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## Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]



August 4, 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 and Executive Officer**  
 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, 2025 (April 1, 2025 – June 30, 2025)

(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, 2025	19,899	3.3	681	9.6	585	(27.4)	533	(70.4)
June 30, 2024	19,261	11.3	622	-	806	-	1,799	-

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ (721) million [-%]  
 Three months ended June 30, 2024: ¥ 2,411 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	26.88	-
June 30, 2024	90.71	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	120,431	56,020	48.0
As of March 31, 2025	122,297	57,237	47.8

(Reference) Equity: As of June 30, 2025: ¥ 57,784 million  
 As of March 31, 2025: ¥ 58,475 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, 2025	–	24.00	–	25.00	49.00
Fiscal year ending March 31, 2026	–				
Fiscal year ending March 31, 2026 (Forecast)		25.00	–	25.00	50.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

(% 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)	41,000	4.3	900	186.8	700	123.3	600 (63.3)	30.24
Full year	85,000	5.9	2,800	164.7	2,400	180.7	1,800 (31.9)	90.73

(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):

June 30, 2025: 20,652,400 shares

March 31, 2025: 20,652,400 shares

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

June 30, 2025: 813,611 shares

March 31, 2025: 813,611 shares

3) Average number of shares during the period:

Three months ended June 30, 2025: 19,838,789 shares

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

## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Current Quarter

During the three months ended June 30, 2025, the Japanese economy continued its modest recovery, supported by improvements in employment and income situation. However, the global economy remains uncertain, with some regions experiencing stagnation, and risks such as US trade policies, a delayed economic recovery in China, increasing geopolitical risks, among others, creating continued uncertainty about prospects.

In this environment, ARAKAWA CHEMICAL INDUSTRIES, LTD. and its subsidiaries (the “Group”) have been pressing forward with key initiatives under “V-ACTION for Sustainability,” the 5th Medium-Term Management Plan, now in its final year. In the area of photo-curable resins and fine chemical products—positioned under the “NOBASU” mission—capacity expansions have been completed, and we are steadily progressing toward mass production in response to growing market demand. We are also working to develop new businesses in the life sciences field (healthcare, agriculture, and cosmetics) by leveraging natural materials such as pine and microalgae, with the aim of commercialization. As for hydrogenated hydrocarbon resin, we recognize the stable operation of Chiba Arkon Production Limited as an important company-wide challenge, and we have strengthened our organizational structure to address this issue, with the “Arkon Special Committee” playing a central role.

In terms of operating results, sales of photo-curable resins for functional coating chemicals increased, surpassing the previous year’s period due to the recovery in smartphone shipments, and sales of fine chemicals products and polishing agents for hard disk substrates have been maintained record-high levels. Moreover, the operation rate of Chiba Arkon Production Limited for hydrogenated hydrocarbon resin has improved.

As a result, for the three months ended June 30, 2025, the Group posted net sales of ¥19,899 million (up 3.3% year on year), operating profit of ¥681 million (up 9.6% year on year), ordinary profit of ¥585 million (down 27.4% year on year) primary due to foreign exchange losses, and profit attributable to owners of parent of ¥533 million (down 70.4% year on year) reflecting the absence of a gain on sale of non-current assets recorded in the same period of the previous fiscal year.

Operating results by segment are as follows. Net sales for each segment do not include inter-segment net sales.

#### Functional Coating Chemicals Business

The electrical and precision equipment related industries are experiencing steady demand, especially for electronic components. In this environment, demand recovery in smartphones and displays led to increased sales of photo-curable resins. Furthermore, thermosetting resins, positioned under the “SODATERU” mission, also saw increased sales through new adoption and expanded sales channels.

As a result, net sales were ¥4,474 million (up 10.2% year on year), and segment income was ¥561 million (up 30.7% year on year).

#### Paper Chemicals & Environmental Business

The paper manufacturing industry continued to face a sluggish market not only in Japan but also in China and other parts of Asia, resulting in a challenging demand environment. Under these conditions, sales of paper strengthening agents for paperboard showed weak performance.

As a result, net sales were ¥ 4,904 million (down 7.7% year on year), and segment income was ¥314 million (down 46.1% year on year).

#### Adhesive & Biomass Materials Business

The adhesives industry has been partially impacted by U.S. tariff policies in the automobile-related field, resulting in weak demand for those used for tapes and sheets, etc. In this environment, sales of rosin tackifier for adhesives remained stable, particularly in the Asian region. The operation rate at Chiba Arkon Production Limited improved, and inventory build-up is underway to ensure stable supply.

As a result, net sales were ¥6,907 million (up 5.3% year on year), and segment loss was ¥274 million (segment loss of ¥493 million in the same period of the previous year).

#### Fine Chemicals & Electronics Business

In the electronics industry, demand for electronic components, etc., is recovering, and investment in data centers, associated with increased demand for generative AI, is growing steadily. In this environment, sales of fine chemical products for semiconductor-related advanced materials and compounded products for electronic material increased. On the other hand, costs for polishing agents for hard disk substrates and compounded products for electronic material outpaced adjustment in selling prices, and the commencement of depreciation costs for newly enhanced production capacity for semiconductor-related advanced materials also weighed on profits.

As a result, net sales were ¥3,597 million (up 8.7% year on year), and segment income was ¥184 million (down 32.0% year on year).

#### (2) Overview of Financial Position for the Current Quarter

Total assets as of June 30, 2025, decreased by ¥1,866 million compared to the end of the previous consolidated fiscal year, totaling ¥120,431 million. The main reasons include a decline of ¥991 million in notes and accounts receivable-trade, and a decrease of ¥1,046 million in property, plant and equipment.

Liabilities decreased by ¥648 million compared to the end of the previous consolidated fiscal year, reaching ¥64,411 million. This was despite a ¥2,285 million increase in short-term borrowings, mainly attributable to decreases in notes and accounts payable-trade of ¥928 million, provision for bonuses of ¥714 million, and long-term borrowings of ¥713 million.

Total net assets decreased by 1,217 million compared to the end of the previous consolidated fiscal year to 56,020 million, mainly due to decreases in foreign currency translation adjustment.

#### (3) Forward-looking Statements such as Earnings Forecasts

There are no revisions to the full-year consolidated earnings forecast disclosed on May 14, 2025.

(Reference) Depreciation expense recognized at Chiba Arkon Production Limited

(Millions of yen)

FY 2023	FY 2024	FY 2025	FY 2026 (forecast)	FY 2027 (forecast)
1,043	2,315	1,954	Approx. 1,600	Approx. 1,400

The forward-looking statements regarding performance forecasts and other future projections contained in this document are based on the information currently available to our company and on certain assumptions deemed reasonable. However, these statements are not promises or guarantees of future performance by the company. Actual results may differ significantly due to various factors.

## Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	9,431	9,104
Notes and accounts receivable – trade	25,884	24,893
Electronically recorded monetary claims – operating	2,258	2,181
Merchandise and finished goods	12,619	12,540
Work in process	1,468	1,624
Raw materials and supplies	9,730	9,457
Other	997	1,441
Allowance for doubtful accounts	(126)	(116)
Total current assets	62,264	61,127
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,604	18,194
Machinery, equipment and vehicles, net	13,487	12,772
Land	5,008	5,001
Construction in progress	846	976
Other, net	1,092	1,046
Total property, plant and equipment	39,039	37,993
Intangible assets	1,374	1,266
Investments and other assets		
Investment securities	10,105	10,609
Retirement benefit asset	7,392	7,487
Deferred tax assets	288	213
Other	386	384
Allowance for doubtful accounts	(86)	(81)
Total investments and other assets	18,086	18,612
Total non-current assets	58,500	57,872
Deferred assets		
Business commencement expenses	1,532	1,431
Total deferred assets	1,532	1,431
Total assets	122,297	120,431

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	9,200	8,272
Electronically recorded obligations – operating	1,172	1,149
Short-term borrowings	18,319	20,604
Income taxes payable	774	430
Accrued consumption taxes	52	106
Provision for bonuses	1,370	656
Provision for bonuses for directors (and other officers)	27	9
Provision for repairs	820	521
Provision for loss on business liquidation	56	55
Asset retirement obligations	26	26
Notes payable – facilities	104	84
Other	5,682	5,482
Total current liabilities	37,608	37,397
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	11,061	10,348
Deferred tax liabilities	4,161	4,453
Retirement benefit liability	259	262
Asset retirement obligations	1,832	1,829
Other	135	120
Total non-current liabilities	27,451	27,013
Total liabilities	65,060	64,411
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,343	3,343
Capital surplus	3,564	3,564
Retained earnings	40,619	40,656
Treasury shares	(1,211)	(1,211)
Total shareholders' equity	46,315	46,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,384	4,720
Foreign currency translation adjustment	4,671	3,701
Remeasurements of defined benefit plans	3,103	3,009
Total accumulated other comprehensive income	12,159	11,431
Non-controlling interests	(1,237)	(1,764)
Total net assets	57,237	56,020
<b>Total liabilities and net assets</b>	<b>122,297</b>	<b>120,431</b>

(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, 2024	For the three months ended June 30, 2025
Net sales	19,261	19,899
Cost of sales	15,002	15,265
Gross profit	4,259	4,634
Selling, general and administrative expenses	3,637	3,952
Operating profit (loss)	622	681
Non-operating income		
Interest income	30	23
Dividend income	79	94
Rental income from real estate	13	14
Foreign exchange gains	228	–
Other	45	68
Total non-operating income	397	201
Non-operating expenses		
Interest expenses	96	112
Foreign exchange losses	–	52
Amortization of business commencement expenses	99	99
Other	17	32
Total non-operating expenses	213	296
Ordinary profit (loss)	806	585
Extraordinary income		
Gain on sale of non-current assets	979	0
Gain on sale of investment securities	314	–
Total extraordinary income	1,293	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	18	5
Total extraordinary losses	18	5
Profit (loss) before income taxes	2,081	580
Income taxes – current	370	163
Income taxes – deferred	326	256
Total income taxes	696	419
Profit (loss)	1,384	160
Profit (loss) attributable to non-controlling interests	(414)	(372)
Profit (loss) attributable to owners of parent	1,799	533



Quarterly Consolidated Statements of Comprehensive Income  
Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit (loss)	1,384	160
Other comprehensive income		
Valuation difference on available-for-sale securities	445	335
Foreign currency translation adjustment	660	(1,124)
Remeasurements of defined benefit plans, net of tax	(79)	(93)
Total other comprehensive income	1,027	(881)
Comprehensive income	2,411	(721)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,770	(194)
Comprehensive income attributable to non-controlling interests	(358)	(526)

### (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	2,081	580
Depreciation	1,294	1,318
Amortization of business commencement expenses	99	99
Increase (decrease) in allowance for doubtful accounts	(0)	(6)
Increase (decrease) in provision for bonuses	(574)	(701)
Increase (decrease) in provision for bonuses for directors (and other officers)	10	(18)
Increase (decrease) in retirement benefit liability	5	3
Decrease (increase) in retirement benefit asset	(83)	(100)
Increase (decrease) in provision for loss on business liquidation	(31)	–
Loss (gain) on sale and retirement of non-current assets	(960)	5
Loss (gain) on sale of investment securities	(314)	–
Interest and dividend income	(109)	(117)
Interest expenses	96	112
Decrease (increase) in trade receivables	(690)	570
Decrease (increase) in inventories	677	(84)
Increase (decrease) in trade payables	(1,907)	(791)
Increase (decrease) in accrued consumption taxes	214	142
Other, net	(121)	(747)
Subtotal	(317)	265
Interest and dividends received	111	122
Interest paid	(96)	(131)
Income taxes refund (paid)	(162)	(500)
Net cash provided by (used in) operating activities	(465)	(244)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	676	812
Purchase of property, plant and equipment	(689)	(890)
Proceeds from sale of property, plant and equipment	768	0
Purchase of investment securities	(11)	(12)
Proceeds from sale of investment securities	355	–
Purchase of intangible assets	(6)	(9)
Decrease (increase) in investments and other assets	3	(2)
Other, net	(25)	(22)
Net cash provided by (used in) investing activities	1,070	(124)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(529)	2,357
Repayments of long-term borrowings	(875)	(702)
Dividends paid	(476)	(495)
Other, net	(5)	(3)
Net cash provided by (used in) financing activities	(1,886)	1,156
Effect of exchange rate change on cash and cash equivalents	136	(120)
Net increase (decrease) in cash and cash equivalents	(1,144)	666
Cash and cash equivalents at beginning of period	9,164	6,434
Cash and cash equivalents at end of period	8,020	7,100

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

(Segment information, etc.)

[Segment information]

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

For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

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	4,474	4,904	6,907	3,597	19,883	15	19,899
Inter-segment sales or transfers	–	–	–	–	–	6	6
Total	4,474	4,904	6,907	3,597	19,883	22	19,906
Segment income (loss)	561	314	(274)	184	784	6	791

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	784
Income in “Others” category	6
Variance from the allocation of corporate expenses (Note 1)	80
Corporate research and development expenses (Note 2)	(119)
Non-operating income and expenses (Note 3)	(71)
Operating profit in the quarterly consolidated statements of income	681

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, 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.

For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(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	3,543	2,790	2,684	2,343	11,362	15	11,377
China	613	837	2,282	630	4,363	–	4,363
Asia (excluding China)	290	1,274	1,008	595	3,167	–	3,167
South and North America, Europe, Others	26	3	932	28	990	–	990
Revenue from contracts with customers	4,474	4,904	6,907	3,597	19,883	15	19,899
Net sales to external customers	4,474	4,904	6,907	3,597	19,883	15	19,899

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