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**Consolidated Financial Results**  
**for the Six Months Ended September 30, 2025**  
**[Japanese GAAP]**



November 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 and Executive Officer**

Phone: **+81-6-6209-8500**

Scheduled date of filing semi-annual securities report: **November 12, 2025**

Scheduled date of commencing dividend payments: **December 1, 2025**

Availability of supplementary explanatory materials on financial results: **Available**

Schedule of financial results briefing session: **Scheduled (for institutional investors/securities analysts)**

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

**1. Consolidated Financial Results for the Six Months Ended September 30, 2025 (April 1, 2025 – September 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	%
Six months ended September 30, 2025	40,367	2.6	929	196.0	639	103.8	724	(55.7)
September 30, 2024	39,327	13.4	313	–	313	–	1,634	–

(Note) Comprehensive income: Six months ended September 30, 2025: ¥ (49) million [–%]

Six months ended September 30, 2024: ¥ 2,181 million [321.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2025	36.53	–
September 30, 2024	82.41	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	121,261	56,692	48.3
As of March 31, 2025	122,297	57,237	47.8

(Reference) Equity: As of September 30, 2025: ¥ 58,567 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	–	25.00			
Fiscal year ending March 31, 2026 (Forecast)			–	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
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 semi-annual 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):

September 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:

September 30, 2025: 813,671 shares

March 31, 2025: 813,611 shares

3) Average number of shares during the period:

Six months ended September 30, 2025: 19,838,774 shares

Six months ended September 30, 2024: 19,838,789 shares

\* These semi-annual consolidated financial results are outside the scope of review by certified public accountants or an audit firm.

\* 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. Qualitative Information on Semi-annual Financial Results

### (1) Explanation of Operating Results

During the six months ended September 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, China's economic slowdown, 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 improved its operation rate by strengthening 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.

As a result, for the six months ended September 30, 2025, the Group posted net sales of ¥40,367 million (up 2.6% year on year), operating profit of ¥929 million (up 196.0% year on year), ordinary profit of ¥639 million (up 103.8% year on year), and profit attributable to owners of parent of ¥724 million (down 55.7% year on 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 ¥8,977 million (up 9.3% year on year), and segment income was ¥1,008 million (up 68.4% year on year).

#### Paper Chemicals & Environmental Business

Regarding the paper manufacturing industry, paper and paperboard production has continued to fall below the previous year's levels in Japan. In China, amid sluggish demand, production continued to increase, which affected market conditions in other Asian regions and created a challenging situation. Under these conditions, overseas price competition for paper strengthening agents has intensified and resulted in a decline in profits.

As a result, net sales were ¥ 10,094 million (down 8.2% year on year), and segment income was ¥534 million (down 47.2% year on year).

## Adhesive & Biomass Materials Business

In the adhesives industry, concerns exist that demand may decline in the automobile-related field due to the uncertainty surrounding U.S. tariff policies, 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. Regarding hydrogenated hydrocarbon resins, Chiba Arkon Production Limited improved its operation rate and has begun stable supply to Europe.

As a result, net sales were ¥13,890 million (up 5.0% year on year), and segment loss was ¥603 million (segment loss of ¥1,292 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 polishing agents for hard disk substrates used in data centers and fine chemical products for semiconductor-related advanced materials increased. Regarding polishing agents and compounded products for electronic material, we are progressively implementing price revisions, but cost increases are currently outpacing sales prices. Regarding newly enhanced production capacity for semiconductor-related advanced materials, depreciation has been recorded since May 2025, and mass production is scheduled to begin in the latter half of the next fiscal year after obtaining customer approvals.

As a result, net sales were ¥7,366 million (up 7.6% year on year), and segment income was ¥274 million (down 25.4% year on year).

## (2) Explanation of Financial Position

### 1) Overview of Assets and Liabilities

Total assets as of September 30, 2025, decreased by ¥1,036 million compared to the end of the previous consolidated fiscal year, totaling ¥121,261 million. The main reasons include a decrease of ¥889 million in inventories and a decrease of ¥1,192 million in property, plant and equipment, despite an increase of ¥1,301 million in investment securities.

Liabilities decreased by ¥491 million compared to the end of the previous consolidated fiscal year, reaching ¥64,568 million. This was despite a ¥2,163 million increase in short-term borrowings, mainly attributable to decreases in notes and accounts payable-trade of ¥1,280 million and long-term borrowings of ¥1,406 million.

Total net assets decreased by ¥545 million compared to the end of the previous consolidated fiscal year to ¥56,692 million, mainly due to decreases in foreign currency translation adjustment, despite increases in retained earnings and valuation difference on available-for-sale securities.

### 2) Overview of Cash Flows

Cash and cash equivalents at the end of the period under review increased by ¥932 million from the end of the previous fiscal year to ¥7,367 million.

Net cash provided by operating activities increased by ¥1,249 million. This was due to net income before income taxes (¥667 million) and depreciation (¥2,710 million), among other factors.

Net cash used in investing activities decreased by ¥622 million. This resulted from a decrease in cash mainly due to the purchase of property, plant and equipment and intangible assets (¥1,904 million), among other factors, despite an increase in cash from the decrease in time deposits (¥1,302 million).

Net cash provided by financing activities increased by ¥324 million. This was due to an increase in cash resulting from a net increase in borrowings (¥826 million), among other factors, despite a decrease in cash due to dividend payments (¥495 million), among other factors.

(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 recognized at Chiba Arkon Production Limited

(Millions of yen)

FY 2022	FY 2023	FY 2024	FY 2025 (forecast)	FY 2026 (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.

## 2. Semi-annual Consolidated Financial Statements and Principal Notes

### (1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	9,431	9,074
Notes and accounts receivable – trade	25,884	25,778
Electronically recorded monetary claims – operating	2,258	2,241
Merchandise and finished goods	12,619	11,798
Work in process	1,468	1,439
Raw materials and supplies	9,730	9,692
Other	997	1,432
Allowance for doubtful accounts	(126)	(115)
<b>Total current assets</b>	<b>62,264</b>	<b>61,341</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,604	18,134
Machinery, equipment and vehicles, net	13,487	12,303
Land	5,008	5,003
Construction in progress	846	1,346
Other, net	1,092	1,059
<b>Total property, plant and equipment</b>	<b>39,039</b>	<b>37,847</b>
Intangible assets	1,374	1,180
Investments and other assets		
Investment securities	10,105	11,407
Retirement benefit asset	7,392	7,585
Deferred tax assets	288	237
Other	386	409
Allowance for doubtful accounts	(86)	(80)
<b>Total investments and other assets</b>	<b>18,086</b>	<b>19,559</b>
<b>Total non-current assets</b>	<b>58,500</b>	<b>58,587</b>
Deferred assets		
Business commencement expenses	1,532	1,331
<b>Total deferred assets</b>	<b>1,532</b>	<b>1,331</b>
<b>Total assets</b>	<b>122,297</b>	<b>121,261</b>

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	9,200	7,920
Electronically recorded obligations – operating	1,172	1,057
Short-term borrowings	18,319	20,482
Income taxes payable	774	370
Accrued consumption taxes	52	238
Provision for bonuses	1,370	1,246
Provision for bonuses for directors (and other officers)	27	10
Provision for repairs	820	525
Provision for loss on business liquidation	56	57
Asset retirement obligations	26	–
Notes payable – facilities	104	132
Other	5,682	5,910
<b>Total current liabilities</b>	<b>37,608</b>	<b>37,953</b>
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	11,061	9,654
Deferred tax liabilities	4,161	4,742
Retirement benefit liability	259	270
Asset retirement obligations	1,832	1,829
Other	135	117
<b>Total non-current liabilities</b>	<b>27,451</b>	<b>26,615</b>
<b>Total liabilities</b>	<b>65,060</b>	<b>64,568</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,343	3,343
Capital surplus	3,564	3,564
Retained earnings	40,619	40,848
Treasury shares	(1,211)	(1,211)
<b>Total shareholders' equity</b>	<b>46,315</b>	<b>46,544</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,384	5,291
Foreign currency translation adjustment	4,671	3,819
Remeasurements of defined benefit plans	3,103	2,911
<b>Total accumulated other comprehensive income</b>	<b>12,159</b>	<b>12,022</b>
Non-controlling interests	(1,237)	(1,874)
<b>Total net assets</b>	<b>57,237</b>	<b>56,692</b>
<b>Total liabilities and net assets</b>	<b>122,297</b>	<b>121,261</b>



(2) Semi-annual Consolidated Statements of Income and Comprehensive Income  
Semi-annual Consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net sales	39,327	40,367
Cost of sales	31,568	31,855
Gross profit	7,759	8,511
Selling, general and administrative expenses	7,445	7,582
Operating profit (loss)	313	929
Non-operating income		
Interest income	55	49
Dividend income	114	146
Rental income from real estate	27	28
Foreign exchange gains	137	–
Other	91	125
Total non-operating income	427	350
Non-operating expenses		
Interest expenses	189	236
Foreign exchange losses	–	153
Amortization of business commencement expenses	198	198
Other	39	51
Total non-operating expenses	427	640
Ordinary profit (loss)	313	639
Extraordinary income		
Gain on sale of non-current assets	984	0
Gain on sale of investment securities	314	121
Total extraordinary income	1,299	121
Extraordinary losses		
Loss on sale and retirement of non-current assets	45	93
Total extraordinary losses	45	93
Profit (loss) before income taxes	1,566	667
Income taxes – current	673	374
Income taxes – deferred	156	301
Total income taxes	830	675
Profit (loss)	736	(8)
Profit (loss) attributable to non-controlling interests	(898)	(732)
Profit (loss) attributable to owners of parent	1,634	724

## Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Profit (loss)	736	(8)
Other comprehensive income		
Valuation difference on available-for-sale securities	(101)	907
Foreign currency translation adjustment	1,706	(754)
Remeasurements of defined benefit plans, net of tax	(160)	(193)
Total other comprehensive income	1,444	(40)
Comprehensive income	2,181	(49)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,914	587
Comprehensive income attributable to non-controlling interests	(732)	(637)

## (3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	1,566	667
Depreciation	2,709	2,710
Amortization of business commencement expenses	198	198
Increase (decrease) in allowance for doubtful accounts	2	(9)
Increase (decrease) in provision for bonuses	(25)	(115)
Increase (decrease) in provision for bonuses for directors (and other officers)	10	(17)
Increase (decrease) in retirement benefit liability	(0)	10
Decrease (increase) in retirement benefit asset	(167)	(189)
Increase (decrease) in provision for loss on business liquidation	(40)	-
Loss (gain) on sale and retirement of non-current assets	(938)	93
Loss (gain) on sale of investment securities	(314)	(121)
Interest and dividend income	(170)	(196)
Interest expenses	189	236
Decrease (increase) in trade receivables	1,615	(262)
Decrease (increase) in inventories	1,715	677
Increase (decrease) in trade payables	(1,884)	(1,241)
Increase (decrease) in accrued consumption taxes	307	320
Other, net	(939)	(707)
Subtotal	3,833	2,055
Interest and dividends received	176	200
Interest paid	(177)	(215)
Income taxes refund (paid)	(434)	(790)
Net cash provided by (used in) operating activities	3,398	1,249
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	393	1,302
Purchase of property, plant and equipment	(1,806)	(1,886)
Proceeds from sale of property, plant and equipment	769	0
Purchase of investment securities	(19)	(21)
Proceeds from sale of investment securities	355	155
Purchase of intangible assets	(58)	(18)
Decrease (increase) in investments and other assets	(8)	(26)
Other, net	(34)	(128)
Net cash provided by (used in) investing activities	(407)	(622)

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(1,126)	2,231
Repayments of long-term borrowings	(1,652)	(1,405)
Purchase of treasury shares	–	(0)
Dividends paid	(476)	(495)
Other, net	(8)	(6)
Net cash provided by (used in) financing activities	(3,264)	324
Effect of exchange rate change on cash and cash equivalents	361	(19)
Net increase (decrease) in cash and cash equivalents	88	932
Cash and cash equivalents at beginning of period	9,164	6,434
Cash and cash equivalents at end of period	9,253	7,367

#### (4) Notes to Semi-annual Consolidated Financial Statements

(Segment information, etc.)

[Segment information]

For the six months ended September 30, 2024 (from April 1, 2024 to September 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	8,211	10,993	13,230	6,843	39,280	47	39,327
Inter-segment sales or transfers	–	–	–	–	–	14	14
Total	8,211	10,993	13,230	6,843	39,280	62	39,342
Segment income (loss)	599	1,011	(1,292)	367	685	28	714

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 semi-annual consolidated statements of income and main components of the difference (matters related to adjustments)

(Millions of yen)

Income	Amount
Total of reportable segments	685
Income in "Others" category	28
Variance from the allocation of corporate expenses (Note 1)	(4)
Corporate research and development expenses (Note 2)	(188)
Non-operating income and expenses (Note 3)	(207)
Operating loss in the semi-annual consolidated statements of income	313

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 six months ended September 30, 2025 (from April 1, 2025 to September 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	8,977	10,094	13,890	7,366	40,330	37	40,367
Inter-segment sales or transfers	–	–	–	–	–	21	21
Total	8,977	10,094	13,890	7,366	40,330	58	40,389
Segment income (loss)	1,008	534	(603)	274	1,213	16	1,230

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 semi-annual consolidated statements of income and main components of the difference (matters related to adjustments)

(Millions of yen)

Income	Amount
Total of reportable segments	1,213
Income in “Others” category	16
Variance from the allocation of corporate expenses (Note 1)	(45)
Corporate research and development expenses (Note 2)	(247)
Non-operating income and expenses (Note 3)	(9)
Operating profit in the semi-annual consolidated statements of income	929

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 and new business 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 six months ended September 30, 2024 (from April 1, 2024 to September 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	6,623	6,012	5,449	4,341	22,426	47	22,474
China	983	1,972	3,751	1,114	7,820	–	7,820
Asia (excluding China)	551	2,998	2,109	1,289	6,948	–	6,948
South and North America, Europe, Others	53	11	1,921	98	2,084	–	2,084
Revenue from contracts with customers	8,211	10,993	13,230	6,843	39,280	47	39,327
Net sales to external customers	8,211	10,993	13,230	6,843	39,280	47	39,327

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

For the six months ended September 30, 2025 (from April 1, 2025 to September 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	7,137	5,733	5,627	4,967	23,465	37	23,502
China	1,163	1,610	4,499	1,110	8,384	–	8,384
Asia (excluding China)	640	2,747	1,954	1,234	6,577	–	6,577
South and North America, Europe, Others	36	3	1,809	54	1,903	–	1,903
Revenue from contracts with customers	8,977	10,094	13,890	7,366	40,330	37	40,367
Net sales to external customers	8,977	10,094	13,890	7,366	40,330	37	40,367

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