Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

KIZUNA Bonds Our Future Lives

November 5, 2026

Company Name: ARAKAWA CHEMICAL INDUSTRIES, LTD.
Representative: Nobuyuki Takagi
Representative Director and President
(Securities code: 4968, Tokyo Stock Exchange Prime Market)
Contact: Nobuyuki Fuke
Director and Executive Officer,
Corporate Planning H.Q
Telephone: +81-6-6209-8500

Notice Regarding Disposal of Treasury Shares Through Third-Party Allotment

ARAKAWA CHEMICAL INDUSTRIES, LTD. (the "Company") hereby announces that at the meeting of the Board of Directors held on November 5, 2026, it resolved to dispose of treasury shares through a third-party allotment (hereinafter, the "Disposal of Treasury Shares"), as detailed below.

1. Outline of share disposal through third-party allotment

(1) Disposal date	November 26, 2026
(2) Class and number of shares	256,000 shares of common stock
(3) Disposal price	¥1,965 per share
(4) Total disposal amount	¥503,400,000
(5) Planned Allottee	The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP Trust Account)
(6) Other	An extraordinary report under the Financial Instruments and Exchange Act has been filed in connection with this disposal of treasury shares.

2. Purpose and Reason for the Disposal

The Company resolved at the Board of Directors meeting on November 5, 2026, to introduce a performance-linked stock grant plan (the "Plan") for employees of the Company and its domestic subsidiaries ("Eligible Employees"). For an overview of the Plan, please refer to the "Notice Regarding the Introduction of an Employee Stock Grant Plan" announced on November 5, 2026.

The Disposal of Treasury Shares is to dispose of treasury shares to The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP Trust Account), a co-trustee of the Stock Grant ESOP Trust Agreement (hereinafter, the "Trust Agreement") to be entered into between the Company and Mitsubishi UFJ Trust and Banking Corporation in connection with the introduction of the Plan.

The number of shares to be disposed of is the expected number of shares to be granted to Eligible Employees during the trust period under the Share Grant Regulations. The scale of dilution is 1.24% of the total number of issued shares (rounded to two decimal places; a ratio of 1.29% to the 198,011 total voting rights as of September 30, 2026).

The Company shares allocated by the Disposal of Treasury Shares will be granted to Eligible Employees

satisfying certain requirements under the Share Grant Regulations, and it is not expected that the shares from this Disposal of Treasury Shares will flow into the stock market all at once. Therefore, the impact on the stock market is deemed to be minimal, and the number of shares to be disposed of and the scale of dilution are judged to be reasonable.

[Details of the Trust Agreement]

Type of trust	A money trust other than a specified individually managed money trust (third-party benefit trust)
Purpose of trust	To grant incentives to Eligible Employees
Settlor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Eligible Employees who satisfy the beneficiary requirements
Trust administrator	A third party with no conflict of interest with the Company (a certified public accountant)
Trust agreement date	November 20, 2026 (planned)
Trust period	November 20, 2026 to November 30, 2029 (planned)
Exercise of voting rights	The trustee will exercise the voting rights attached to shares of the Company in accordance with instructions from the trust administrator, reflecting the voting preferences of prospective beneficiaries.

3. Basis for Calculating the Disposal Price and Specific Details

To eliminate arbitrariness in light of recent stock price trends, the disposal price is set at ¥1,965, which is the closing price of the Company's common stock on the Tokyo Stock Exchange, Inc. (hereinafter, the "Tokyo Stock Exchange") on November 4, 2026, the business day immediately preceding the date of the Board of Directors resolution regarding the Disposal of Treasury Shares. This price was adopted because it is the market price immediately prior to the Board of Directors resolution, and is deemed to be highly objective and reasonable as a basis for calculation.

Furthermore, the Company's Audit and Supervisory Committee (consisting of 3 members, of which 2 are Outside Directors) has expressed the opinion that the basis for calculating the disposal price is reasonable and does not fall under a particularly favorable disposal price.

4. Procedures under the Code of Corporate Conduct

Since the dilution ratio of shares due to the Disposal of Treasury Shares is less than 25% and there is no change in controlling shareholders, procedures for obtaining an opinion from an independent third party and confirming the intent of shareholders, as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, are not required.