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**Consolidated Financial Results**  
**for the Nine Months Ended December 31, 2024**  
**[Japanese GAAP]**



February 5, 2025

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 Nine Months Ended December 31, 2024 (April 1, 2024 – December 31, 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	%
Nine months ended December 31, 2024	60,205	12.1	1,014	-	945	-	2,267	-
December 31, 2023	53,713	(12.5)	(1,914)	-	(1,503)	-	(582)	-

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ 785 million [(28.9)%]  
 Nine months ended December 31, 2023: ¥ 1,103 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	114.32	-
December 31, 2023	(29.35)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	125,269	56,751	45.8
As of March 31, 2024	125,418	56,918	44.8

(Reference) Equity: As of December 31, 2024: ¥ 57,331 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	–	24.00	–		
Fiscal year ending March 31, 2025 (Forecast)				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
Full year	82,000	13.5	1,500	–	1,200	–	2,100	–	105.85

(Note) Revision to the financial results forecast announced most recently: None

### \* 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):

December 31, 2024: 20,652,400 shares

March 31, 2024: 20,652,400 shares

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

December 31, 2024: 813,611 shares

March 31, 2024: 813,611 shares

3) Average number of shares during the period:

Nine months ended December 31, 2024: 19,838,789 shares

Nine months ended December 31, 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 December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	11,578	9,900
Notes and accounts receivable – trade	25,683	28,429
Electronically recorded monetary claims – operating	2,504	2,664
Merchandise and finished goods	12,423	11,857
Work in process	1,603	1,327
Raw materials and supplies	9,267	9,675
Other	1,215	1,476
Allowance for doubtful accounts	(116)	(114)
<b>Total current assets</b>	<b>64,159</b>	<b>65,218</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,723	17,219
Machinery, equipment and vehicles, net	14,126	12,859
Land	4,996	5,002
Construction in progress	1,969	2,913
Other, net	1,136	998
<b>Total property, plant and equipment</b>	<b>39,952</b>	<b>38,992</b>
Intangible assets	1,529	1,363
Investments and other assets		
Investment securities	11,200	11,162
Retirement benefit asset	6,087	6,337
Deferred tax assets	286	282
Other	354	366
Allowance for doubtful accounts	(79)	(81)
<b>Total investments and other assets</b>	<b>17,850</b>	<b>18,065</b>
<b>Total non-current assets</b>	<b>59,332</b>	<b>58,422</b>
Deferred assets		
Business commencement expenses	1,927	1,629
<b>Total deferred assets</b>	<b>1,927</b>	<b>1,629</b>
<b>Total assets</b>	<b>125,418</b>	<b>125,269</b>

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	9,478	10,117
Electronically recorded obligations – operating	1,403	1,463
Short-term borrowings	18,512	18,976
Current portion of bonds payable	5,000	–
Income taxes payable	434	553
Accrued consumption taxes	100	183
Provision for bonuses	1,190	660
Provision for bonuses for directors (and other officers)	–	20
Provision for repairs	732	757
Provision for loss on business liquidation	110	72
Asset retirement obligations	–	174
Notes payable – facilities	297	189
Other	6,146	6,795
Total current liabilities	43,406	39,965
Non-current liabilities		
Bonds payable	5,000	10,000
Long-term borrowings	13,875	12,201
Deferred tax liabilities	3,847	4,157
Retirement benefit liability	299	310
Asset retirement obligations	1,919	1,751
Other	151	132
Total non-current liabilities	25,093	28,553
Total liabilities	68,500	68,518
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,343	3,343
Capital surplus	3,564	3,564
Retained earnings	38,927	40,243
Treasury shares	(1,211)	(1,211)
Total shareholders' equity	44,623	45,939
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,173	5,216
Foreign currency translation adjustment	3,530	3,604
Remeasurements of defined benefit plans	2,807	2,571
Total accumulated other comprehensive income	11,511	11,392
Non-controlling interests	783	(580)
Total net assets	56,918	56,751
Total liabilities and net assets	125,418	125,269

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

## Quarterly Consolidated Statements of Income

Nine Months Ended December 31

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	53,713	60,205
Cost of sales	45,048	47,765
Gross profit	8,664	12,440
Selling, general and administrative expenses	10,579	11,425
Operating profit (loss)	(1,914)	1,014
Non-operating income		
Interest income	68	75
Dividend income	195	201
Rental income from real estate	35	42
Foreign exchange gains	254	124
Other	189	145
Total non-operating income	743	589
Non-operating expenses		
Interest expenses	236	281
Bond issuance costs	–	24
Amortization of business commencement expenses	8	297
Other	87	56
Total non-operating expenses	332	659
Ordinary profit (loss)	(1,503)	945
Extraordinary income		
Gain on sale of non-current assets	5	984
Gain on sale of investment securities	196	478
Compensation income	431	–
Total extraordinary income	633	1,462
Extraordinary losses		
Loss on sale and retirement of non-current assets	343	72
Total extraordinary losses	343	72
Profit (loss) before income taxes	(1,213)	2,334
Income taxes – current	598	961
Income taxes – deferred	(115)	401
Total income taxes	483	1,362
Profit (loss)	(1,697)	971
Loss attributable to non-controlling interests	(1,115)	(1,296)
Profit (loss) attributable to owners of parent	(582)	2,267

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit (loss)	(1,697)	971
Other comprehensive income		
Valuation difference on available-for-sale securities	1,724	42
Foreign currency translation adjustment	1,243	6
Remeasurements of defined benefit plans, net of tax	(167)	(235)
Total other comprehensive income	2,801	(186)
Comprehensive income	1,103	785
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,059	2,149
Comprehensive income attributable to non-controlling interests	(955)	(1,364)

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(1,213)	2,334
Depreciation	4,242	4,157
Amortization of business commencement expenses	8	297
Increase (decrease) in allowance for doubtful accounts	(3)	(2)
Increase (decrease) in provision for bonuses	(417)	(534)
Increase (decrease) in provision for bonuses for directors (and other officers)	–	20
Increase (decrease) in retirement benefit liability	17	10
Decrease (increase) in retirement benefit asset	(200)	(250)
Increase (decrease) in provision for loss on business liquidation	(680)	(40)
Loss (gain) on sale and retirement of non-current assets	337	(911)
Loss (gain) on sale of investment securities	(196)	(478)
Interest and dividend income	(263)	(277)
Interest expenses	236	281
Decrease (increase) in trade receivables	(2,247)	(2,847)
Decrease (increase) in inventories	891	521
Increase (decrease) in trade payables	(164)	681
Increase (decrease) in accrued consumption taxes	246	207
Other, net	529	(367)
Subtotal	1,123	2,802
Interest and dividends received	257	282
Interest paid	(232)	(276)
Income taxes refund (paid)	(591)	(784)
Net cash provided by (used in) operating activities	556	2,023
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(197)	299
Purchase of property, plant and equipment	(5,288)	(2,383)
Proceeds from sale of property, plant and equipment	14	772
Purchase of investment securities	(32)	(47)
Proceeds from sale of investment securities	253	606
Purchase of intangible assets	(69)	(68)
Payments for deferred assets	(49)	–
Decrease (increase) in investments and other assets	0	(9)
Other, net	(18)	(174)
Net cash provided by (used in) investing activities	(5,386)	(1,005)



(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(928)	900
Proceeds from long-term borrowings	11,994	405
Repayments of long-term borrowings	(4,735)	(2,633)
Proceeds from issuance of bonds	–	4,975
Redemption of bonds	–	(5,000)
Dividends paid	(952)	(952)
Other, net	(59)	(11)
Net cash provided by (used in) financing activities	5,319	(2,315)
Effect of exchange rate change on cash and cash equivalents	404	(41)
Net increase (decrease) in cash and cash equivalents	893	(1,338)
Cash and cash equivalents at beginning of period	9,286	9,164
Cash and cash equivalents at end of period	10,180	7,826

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

(Segment information, etc.)

[Segment information]

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	11,051	15,562	18,843	8,196	53,654	58	53,713
Inter-segment sales or transfers	–	–	–	–	–	26	26
Total	11,051	15,562	18,843	8,196	53,654	84	53,739
Segment income (loss)	325	908	(2,796)	(206)	(1,769)	27	(1,742)

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	(1,769)
Income in "Others" category	27
Variance from the allocation of corporate expenses (Note 1)	379
Corporate research and development expenses (Note 2)	(294)
Non-operating income and expenses (Note 3)	(257)
Operating loss in the quarterly consolidated statements of income	(1,914)

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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	12,703	16,613	20,572	10,247	60,136	69	60,205
Inter-segment sales or transfers	–	–	–	–	–	28	28
Total	12,703	16,613	20,572	10,247	60,136	97	60,234
Segment income (loss)	982	1,466	(1,675)	735	1,509	41	1,550

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	1,509
Income in “Others” category	41
Variance from the allocation of corporate expenses (Note 1)	(20)
Corporate research and development expenses (Note 2)	(284)
Non-operating income and expenses (Note 3)	(231)
Operating profit in the quarterly consolidated statements of income	1,014

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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	8,775	8,910	8,061	5,295	31,041	58	31,100
China	1,507	2,679	4,894	1,412	10,493	–	10,493
Asia (excluding China)	719	3,973	2,955	1,286	8,934	–	8,934
South and North America, Europe, Others	49	–	2,933	202	3,184	–	3,184
Revenue from contracts with customers	11,051	15,562	18,843	8,196	53,654	58	53,713
Net sales to external customers	11,051	15,562	18,843	8,196	53,654	58	53,713

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

For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	10,357	9,204	8,355	6,619	34,536	69	34,605
China	1,420	2,916	6,155	1,674	12,166	–	12,166
Asia (excluding China)	842	4,478	3,179	1,823	10,324	–	10,324
South and North America, Europe, Others	82	14	2,880	130	3,108	–	3,108
Revenue from contracts with customers	12,703	16,613	20,572	10,247	60,136	69	60,205
Net sales to external customers	12,703	16,613	20,572	10,247	60,136	69	60,205

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