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**Consolidated Financial Results**  
**for the Three Months Ended June 30, 2024**  
**[Japanese GAAP]**



August 2, 2024

Company name: **ARAKAWA CHEMICAL INDUSTRIES, LTD.**  
 Stock exchange listing: **Tokyo Stock Exchange**  
 Code number: **4968**  
 URL: <https://www.arakawachem.co.jp/en/>  
 Representative: **Nobuyuki Takagi, Representative Director and President**  
 Contact: **Toru Nobuhiro, Managing Director**  
 Phone: **+81-6-6209-8500**  
 Scheduled date of commencing dividend payments: **-**  
 Availability of supplementary explanatory materials on financial results: **Available**  
 Schedule of financial results briefing session: **Not scheduled**

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 – June 30, 2024)**

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	19,261	11.3	622	-	806	-	1,799	-
June 30, 2023	17,298	(18.3)	(834)	-	(670)	-	(314)	-

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 2,411 million [-%]  
 Three months ended June 30, 2023: ¥ 212 million [(71.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	90.71	-
June 30, 2023	(15.84)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	123,926	58,854	47.1
As of March 31, 2024	125,418	56,918	44.8

(Reference) Equity: As of June 30, 2024: ¥ 58,428 million  
 As of March 31, 2024: ¥ 56,134 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	24.00	–	24.00	48.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		24.00	–	24.00	48.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half (cumulative)	40,000	15.4	900	–	1,000	–	1,900	–	95.77
Full year	82,600	14.4	2,200	–	1,900	–	2,100	–	105.85

(Note) Revision to the financial results forecast announced most recently: Yes

### \* Notes:

(1) Significant changes in the scope of consolidation during the period under review: **None**

Newly included: – companies (Company name)

Excluded: – companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: **None**

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: **None**

2) Changes in accounting policies other than 1) above: **None**

3) Changes in accounting estimates: **None**

4) Retrospective restatement: **None**

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2024: 20,652,400 shares

March 31, 2024: 20,652,400 shares

2) Total number of treasury shares at the end of the period:

June 30, 2024: 813,611 shares

March 31, 2024: 813,611 shares

3) Average number of shares during the period:

Three months ended June 30, 2024: 19,838,789 shares

Three months ended June 30, 2023: 19,838,909 shares

\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

\* Explanation on the proper use of financial results forecast and other special notes

Forward-looking statements, including financial results forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable. Therefore, these statements do not constitute a guarantee that they will be realized. Actual results may differ materially from these statements due to various factors.

## Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	11,578	9,821
Notes and accounts receivable – trade	25,683	26,775
Electronically recorded monetary claims – operating	2,504	2,397
Merchandise and finished goods	12,423	12,365
Work in process	1,603	1,447
Raw materials and supplies	9,267	9,015
Other	1,215	961
Allowance for doubtful accounts	(116)	(117)
<b>Total current assets</b>	<b>64,159</b>	<b>62,667</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,723	17,623
Machinery, equipment and vehicles, net	14,126	13,652
Land	4,996	4,995
Construction in progress	1,969	2,062
Other, net	1,136	1,086
<b>Total property, plant and equipment</b>	<b>39,952</b>	<b>39,420</b>
Intangible assets	1,529	1,485
Investments and other assets		
Investment securities	11,200	11,811
Retirement benefit asset	6,087	6,172
Deferred tax assets	286	255
Other	354	366
Allowance for doubtful accounts	(79)	(82)
<b>Total investments and other assets</b>	<b>17,850</b>	<b>18,523</b>
<b>Total non-current assets</b>	<b>59,332</b>	<b>59,429</b>
Deferred assets		
Business commencement expenses	1,927	1,829
<b>Total deferred assets</b>	<b>1,927</b>	<b>1,829</b>
<b>Total assets</b>	<b>125,418</b>	<b>123,926</b>

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	9,478	7,702
Electronically recorded obligations – operating	1,403	1,370
Short-term borrowings	18,512	17,935
Current portion of bonds payable	5,000	5,000
Income taxes payable	434	662
Accrued consumption taxes	100	147
Provision for bonuses	1,190	623
Provision for bonuses for directors (and other officers)	–	10
Provision for repairs	732	441
Provision for loss on business liquidation	110	82
Asset retirement obligations	–	158
Notes payable – facilities	297	199
Other	6,146	6,015
Total current liabilities	43,406	40,349
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	13,875	13,195
Deferred tax liabilities	3,847	4,304
Retirement benefit liability	299	304
Asset retirement obligations	1,919	1,770
Other	151	147
Total non-current liabilities	25,093	24,722
Total liabilities	68,500	65,071
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,343	3,343
Capital surplus	3,564	3,564
Retained earnings	38,927	40,250
Treasury shares	(1,211)	(1,211)
Total shareholders' equity	44,623	45,946
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,173	5,619
Foreign currency translation adjustment	3,530	4,134
Remeasurements of defined benefit plans	2,807	2,727
Total accumulated other comprehensive income	11,511	12,482
Non-controlling interests	783	425
Total net assets	56,918	58,854
Total liabilities and net assets	125,418	123,926

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income

Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	17,298	19,261
Cost of sales	14,585	15,002
Gross profit	2,712	4,259
Selling, general and administrative expenses	3,547	3,637
Operating profit (loss)	(834)	622
Non-operating income		
Interest income	21	30
Dividend income	77	79
Rental income from real estate	10	13
Foreign exchange gains	85	228
Other	59	45
Total non-operating income	254	397
Non-operating expenses		
Interest expenses	66	96
Amortization of business commencement expenses	2	99
Other	20	17
Total non-operating expenses	90	213
Ordinary profit (loss)	(670)	806
Extraordinary income		
Gain on sale of non-current assets	4	979
Gain on sale of investment securities	38	314
Total extraordinary income	43	1,293
Extraordinary losses		
Loss on sale and retirement of non-current assets	36	18
Total extraordinary losses	36	18
Profit (loss) before income taxes	(663)	2,081
Income taxes – current	135	370
Income taxes – deferred	(25)	326
Total income taxes	109	696
Profit (loss)	(773)	1,384
Loss attributable to non-controlling interests	(459)	(414)
Profit (loss) attributable to owners of parent	(314)	1,799

Quarterly Consolidated Statements of Comprehensive Income  
 Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit (loss)	(773)	1,384
Other comprehensive income		
Valuation difference on available-for-sale securities	850	445
Foreign currency translation adjustment	189	660
Remeasurements of defined benefit plans, net of tax	(55)	(79)
Total other comprehensive income	985	1,027
Comprehensive income	212	2,411
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	648	2,770
Comprehensive income attributable to non-controlling interests	(436)	(358)

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(663)	2,081
Depreciation	1,370	1,294
Amortization of business commencement expenses	2	99
Increase (decrease) in allowance for doubtful accounts	2	(0)
Increase (decrease) in provision for bonuses	(456)	(574)
Increase (decrease) in provision for bonuses for directors (and other officers)	–	10
Increase (decrease) in retirement benefit liability	6	5
Decrease (increase) in retirement benefit asset	(66)	(83)
Increase (decrease) in provision for loss on business liquidation	–	(31)
Loss (gain) on sale and retirement of non-current assets	32	(960)
Loss (gain) on sale of investment securities	(38)	(314)
Interest and dividend income	(99)	(109)
Interest expenses	66	96
Decrease (increase) in trade receivables	537	(690)
Decrease (increase) in inventories	(36)	677
Increase (decrease) in trade payables	(1,459)	(1,907)
Increase (decrease) in accrued consumption taxes	195	214
Other, net	(592)	(121)
Subtotal	(1,198)	(317)
Interest and dividends received	97	111
Interest paid	(63)	(96)
Income taxes refund (paid)	(88)	(162)
Net cash provided by (used in) operating activities	(1,253)	(465)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(30)	676
Purchase of property, plant and equipment	(1,182)	(689)
Proceeds from sale of property, plant and equipment	0	768
Purchase of investment securities	(11)	(11)
Proceeds from sale of investment securities	39	355
Purchase of intangible assets	(13)	(6)
Payments for deferred assets	(9)	–
Decrease (increase) in investments and other assets	(1)	3
Other, net	(0)	(25)
Net cash provided by (used in) investing activities	(1,210)	1,070
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	1,970	(529)
Repayments of long-term borrowings	(355)	(875)
Dividends paid	(476)	(476)
Other, net	(22)	(5)
Net cash provided by (used in) financing activities	1,117	(1,886)
Effect of exchange rate change on cash and cash equivalents	103	136
Net increase (decrease) in cash and cash equivalents	(1,242)	(1,144)
Cash and cash equivalents at beginning of period	9,286	9,164
Cash and cash equivalents at end of period	8,043	8,020



#### (4) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc.)

[Segment information]

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

##### 1. Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Functional Coating Chemicals	Paper Chemicals & Environmental Business	Adhesive & Biomass Materials	Fine Chemicals & Electronics	Total		
Net sales							
Net sales to external customers	3,536	4,708	6,223	2,812	17,281	17	17,298
Inter-segment sales or transfers	–	–	–	–	–	7	7
Total	3,536	4,708	6,223	2,812	17,281	24	17,306
Segment income (loss)	33	89	(944)	(98)	(920)	7	(913)

Note: The "Others" category comprises business segments not included in reportable segments, such as non-life insurance business and real estate management.

##### 2. Reconciliation of total income or loss of reportable segments with the amount reported in the quarterly consolidated statements of income and main components of the difference (matters related to adjustments)

(Millions of yen)

Income	Amount
Total of reportable segments	(920)
Income in "Others" category	7
Variance from the allocation of corporate expenses (Note 1)	223
Corporate research and development expenses (Note 2)	(96)
Non-operating income and expenses (Note 3)	(47)
Operating loss in the quarterly consolidated statements of income	(834)

Notes: 1. The variance from the allocation of corporate expenses primarily represents the difference in the estimated allocation of general and administrative expenses to reportable segments.

2. Corporate research and development expenses represent new research and development costs not allocated to reportable segments, which are the source of medium- to long-term growth.

3. Non-operating income and expenses primarily consist of items recorded as non-operating income and expenses in reportable segments.

##### 3. Information on impairment losses on non-current assets or goodwill, etc., by reportable segment

Not applicable

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Functional Coating Chemicals	Paper Chemicals & Environmental Business	Adhesive & Biomass Materials	Fine Chemicals & Electronics	Total		
Net sales							
Net sales to external customers	4,059	5,314	6,560	3,309	19,243	18	19,261
Inter-segment sales or transfers	–	–	–	–	–	7	7
Total	4,059	5,314	6,560	3,309	19,243	25	19,269
Segment income (loss)	429	583	(493)	270	790	8	798

Note: The “Others” category comprises business segments not included in reportable segments, such as non-life insurance business and real estate management.

2. Reconciliation of total income or loss of reportable segments with the amount reported in the quarterly consolidated statements of income and main components of the difference (matters related to adjustments)

(Millions of yen)

Income	Amount
Total of reportable segments	790
Income in “Others” category	8
Variance from the allocation of corporate expenses (Note 1)	89
Corporate research and development expenses (Note 2)	(93)
Non-operating income and expenses (Note 3)	(172)
Operating profit in the quarterly consolidated statements of income	622

Notes: 1. The variance from the allocation of corporate expenses primarily represents the difference in the estimated allocation of general and administrative expenses to reportable segments.

2. Corporate research and development expenses represent new research and development costs not allocated to reportable segments, which are the source of medium- to long-term growth.

3. Non-operating income and expenses primarily consist of items recorded as non-operating income and expenses in reportable segments.

3. Information on impairment losses on non-current assets or goodwill, etc., by reportable segment

Not applicable

(Revenue recognition)

Disaggregation of revenue from contracts with customers

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Functional Coating Chemicals	Paper Chemicals & Environmental Business	Adhesive & Biomass Materials	Fine Chemicals & Electronics	Total		
Net sales							
Japan	2,864	2,804	2,704	1,858	10,231	17	10,249
China	412	776	1,369	517	3,074	–	3,074
Asia (excluding China)	236	1,128	972	375	2,712	–	2,712
South and North America, Europe, Others	23	–	1,177	61	1,262	–	1,262
Revenue from contracts with customers	3,536	4,708	6,223	2,812	17,281	17	17,298
Net sales to external customers	3,536	4,708	6,223	2,812	17,281	17	17,298

Note: The “Others” category comprises business segments not included in reportable segments, such as non-life insurance business and real estate management.

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Functional Coating Chemicals	Paper Chemicals & Environmental Business	Adhesive & Biomass Materials	Fine Chemicals & Electronics	Total		
Net sales							
Japan	3,271	2,857	2,692	2,120	10,942	18	10,961
China	470	998	1,796	511	3,776	–	3,776
Asia (excluding China)	282	1,458	1,113	637	3,491	–	3,491
South and North America, Europe, Others	34	–	957	39	1,032	–	1,032
Revenue from contracts with customers	4,059	5,314	6,560	3,309	19,243	18	19,261
Net sales to external customers	4,059	5,314	6,560	3,309	19,243	18	19,261

Note: The “Others” category comprises business segments not included in reportable segments, such as non-life insurance business and real estate management.