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**Consolidated Financial Results
for the Nine Months Ended December 31, 2025
[Japanese GAAP]**



February 5, 2026

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

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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, 2025 (April 1, 2025 – December 31, 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	%
Nine months ended December 31, 2025	61,373	1.9	1,830	80.4	1,671	76.9	1,331	(41.3)
December 31, 2024	60,205	12.1	1,014	–	945	–	2,267	–

(Note) Comprehensive income: Nine months ended December 31, 2025: ¥ 640 million [(18.4)%]

Nine months ended December 31, 2024: ¥ 785 million [(28.9)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2025	Yen 67.09	Yen –
December 31, 2024	114.32	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2025	126,623	56,886	46.8
As of March 31, 2025	122,297	57,237	47.8

(Reference) Equity: As of December 31, 2025: ¥ 59,251 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
Fiscal year ended March 31, 2025	Yen –	Yen 24.00	Yen –	Yen 25.00	Yen 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
Full year	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 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, 2025: 20,652,400 shares

March 31, 2025: 20,652,400 shares

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

December 31, 2025: 813,671 shares

March 31, 2025: 813,611 shares

3) Average number of shares during the period:

Nine months ended December 31, 2025: 19,838,761 shares

Nine months ended December 31, 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 Period

During the nine months ended December 31, 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 increasing geopolitical risks, China's economic slowdown, and US trade policies, 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 part of these efforts, we have launched sales of the agricultural material "EcoRosin®," which is effective in enhancing crop yields and strengthening resistance to environmental stresses such as extremely hot weather, among others. 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 the photo-curable resins for functional coating materials increased, surpassing the previous year's period, driven by the recovery in smartphone shipments and our focus on key areas such as semiconductors, generative AI, and data centers. Sales of fine chemical products and polishing agents for hard disk substrates have been maintained record-high levels.

As a result, for the nine months ended December 31, 2025, the Group posted net sales of ¥61,373 million (up 1.9% year on year), operating profit of ¥1,830 million (up 80.4% year on year), ordinary profit of ¥1,671 million (up 76.9% year on year), and profit attributable to owners of parent of ¥1,331 million (down 41.3% 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, growing demand in smartphones and displays led to increased sales of the photo-curable resins for functional coating materials. 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 ¥13,863 million (up 9.1% year on year), and segment income was ¥1,679 million (up 70.9% 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 ¥15,382 million (down 7.4% year on year), and segment income was ¥1,064 million (down 27.4% year on year).

Adhesive & Biomass Materials Business

In the adhesives industry, demand for those used for tapes and sheets, etc. remained weak due to uncertainty surrounding U.S. tariff policies, particularly in the automobile-related field. In this environment, sales of rosin tackifier for adhesives remained stable, particularly in the Asian region. Regarding hydrogenated hydrocarbon resins, the operation rate at Chiba Arkon Production Limited, which has begun stable supply to Europe, has improved, but it has not yet reached the target level.

As a result, net sales were ¥21,065 million (up 2.4% year on year), and segment loss was ¥1,041 million (segment loss of ¥1,675 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 increased, and sales of polishing agents for hard disk substrates used in data centers remained strong due to robust demand. Regarding newly enhanced production capacity for semiconductor-related advanced materials, depreciation has commenced 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 ¥11,004 million (up 7.4% year on year), and segment income was ¥597 million (down 18.8% year on year).

(2) Overview of Financial Position for the Period

Total assets as of December 31, 2025, increased by ¥4,325 million compared to the end of the previous consolidated fiscal year, totaling ¥126,623 million. The main reasons include increases of ¥3,374 million in notes and accounts receivable – trade, ¥599 million in electronically recorded monetary claims – operating, and ¥1,578 million in investment securities, despite a decrease of ¥1,814 million in property, plant and equipment.

Liabilities increased by ¥4,676 million compared to the end of the previous consolidated fiscal year, reaching ¥69,737 million. This was mainly attributable to increases of ¥595 million in notes and accounts payable – trade and ¥5,433 million in short-term borrowings, despite a decrease of ¥2,091 million in long-term borrowings.

Total net assets decreased by ¥351 million compared to the end of the previous consolidated fiscal year to ¥56,886 million, mainly due to decreases in foreign currency translation adjustment and non-controlling interests, despite increases in retained earnings and valuation difference on available-for-sale securities.

(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. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	9,431	9,400
Notes and accounts receivable – trade	25,884	29,259
Electronically recorded monetary claims – operating	2,258	2,858
Merchandise and finished goods	12,619	12,994
Work in process	1,468	1,634
Raw materials and supplies	9,730	9,573
Other	997	1,563
Allowance for doubtful accounts	(126)	(119)
Total current assets	<u>62,264</u>	<u>67,164</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,604	17,987
Machinery, equipment and vehicles, net	13,487	12,159
Land	5,008	5,008
Construction in progress	846	1,083
Other, net	1,092	986
Total property, plant and equipment	<u>39,039</u>	<u>37,225</u>
Intangible assets	1,374	1,136
Investments and other assets		
Investment securities	10,105	11,684
Retirement benefit asset	7,392	7,675
Deferred tax assets	288	173
Other	386	414
Allowance for doubtful accounts	(86)	(83)
Total investments and other assets	<u>18,086</u>	<u>19,864</u>
Total non-current assets	<u>58,500</u>	<u>58,225</u>
Deferred assets		
Business commencement expenses	1,532	1,232
Total deferred assets	<u>1,532</u>	<u>1,232</u>
Total assets	<u>122,297</u>	<u>126,623</u>

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable – trade	9,200	9,796
Electronically recorded obligations – operating	1,172	1,341
Short-term borrowings	18,319	23,752
Current portion of bonds payable	–	5,000
Income taxes payable	774	197
Accrued consumption taxes	52	260
Provision for bonuses	1,370	725
Provision for bonuses for directors (and other officers)	27	22
Provision for repairs	820	957
Provision for loss on business liquidation	56	59
Asset retirement obligations	26	–
Notes payable – facilities	104	133
Other	5,682	6,137
Total current liabilities	<hr/> 37,608	<hr/> 48,382
Non-current liabilities		
Bonds payable	10,000	5,000
Long-term borrowings	11,061	8,970
Deferred tax liabilities	4,161	5,172
Retirement benefit liability	259	264
Asset retirement obligations	1,832	1,833
Other	135	113
Total non-current liabilities	<hr/> 27,451	<hr/> 21,354
Total liabilities	<hr/> 65,060	<hr/> 69,737
Net assets		
Shareholders' equity		
Share capital	3,343	3,343
Capital surplus	3,564	3,564
Retained earnings	40,619	40,958
Treasury shares	(1,211)	(1,211)
Total shareholders' equity	<hr/> 46,315	<hr/> 46,654
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,384	5,720
Foreign currency translation adjustment	4,671	4,060
Remeasurements of defined benefit plans	3,103	2,815
Total accumulated other comprehensive income	<hr/> 12,159	<hr/> 12,597
Non-controlling interests	<hr/> (1,237)	<hr/> (2,365)
Total net assets	<hr/> 57,237	<hr/> 56,886
Total liabilities and net assets	<hr/> 122,297	<hr/> 126,623

(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, 2024	For the nine months ended December 31, 2025
Net sales	60,205	61,373
Cost of sales	47,765	48,124
Gross profit	12,440	13,248
Selling, general and administrative expenses	11,425	11,418
Operating profit (loss)	1,014	1,830
Non-operating income		
Interest income	75	65
Dividend income	201	239
Rental income from real estate	42	43
Foreign exchange gains	124	3
Other	145	204
Total non-operating income	589	555
Non-operating expenses		
Interest expenses	281	351
Bond issuance costs	24	–
Amortization of business commencement expenses	297	297
Other	56	66
Total non-operating expenses	659	715
Ordinary profit (loss)	945	1,671
Extraordinary income		
Gain on sale of non-current assets	984	2
Gain on sale of investment securities	478	377
Total extraordinary income	1,462	379
Extraordinary losses		
Loss on sale and retirement of non-current assets	72	129
Loss on valuation of shares of subsidiaries and associates	–	305
Settlement	–	155
Total extraordinary losses	72	590
Profit (loss) before income taxes	2,334	1,460
Income taxes – current	961	656
Income taxes – deferred	401	645
Total income taxes	1,362	1,301
Profit (loss)	971	159
Profit (loss) attributable to non-controlling interests	(1,296)	(1,172)
Profit (loss) attributable to owners of parent	2,267	1,331

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Millions of yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Profit (loss)	971	159
Other comprehensive income		
Valuation difference on available-for-sale securities	42	1,336
Foreign currency translation adjustment	6	(566)
Remeasurements of defined benefit plans, net of tax	(235)	(288)
Total other comprehensive income	(186)	481
Comprehensive income	785	640
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,149	1,768
Comprehensive income attributable to non-controlling interests	(1,364)	(1,127)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	2,334	1,460
Depreciation	4,157	4,126
Amortization of business commencement expenses	297	297
Increase (decrease) in allowance for doubtful accounts	(2)	(5)
Increase (decrease) in provision for bonuses	(534)	(639)
Increase (decrease) in provision for bonuses for directors (and other officers)	20	(5)
Increase (decrease) in retirement benefit liability	10	4
Decrease (increase) in retirement benefit asset	(250)	(282)
Increase (decrease) in provision for loss on business liquidation	(40)	–
Loss (gain) on sale and retirement of non-current assets	(911)	127
Loss (gain) on sale of investment securities	(478)	(377)
Loss on valuation of shares of subsidiaries and associates	–	305
Settlement	–	155
Interest and dividend income	(277)	(305)
Interest expenses	281	351
Decrease (increase) in trade receivables	(2,847)	(4,214)
Decrease (increase) in inventories	521	(486)
Increase (decrease) in trade payables	681	837
Increase (decrease) in accrued consumption taxes	207	294
Other, net	(367)	(251)
Subtotal	2,802	1,393
Interest and dividends received	282	309
Interest paid	(276)	(347)
Settlement paid	–	(160)
Income taxes refund (paid)	(784)	(1,301)
Net cash provided by (used in) operating activities	2,023	(105)
Cash flows from investing activities		
Decrease (increase) in time deposits	299	1,159
Purchase of property, plant and equipment	(2,383)	(2,453)
Proceeds from sale of property, plant and equipment	772	2
Purchase of investment securities	(47)	(35)
Proceeds from sale of investment securities	606	470
Purchase of intangible assets	(68)	(40)
Decrease (increase) in investments and other assets	(9)	(33)
Other, net	(174)	(137)
Net cash provided by (used in) investing activities	(1,005)	(1,067)

(Millions of yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	900	5,414
Proceeds from long-term borrowings	405	–
Repayments of long-term borrowings	(2,633)	(2,107)
Proceeds from issuance of bonds	4,975	–
Redemption of bonds	(5,000)	–
Purchase of treasury shares	–	(0)
Dividends paid	(952)	(991)
Other, net	(11)	(9)
Net cash provided by (used in) financing activities	(2,315)	2,305
Effect of exchange rate change on cash and cash equivalents	(41)	(4)
Net increase (decrease) in cash and cash equivalents	(1,338)	1,128
Cash and cash equivalents at beginning of period	9,164	6,434
Cash and cash equivalents at end of period	7,826	7,563

(4) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc.)

[Segment information]

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

For the nine months ended December 31, 2025 (from April 1, 2025 to December 31, 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	13,863	15,382	21,065	11,004	61,315	57	61,373
Inter-segment sales or transfers	–	–	–	–	–	29	29
Total	13,863	15,382	21,065	11,004	61,315	87	61,403
Segment income (loss)	1,679	1,064	(1,041)	597	2,300	29	2,330

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	2,300
Income in "Others" category	29
Variance from the allocation of corporate expenses (Note 1)	97
Corporate research and development expenses (Note 2)	(365)
Non-operating income and expenses (Note 3)	(231)
Operating profit in the quarterly consolidated statements of income	1,830

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 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.

For the nine months ended December 31, 2025 (from April 1, 2025 to December 31, 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	10,986	8,672	8,371	7,354	35,384	57	35,442
China	1,785	2,485	7,027	1,633	12,932	–	12,932
Asia (excluding China)	1,037	4,222	3,077	1,935	10,273	–	10,273
South and North America, Europe, Others	54	3	2,588	80	2,726	–	2,726
Revenue from contracts with customers	13,863	15,382	21,065	11,004	61,315	57	61,373
Net sales to external customers	13,863	15,382	21,065	11,004	61,315	57	61,373

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