

To whom it may concern

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Permanent shut down of production plant for Hydrogenated Hydrocarbon Resin at Arakawa Europe GmbH (Germany)

We hereby announce that our Board of Directors has resolved at the board meeting on September 27, 2022 to permanently shut down the production plant for ARKON™, hydrogenated hydrocarbon resin (used for adhesives and bonding agents, additives for plastics, etc.) at our consolidated subsidiary, Arakawa Europe GmbH, as per mentioned below. After the permanent shut down of Arakawa Europe, we manufacture at and supply the hydrogenated Hydrocarbon resin, ARKON™, from Mizushima plant and Chiba Arkon Manufacturing Co. Ltd (in preparation for commissioning) and Arakawa Europe GmbH will continue its business activities as a sales and marketing company in Europe.

In 1965, we developed ARKON™, as a pioneer of a colorless and transparent hydrogenated hydrocarbon resin, based on our own high-pressure hydrogenation technology, and in 1970 launched a commercial production at Mizushima Plant (Kurashiki City, Okayama Prefecture). In 2010, we took over from The Dow Chemical Company the integrated production facility for hydrogenated hydrocarbon resins located in a German industrial complex, thus establishing two production sites, one in Japan and the other in Germany. In 2018, we established the Joint Venture, Chiba Arkon Manufacturing Co. Ltd. (in preparation for commissioning) with Cosmo Energy Holdings Corp. and Maruzen Petrochemical Co., Ltd. to develop further the global business. We have been aiming to expand our hydrogenated hydrocarbon resin business with three global bases in order to be able to respond to the expected increase in global demand for hot melt adhesives for sanitary materials such as disposable diapers. However, the production circumstance of the hydrogenated hydrocarbon resin in Germany has deteriorated significantly due to the unprecedented high prices of natural gas and hydrogen and the deterioration of the raw material procurement environment. In view of the prolonged situation in Ukraine and the energy situation in Europe, we have decided to permanently shut down the production of ARKON™ products in Germany on 31 March 2023.

After the shutdown of production at Arakawa Europe, we will supply ARKON™ resin continuously from two plants, Mizushima and Chiba Arkon Manufacturing Co. Ltd.. The global sales and marketing strategy will be restructured to ensure a stable supply and improve our competitiveness in the hydrogenated hydrocarbon resin business. Arakawa Europe will continue its business activities as sales and marketing organization in Europe.

• Outline of Arakawa Europe GmbH

(1) Name : Arakawa Europe GmbH

(2) Location : Hafenstr. 2, 04442 Zwenkau, GERMANY

(3) Managing Director (*Geschäftsführer*) : Uwe Holland

(4) Date of foundation : 9th November, 1998

(5) Outline of business : Manufacture and sale of hydrogenated hydrocarbon resins

(6) Production capacity : Approx. 20 thousand tons/year

(7) Fiscal year : End/December

(8) Amount of capital : 52 thousand Euro

(9) Shareholder : Arakawa Chemical Industries, Limited 100%