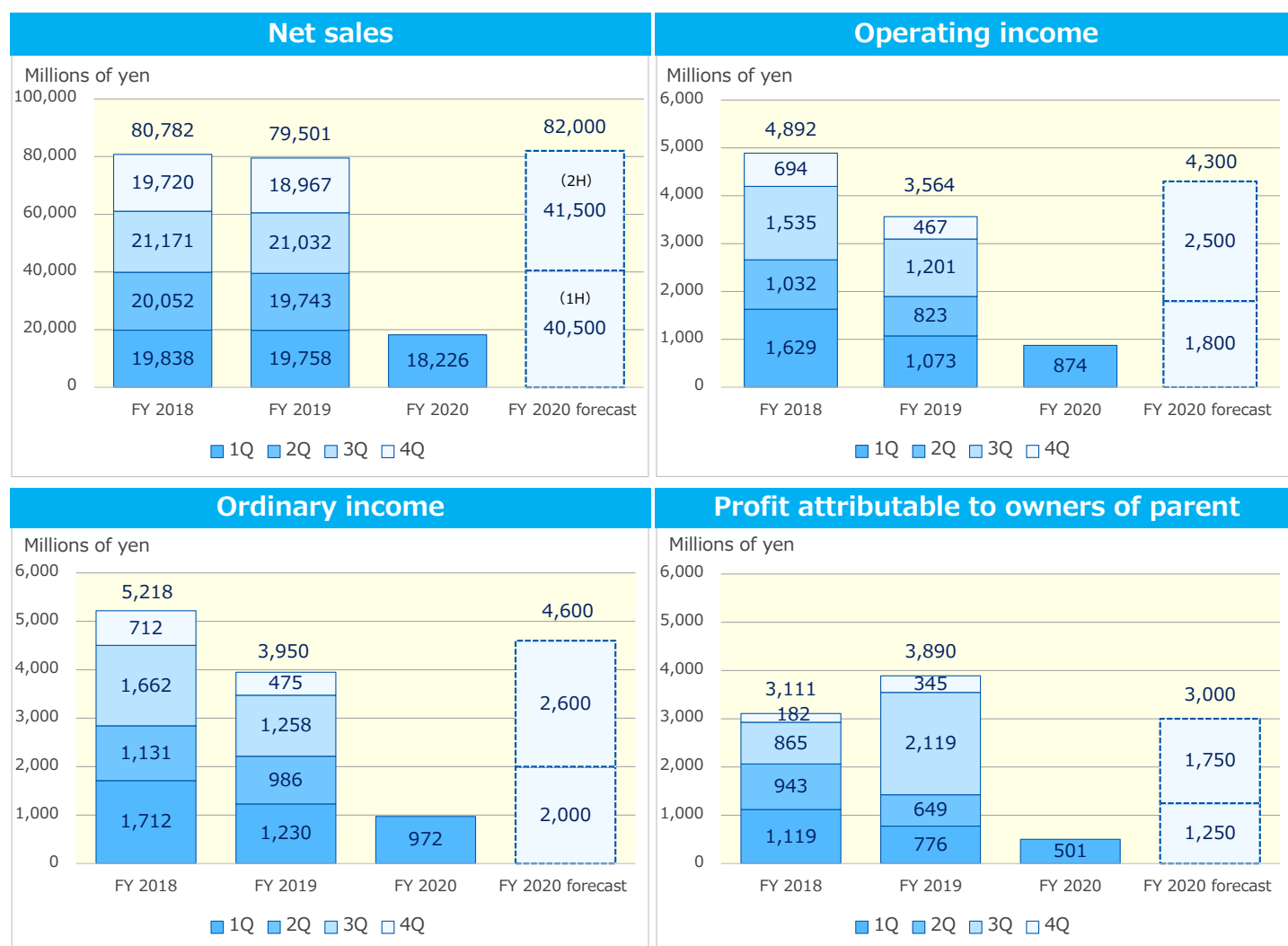
1st Quarter ended June 30, 2019



August 1st, 2019

ARAKAWA CHEMICAL INDUSTRIES, LTD.

## Achievement Transition (Consolidated)



consolidated	FY 2018 (1Q)		FY 2019 (1Q)		FY 2020 (1Q)		FY 2018		FY 2019		FY 2020 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>Net sales</b>	19,838	4.4	19,758	△ 0.4	<b>18,226</b>	△ <b>7.8</b>	80,782	4.4	79,501	△ 1.6	82,000	3.1
<b>Operating income</b>	1,629	15.2	1,073	△ 34.1	<b>874</b>	△ <b>18.5</b>	4,892	△ 4.0	3,564	△ 27.1	4,300	20.6
<b>Ordinary income</b>	1,712	25.8	1,230	△ 28.1	<b>972</b>	△ <b>20.9</b>	5,218	△ 1.8	3,950	△ 24.3	4,600	16.4
<b>Profit attributable to owners of parent</b>	1,119	19.4	776	△ 30.7	<b>501</b>	△ <b>35.5</b>	3,111	△ 8.9	3,890	25.0	3,000	△ 22.9

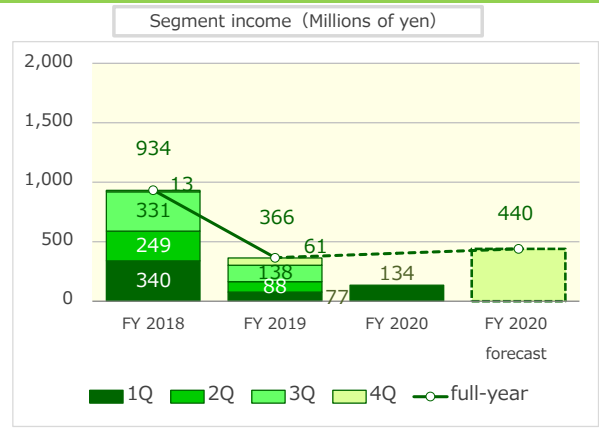
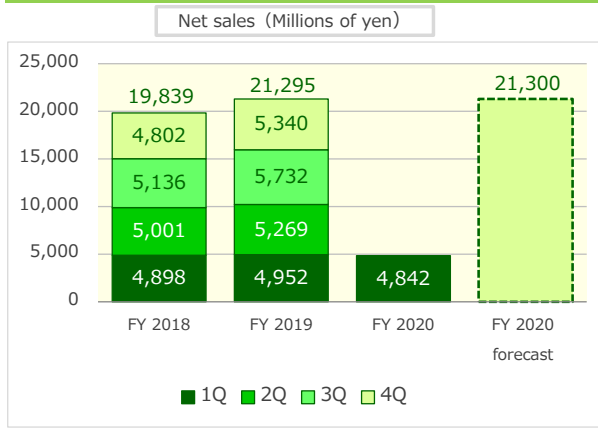
## Management index transition

consolidated	FY 2018 (1Q)		FY 2019 (1Q)		FY 2020 (1Q)		FY 2018		FY 2019		FY 2020 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
<b>Capital investment</b>	313	△ 448	491	178	<b>422</b>	△ <b>68</b>	1,937	△ 170	2,977	1,040	4,700	1,722
<b>Depreciation and amortization</b>	614	△ 26	631	16	<b>725</b>	<b>94</b>	2,613	△ 48	2,870	257	2,950	79
<b>R&amp;D expenses</b>	798	42	736	△ 61	<b>737</b>	<b>1</b>	3,220	41	3,051	△ 169	3,400	348
<b>Interest-bearing debt</b>	13,143	△ 2,436	11,252	△ 1,891	<b>14,695</b>	<b>3,442</b>	11,269	△ 2,031	14,349	3,080	18,500	4,150
<b>EBITDA</b>	2,244	188	1,704	△ 540	<b>1,599</b>	△ <b>104</b>	7,506	△ 251	6,435	△ 1,070	7,250	814

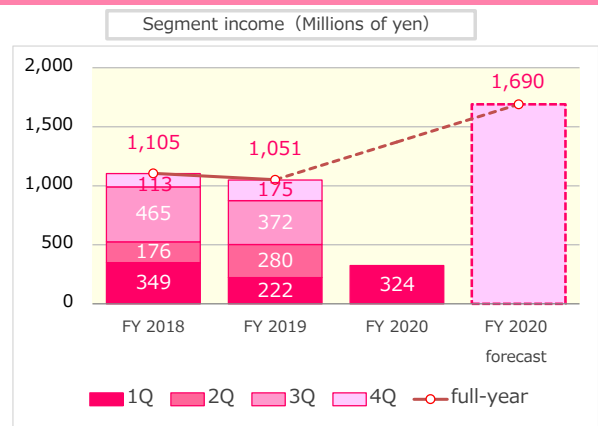
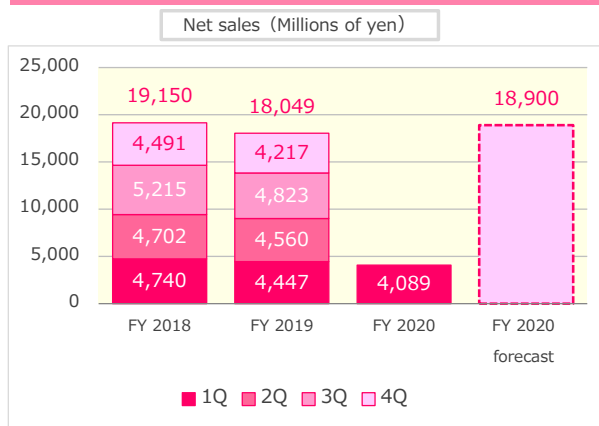
[ EBITDA ] Earnings Before Interest , Taxes , Depreciation , and Amortization

**Segment Information (Consolidated)**

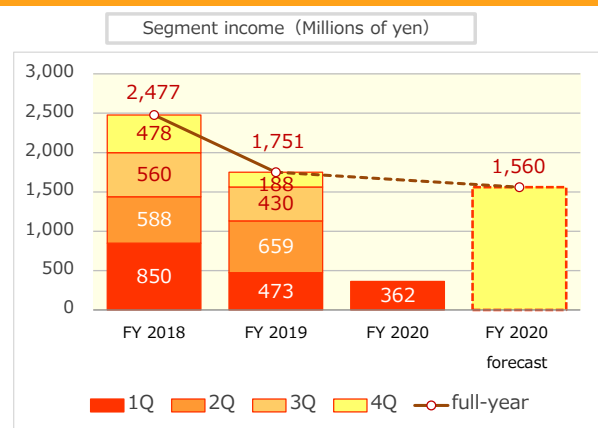
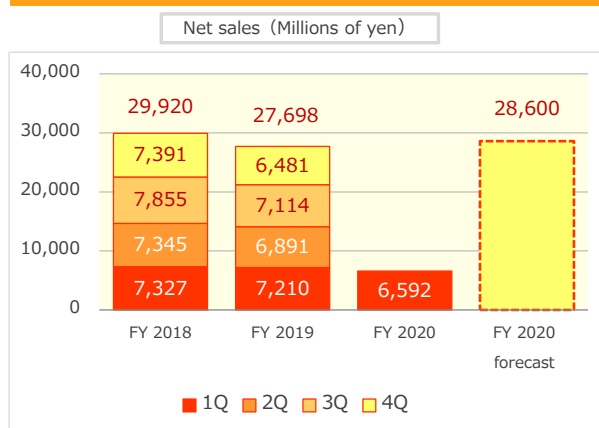
**Paper chemicals**



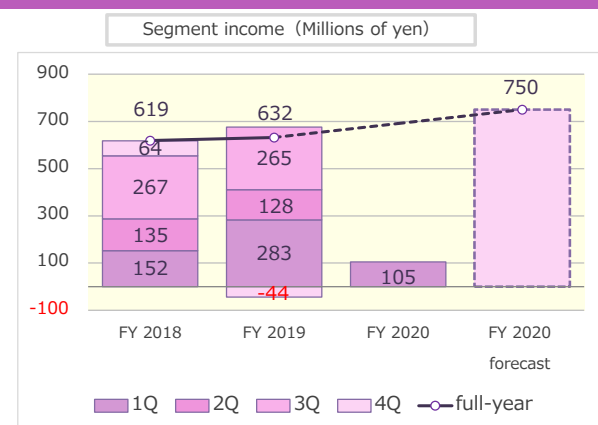
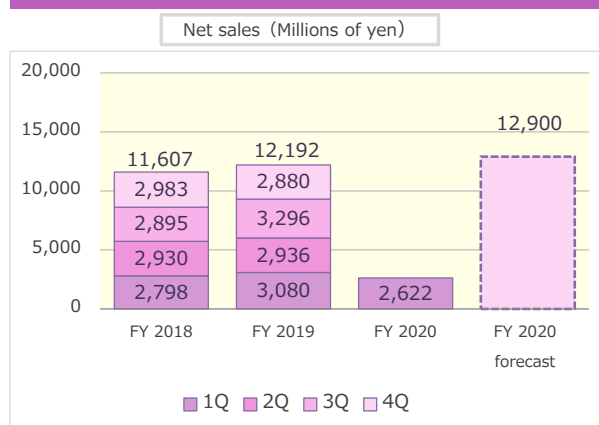
**Coating chemicals**



**Adhesive Materials**



**Functional Materials**



## Segment Information (Consolidated)

Consolidated		FY 2018 (1Q)		FY 2019 (1Q)		FY 2020 (1Q)		FY 2018		FY 2019		FY 2020 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	4,898	10.9	4,952	1.1	<b>4,842</b>	<b>△ 2.2</b>	19,839	8.7	21,295	7.3	21,300	0.0
	Segment income	340	△ 1.0	77	△ 77.1	<b>134</b>	<b>72.0</b>	934	△ 26.9	366	△ 60.8	440	20.1
	Segment income/sales	6.9%		1.6%		<b>2.8%</b>		4.7%		1.7%		2.1%	
Coating chemicals	Net sales	4,740	1.5	4,447	△ 6.2	<b>4,089</b>	<b>△ 8.1</b>	19,150	△ 1.2	18,049	△ 5.7	18,900	4.7
	Segment income	349	42.0	222	△ 36.2	<b>324</b>	<b>45.6</b>	1,105	△ 1.0	1,051	△ 4.8	1,690	60.7
	Segment income/sales	7.4%		5.0%		<b>7.9%</b>		5.8%		5.8%		8.9%	
Adhesive Materials	Net sales	7,327	2.1	7,210	△ 1.6	<b>6,592</b>	<b>△ 8.6</b>	29,920	5.8	27,698	△ 7.4	28,600	3.3
	Segment income	850	33.5	473	△ 44.3	<b>362</b>	<b>△ 23.4</b>	2,477	△ 2.5	1,751	△ 29.3	1,560	△ 10.9
	Segment income/sales	11.6%		6.6%		<b>5.5%</b>		8.3%		6.3%		5.5%	
Functional Materials	Net sales	2,798	5.1	3,080	10.1	<b>2,622</b>	<b>△ 14.9</b>	11,607	3.9	12,192	5.0	12,900	5.8
	Segment income	152	7.7	283	85.6	<b>105</b>	<b>△ 62.9</b>	619	10.5	632	2.1	750	18.5
	Segment income/sales	5.5%		9.2%		<b>4.0%</b>		5.3%		5.2%		5.8%	
Others	Net sales	72	△ 2.8	66	△ 7.3	<b>79</b>	<b>19.2</b>	265	△ 5.8	266	0.3	300	12.7
	Segment income	7	39.7	6	△ 12.1	<b>9</b>	<b>37.5</b>	24	55.3	26	7.2	30	12.5
	Segment income/sales	10.7%		10.1%		<b>11.7%</b>		9.4%		10.0%		10.0%	
Subtotal	Net sales	19,838	4.4	19,758	△ 0.4	<b>18,226</b>	<b>△ 7.8</b>	80,782	4.4	79,501	△ 1.6	82,000	3.1
	Segment income	1,700	23.7	1,064	△ 37.4	<b>935</b>	<b>△ 12.1</b>	5,162	△ 6.4	3,828	△ 25.8	4,470	16.7
	Segment income/sales	8.6%		5.4%		<b>5.1%</b>		6.4%		4.8%		5.5%	
Consolidated total	Development Investment	△ 91	—	△ 83	—	<b>△ 70</b>	<b>—</b>	△ 374	—	△ 352	—	△ 300	—
	Segment income	1,608	24.2	981	△ 39.0	<b>865</b>	<b>△ 11.8</b>	4,787	-6.6	3,476	△ 27.4	4,170	19.9
	Segment income/sales	8.1%		5.0%		<b>4.7%</b>		5.9%		4.4%		5.1%	

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

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.

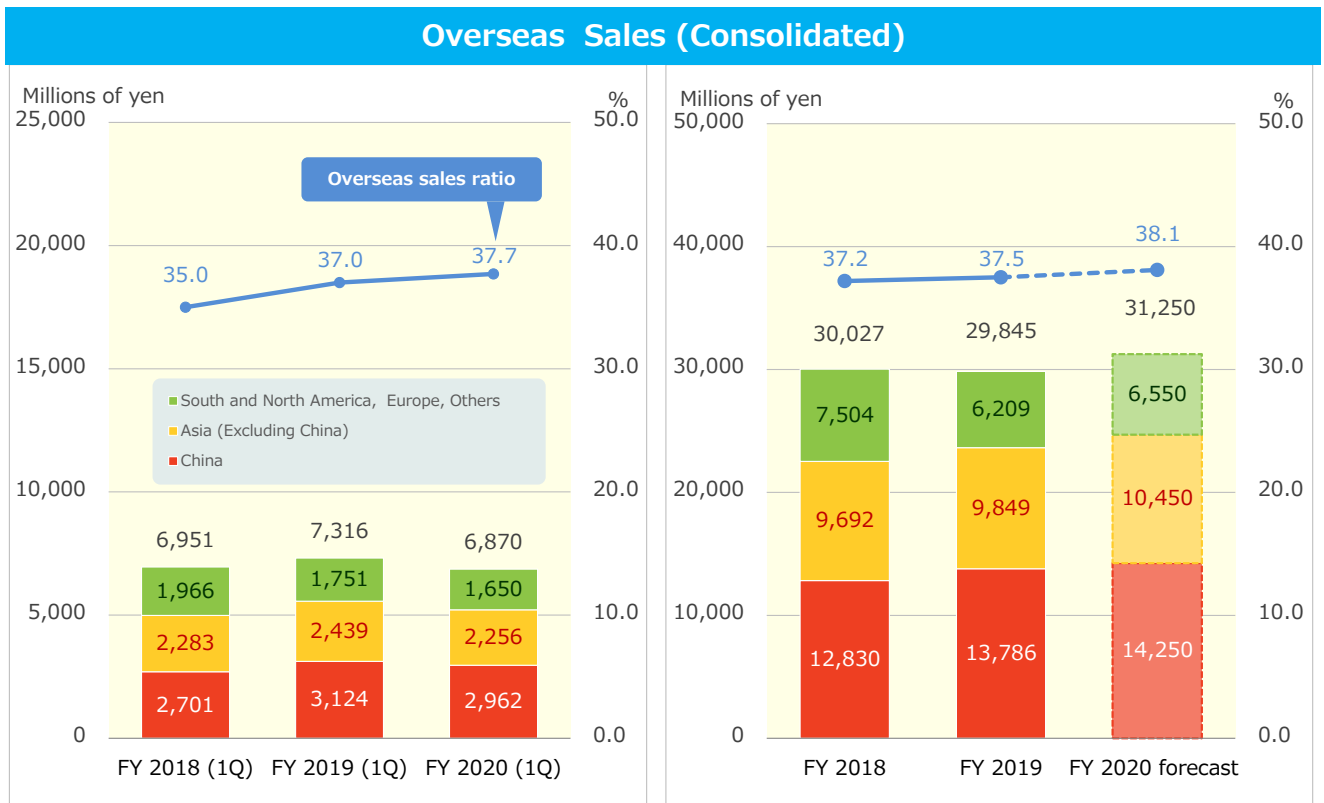
[Functional Materials] Compound materials for electronics, Functional fine chemical materials, Polishing agent for hard disk substrates, Flux cleanig System, etc.

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

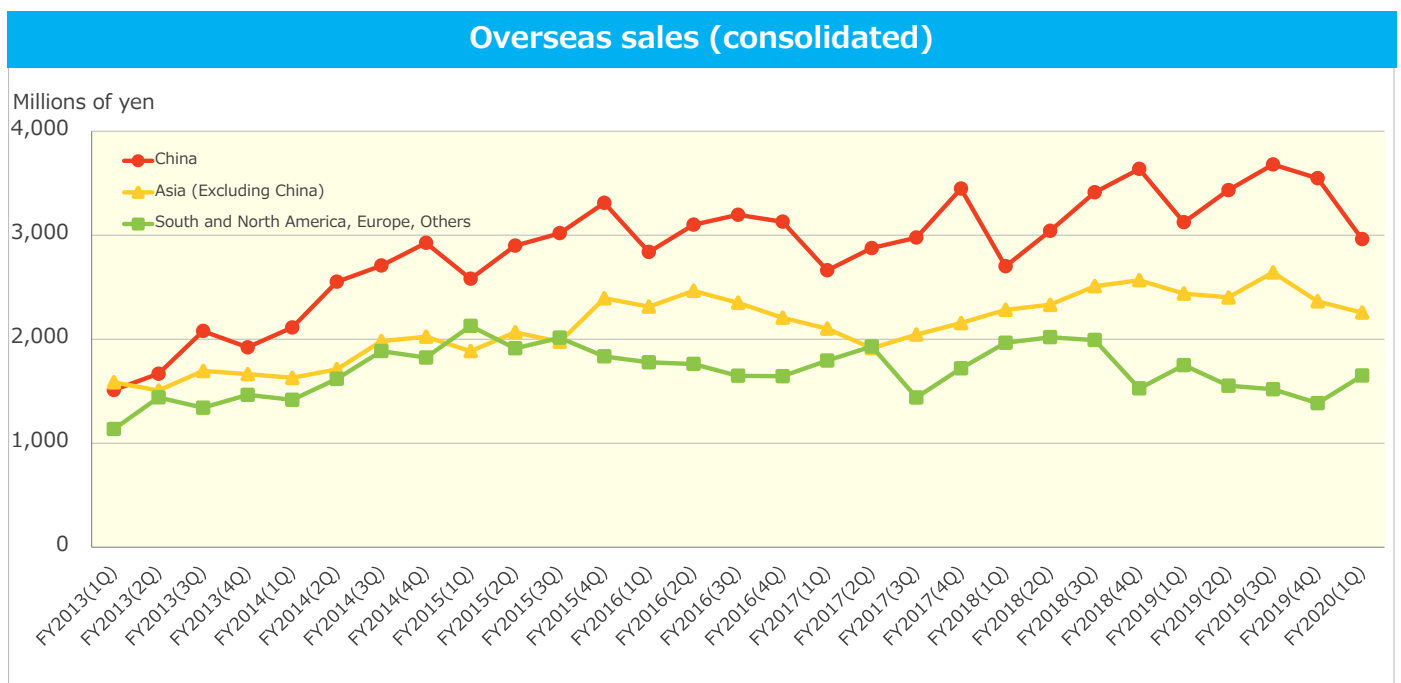
From FY2019, classification of some products has been changed from Functional Materials to Adhesive Materials.

The figures of FY2018 stated above have been modified to reflect the operating results based on the business segment after this change.

## Overseas Sales (Consolidated)



Consolidated	FY 2018 (1Q)		FY 2019 (1Q)		FY 2020 (1Q)		FY 2018		FY 2019		FY 2020 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>	6,951	5.9	7,316	5.3	<b>6,870</b>	△ 6.1	30,027	10.9	29,845	△ 0.6	31,250	4.7
Overseas sales in Asia	4,984	4.6	5,564	11.6	<b>5,219</b>	△ 6.2	22,522	11.6	23,635	4.9	24,700	4.5
Overseas sales in China	2,701	1.5	3,124	15.7	<b>2,962</b>	△ 5.2	12,830	7.2	13,786	7.5	14,250	3.4
<b>Overseas sales ratio</b>	35.0%		37.0%		<b>37.7%</b>		37.2%		37.5%		38.1%	



## Balance Sheets (Consolidated)

(Unit: Millions of yen)

Item	FY2019 (1Q)		FY2020 (1Q)		FY2019		Increase /Decrease (A) - (B)
	(As of June 30, 2018)		(As of June 30, 2019)		(As of March 31, 2019)		
	Amount	Com- position ratio	Amount (A)	Com- position ratio	Amount (B)	Com- position ratio	
(Assets)		%		%		%	
<b>I Current assets</b>							
1. Cash and deposits	6,587		9,371		9,061		310
2. Notes and accounts receivable - trade	27,584		25,130		27,069		△ 1,938
3. Electronically recorded monetary claims - operating	1,998		1,788		1,969		△ 180
4. Merchandise and finished goods	8,322		9,495		9,508		△ 12
5. Work in process	1,118		1,147		1,006		140
6. Raw materials and supplies	7,126		6,564		7,311		△ 747
7. Other	1,164		1,258		1,143		114
Allowance for doubtful accounts	△ 122		△ 113		△ 114		0
<b>Total Current assets</b>	<b>53,780</b>	<b>61.6</b>	<b>54,642</b>	<b>61.2</b>	<b>56,956</b>	<b>61.8</b>	<b>△ 2,313</b>
<b>II Noncurrent assets</b>							
1. Property, plant and equipment							
(1) Buildings and structures	7,618		7,837		7,684		153
(2) Machinery, equipment and vehicles	5,954		5,658		5,956		△ 298
(3) Land	5,194		5,142		5,140		2
(4) Construction in progress	2,181		6,103		5,937		166
(5) Other	470		540		549		△ 9
<b>Total property, plant and equipment</b>	<b>21,418</b>	<b>24.5</b>	<b>25,282</b>	<b>28.3</b>	<b>25,268</b>	<b>27.4</b>	<b>13</b>
2. Intangible assets							
(1) Goodwill	754		473		543		△ 70
(2) Other	421		411		398		13
<b>Total intangible assets</b>	<b>1,175</b>	<b>1.3</b>	<b>884</b>	<b>1.0</b>	<b>941</b>	<b>1.0</b>	<b>△ 56</b>
3. Investments and other assets							
(1) Investment securities	8,834		6,707		7,261		△ 553
(2) Retirement benefit asset	1,636		1,151		1,105		46
(3) Deferred tax assets	251		269		305		△ 35
(4) Other	344		379		386		△ 6
Allowance for doubtful accounts	△ 70		△ 67		△ 66		△ 1
<b>Total investments and other assets</b>	<b>10,996</b>	<b>12.6</b>	<b>8,440</b>	<b>9.5</b>	<b>8,991</b>	<b>9.8</b>	<b>△ 551</b>
<b>Total noncurrent assets</b>	<b>33,590</b>	<b>38.4</b>	<b>34,608</b>	<b>38.8</b>	<b>35,201</b>	<b>38.2</b>	<b>△ 593</b>
<b>III Deferred Assets</b>							
1. Business commencement expenses	-		49		17		32
<b>Total deferred assets</b>	-	-	49	0.0	17	0.0	32
<b>Total assets</b>	<b>87,370</b>	<b>100.0</b>	<b>89,300</b>	<b>100.0</b>	<b>92,174</b>	<b>100.0</b>	<b>△ 2,874</b>

(Unit: Millions of yen)

Item	FY2019 (1Q)		FY2020 (1Q)		FY2019		Increase / Decrease (A) - (B)
	(As of June 30, 2018)		(As of June 30, 2019)		(As of March 31, 2019)		
	Amount	Com- position ratio	Amount (A)	Com- position ratio	Amount (B)	Com- position ratio	
(Liabilities)		%		%		%	
<b>I Current liabilities</b>							
1. Notes and accounts payable - trade	11,539		10,152		12,178		△ 2,026
2. Short-term borrowings	6,012		5,815		5,454		360
3. Income taxes payable	382		309		752		△ 442
4. Accrued consumption taxes	140		157		142		14
5. Provision for bonuses	622		621		1,222		△ 601
6. Provision for bonuses for directors (and other officers)	20		12		60		△ 48
7. Provision for repairs	42		124		105		19
8. Notes payable - facilities	182		108		111		△ 2
9. Other	4,630		4,941		4,825		116
Total current liabilities	23,572	27.0	22,241	24.9	24,853	27.0	△ 2,611
<b>II Noncurrent liabilities</b>							
1. Bonds payable	5,000		5,000		5,000		-
2. Long-term borrowings	240		3,880		3,895		△ 15
3. Deferred tax liabilities	1,901		1,154		1,186		△ 32
4. Provision for repairs	60		-		-		-
5. Retirement benefit liability	333		314		305		8
6. Asset retirement obligations	291		327		330		△ 3
7. Other	263		300		276		23
Total noncurrent liabilities	8,090	9.2	10,975	12.3	10,994	11.9	△ 18
Total liabilities	31,663	36.2	33,217	37.2	35,848	38.9	△ 2,630
(Net assets)							
<b>I Shareholders' equity</b>							
1. Share capital	3,343		3,343		3,343		-
2. Capital surplus	3,564		3,564		3,564		-
3. Retained earnings	41,452		44,200		44,153		46
4. Treasury shares	△ 13		△ 51		△ 13		△ 38
Total shareholders' equity	48,346	55.3	51,056	57.2	51,047	55.4	8
<b>II Accumulated other comprehensive income</b>							
1. Valuation difference on available-for-sale securities	3,861		2,410		2,796		△ 386
2. Foreign currency translation adjustment	1,088		773		727		45
3. Remeasurements of defined benefit plans	823		166		175		△ 8
Total accumulated other comprehensive income	5,774	6.6	3,350	3.7	3,699	4.0	△ 349
<b>III Minority interests</b>	1,586	1.9	1,675	1.9	1,579	1.7	96
Total net assets	55,707	63.8	56,082	62.8	56,326	61.1	△ 244
Total liabilities and net assets	87,370	100.0	89,300	100.0	92,174	100.0	△ 2,874

## Statements of Income (Consolidated)

(Unit: Millions of yen)

Item	FY2019 (1Q) '18/4-'18/6		FY2020 (1Q) '19/4-'19/6		Increase/ Decrease		FY2019 '18/4-'19/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of Change	Amount	Ratio
I Net Sales	19,758	100.0	18,226	100.0	△ 1,531	△ 7.8	79,501	100.0
II Cost of sales	15,287	77.4	14,011	76.9	△ 1,275	△ 8.3	62,123	78.1
Gross profit	4,470	22.6	4,214	23.1	△ 256	△ 5.7	17,378	21.9
III Selling, general and administrative expenses	3,397	17.2	3,340	18.3	△ 57	△ 1.7	13,813	17.4
Operating income	1,073	5.4	874	4.8	△ 198	△ 18.5	3,564	4.5
IV Non-operating income								
Interest income	1		2				18	
Dividend income	60		64				197	
Rental income from real estate	28		24				107	
Foreign exchange gains	67		-				146	
Other	48	206	95	187	△ 18	△ 9.1	195	667
V Non-operating expenses								
Interest expenses	39		46				149	
Foreign exchange losses	-		26				-	
Compensation expenses	-		-				68	
Other	9	49	17	89	39	80.5	62	280
Ordinary income		1,230		972	△ 257	△ 20.9		3,950
VI Extraordinary income								
Gain on sales of non-current assets	0		-				5	
Gain on sales of investment securities	7		8				7	
Insurance claim income	0	8	-	8	0	0.3	2,118	2,130
VII Extraordinary loss								
Loss on sales and retirement of non-current assets	4		6				235	
Loss on valuation of non-current assets	-		-				0	
Loss on sales of investment securities	-		-				0	
Loss on valuation of investment securities	-		-				14	
Expenses for suspension of operation	-	4	63	70	65	-	-	250
Income before income taxes		1,234		910	△ 323	△ 26.2		5,831
Income taxes-current	144		124				1,385	
Income taxes-deferred	232	377	185	309	△ 67	△ 17.9	211	1,596
Net income		856		600	△ 255	△ 29.9		4,235
Income before minority interests		80		99	19	24.1		344
Profit attributable to owners of parent		776		501	△ 275	△ 35.5		3,890

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

Net income	856		600		△ 255	△ 29.9	4,235	
Other comprehensive income								
Valuation difference on available-for-sale securities	△ 18		△ 386		△ 367		△ 1,083	
Foreign currency translation adjustment	△ 411		42		453		△ 780	
Remeasurements of defined benefit plans, net of tax	△ 22		△ 8		14		△ 673	
Total other comprehensive income	△ 453		△ 353		100		△ 2,537	
Comprehensive income	403		247		△ 155	△ 38.5	1,697	