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Consolidated Financial Results for the Six Months Ended September 30, 2026 [Japanese GAAP]

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

Scheduled date of filing semi-annual securities report: **November 12, 2026**
Scheduled date of commencing dividend payments: **December 1, 2026**
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, 2026 (April 1, 2026 – September 30, 2026)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	46,562	15.3	2,490	168.1	2,262	254.1	2,168	199.2
September 30, 2025	40,367	2.6	929	196.0	639	103.8	724	(55.7)

(Note) Comprehensive income: Six months ended September 30, 2026: ¥ 3,663 million [–%]
Six months ended September 30, 2025: ¥ (49) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	109.30	–
September 30, 2025	36.53	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2026	130,394	62,408	50.9
As of March 31, 2026	126,059	59,240	49.5

(Reference) Equity: As of September 30, 2026: ¥ 66,378 million
As of March 31, 2026: ¥ 62,357 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, 2026	-	25.00	-	25.00	50.00
Fiscal year ended March 31, 2027	-	35.00			
Fiscal year ending March 31, 2027 (Forecast)			-	35.00	70.00

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

The annual dividend per share for the fiscal year ending March 31, 2027 has been revised from ¥55 to ¥70. For details, please refer to the "Notice Regarding Upward Revision of Consolidated Earnings Forecasts for the First Half and Full Year and Revision of Dividend Forecast (Dividend Increase) for the Fiscal Year Ending March 31, 2027" released on October 30, 2026.

Breakdown of interim dividend for the fiscal year ending March 31, 2027: Ordinary dividend of ¥33.5, commemorative dividend of ¥1.5 (150th anniversary commemorative dividend)

Breakdown of year-end dividend for the fiscal year ending March 31, 2027: Ordinary dividend of ¥33.5, commemorative dividend of ¥1.5 (150th anniversary commemorative dividend)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 - March 31, 2027)

(% 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	94,000	14.4	4,600	84.0	4,100	71.5	3,200	45.4	161.30

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

*** Notes:**

(1) Significant changes in the scope of consolidation during the fiscal 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 and other regulations: **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, 2026: 20,652,400 shares
March 31, 2026: 20,652,400 shares

2) Total number of treasury shares at the end of the period:
September 30, 2026: 813,758 shares
March 31, 2026: 813,671 shares

3) Average number of shares during the period:
Six months ended September 30, 2026: 19,838,695 shares
Six months ended September 30, 2025: 19,838,774 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. Please refer to "1. Overview of Operating Results (3) Forward-looking Statements such as Earnings Forecast" on page 6 of the attached material for the assumptions underlying the earnings forecasts and notes regarding the use of such forecasts.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Period

During the six months ended September 30, 2026, the Japanese economy continued its modest recovery, supported by improvements in employment and income situation. However, the global economy remains uncertain, with signs of weakness in some regions, further increasing geopolitical risks stemming from the situation in the Middle East, etc., weak domestic demand in China as its economic slowdown continues, and volatility risks in financial and capital markets, among others, creating continued uncertainty about prospects.

In this environment, ARAKAWA CHEMICAL INDUSTRIES, LTD. and its subsidiaries (the "Group") launched "V-ACTION for the Future -Refining our Minds and Mastery, Enriching Life and Society-," the 6th Medium-Term Management Plan (the "6th MTMP"), in FY2026. Under this slogan, the Group will focus on strengthening its value creation capabilities through challenge and transformation, with "Accelerating business portfolio transformation" and "Improving productivity and capital efficiency" as key initiatives. Furthermore, the Group aims to maximize corporate value over the mid-to-long term by placing "Cash Generation" at the core of its transformation and establishing a virtuous cycle of growth investment, human capital investment, financial soundness, and shareholder returns.

In terms of operating results, in relation to the key areas such as semiconductors, generative AI and data centers, sales of the photo-curable resins for functional coating materials and polishing agents for hard disk substrates significantly exceeded the previous year's level. Net sales for the six months ended September 30, 2026, reached a record high, due to increased net sales stemming from higher sales volumes in the key areas and price revisions reflecting soaring costs across each business.

As a result, for the six months ended September 30, 2026, the Group posted net sales of ¥46,562 million (up 15.3% year on year), operating profit of ¥2,490 million (up 168.1% year on year), ordinary profit of ¥2,262 million (up 254.1% year on year), and profit attributable to owners of parent of ¥2,168 million (up 199.2% 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 Functional Coating Chemicals Business performed strongly due to significantly increased sales of photo-curable resins for functional coating materials, driven by strong demand in smartphones and displays and stronger-than-expected demand for AI servers. Furthermore, thermosetting resins used in various applications, primarily for film coating, also saw increased sales through new adoption and expanded sales channels.

As a result, net sales were ¥10,756 million (up 19.8% year on year), and segment income was ¥1,798 million (up 78.3% year on year).

Paper Chemicals & Environmental Business

Regarding the Paper Chemicals & Environmental Business, sales of paper strengthening agents remained firm, supported by paperboard production in Japan exceeding the previous year's level. In China, while the competitive environment became more intense amid sluggish market conditions for paper and paperboard, sales of paper strengthening agents for paperboard performed well in the Asia region, reflecting efforts to create demand.

As a result, net sales were ¥11,398 million (up 12.9% year on year), and segment income was ¥1,001 million (up 87.4% year on year).

Adhesive & Biomass Materials Business

In the Adhesive & Biomass Materials Business, sales of rosin tackifier for adhesives remained stable, particularly in Japan and

China. Regarding hydrogenated hydrocarbon resins as well, sales remained stable, particularly in Europe and the U.S. At Chiba Arkon Production Limited, however, production volume fell below expectations due to a decrease in the number of operating days caused by the situation in the Middle East and insufficient progress in improving operating speed. Therefore, profitability was adversely affected.

As a result, net sales were ¥16,021 million (up 15.3% year on year), and segment loss was ¥590 million (segment loss of ¥603 million in the same period of the previous year).

Fine Chemicals & Electronics Business

In the Fine Chemicals & Electronics Business, sales of polishing agents for hard disk substrates remained strong due to robust demand for data centers, and sales of compounded products for electronic material, fine chemical products for semiconductor-related advanced materials, and precise parts cleaning agents for circuit boards also increased.

As a result, net sales were ¥8,351million (up 13.4% year on year), and segment income was ¥607 million (up 121.6% year on year).

(2) Overview of Financial Position for the Period

1) Overview of Assets and Liabilities

Total assets as of September 30, 2026, increased by ¥4,335 million compared to the end of the previous consolidated fiscal year, totaling ¥130,394 million. The main reasons include increases of ¥3,042 million in notes and accounts receivable - trade, and ¥2,365 million in investment securities, despite a decrease of ¥630 million in cash and deposits.

Liabilities increased by ¥1,167 million compared to the end of the previous consolidated fiscal year, reaching ¥67,986 million. This was mainly attributable to increases of ¥1,617 million in notes and accounts payable - trade and ¥716 million in deferred tax liabilities, despite a decrease of ¥1,405 million in long-term borrowings.

Total net assets increased by ¥3,167 million compared to the end of the previous consolidated fiscal year to ¥62,408 million, mainly due to 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 decreased by ¥1,394 million from the end of the previous fiscal year to ¥7,018 million.

Cash flows from operating activities increased by ¥3,848 million. This was due to profit before income taxes (¥2,395 million) and depreciation (¥2,491 million), among other factors.

Cash flows from investing activities decreased by ¥2,206 million. This resulted from a decrease in cash mainly due to the purchase of property, plant and equipment and intangible assets (¥1,473 million).

Cash flows from financing activities decreased by ¥3,199 million. This resulted from a decrease in cash mainly due to a net decrease in borrowings (¥2,698 million) and dividends paid (¥495 million).

(3) Forward-looking Statements such as Earnings Forecasts

The full-year earnings forecast for the fiscal year ending March 31, 2027, is as announced in "Notice Regarding Upward Revision of Consolidated Earnings Forecasts for the First Half and Full Year and Revision of Dividend Forecast (Dividend Increase) for the Fiscal Year Ending March 31, 2027," released on October 30, 2026.

(Reference)

Revision to full-year consolidated earnings forecast figures for the fiscal year ending March 31, 2027 (April 1, 2026 – March 31, 2027)

	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
Previous forecast (A)	87,000	3,300	2,800	2,250	113.41
Revised forecast (B)	94,000	4,600	4,100	3,200	161.30
Change (B-A)	7,000	1,300	1,300	950	–
Change (%)	8.0	39.4	46.4	42.2	–
(Reference) Actual results for the fiscal year ended March 31, 2026	82,135	2,500	2,390	2,201	110.96

Revision to dividend forecast for the fiscal year ending March 31, 2027

	2nd quarter-end	Year-end	Total
	Yen	Yen	Yen
Previous forecast (Announced on May 14, 2026)	27.50 (Ordinary dividend: 26.00) (Commemorative dividend: 1.50)	27.50 (Ordinary dividend: 26.00) (Commemorative dividend: 1.50)	55.00 (Ordinary dividend: 52.00) (Commemorative dividend: 3.00)
Revised forecast	35.00 (Ordinary dividend: 33.50) (Commemorative dividend: 1.50)	35.00 (Ordinary dividend: 33.50) (Commemorative dividend: 1.50)	70.00 (Ordinary dividend: 67.00) (Commemorative dividend: 3.00)
(Reference) Actual results for the fiscal year ended March 31, 2026	25.00	25.00	50.00

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, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	10,595	9,965
Notes and accounts receivable - trade	25,847	28,890
Electronically recorded monetary claims - operating	2,358	2,586
Merchandise and finished goods	13,351	12,441
Work in process	1,412	1,455
Raw materials and supplies	10,306	10,719
Other	1,140	2,223
Allowance for doubtful accounts	(114)	(121)
Total current assets	64,897	68,162
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,130	17,589
Machinery, equipment and vehicles, net	12,027	11,372
Land	5,017	5,015
Construction in progress	1,026	1,049
Other, net	966	910
Total property, plant and equipment	37,168	35,936
Intangible assets	1,180	1,168
Investments and other assets		
Investment securities	11,185	13,551
Retirement benefit asset	9,864	10,075
Deferred tax assets	207	222
Other	509	435
Allowance for doubtful accounts	(89)	(95)
Total investments and other assets	21,678	24,190
Total non-current assets	60,027	61,295
Deferred assets		
Business commencement expenses	1,134	936
Total deferred assets	1,134	936
Total assets	126,059	130,394

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable – trade	8,646	10,264
Electronically recorded obligations – operating	1,134	1,173
Short-term borrowings	22,716	21,489
Current portion of bonds payable	5,000	5,000
Income taxes payable	473	1,063
Accrued consumption taxes	256	214
Provision for bonuses	1,370	1,536
Provision for bonuses for directors (and other officers)	34	35
Provision for repairs	971	690
Provision for loss on business liquidation	62	63
Notes payable – facilities	157	190
Other	5,287	6,203
Total current liabilities	46,110	47,924
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	7,907	6,502
Deferred tax liabilities	5,586	6,302
Retirement benefit liability	261	278
Asset retirement obligations	1,842	1,869
Other	111	109
Total non-current liabilities	20,708	20,062
Total liabilities	66,819	67,986
Net assets		
Shareholders' equity		
Share capital	3,343	3,343
Capital surplus	3,564	3,564
Retained earnings	41,829	43,501
Treasury shares	(1,211)	(1,211)
Total shareholders' equity	47,524	49,197
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,507	7,189
Foreign currency translation adjustment	5,174	6,115
Remeasurements of defined benefit plans	4,150	3,876
Total accumulated other comprehensive income	14,832	17,181
Non-controlling interests	(3,117)	(3,970)
Total net assets	59,240	62,408
Total liabilities and net assets	126,059	130,394

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

Semi-annual Consolidated Statements of Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Net sales	40,367	46,562
Cost of sales	31,855	35,768
Gross profit	8,511	10,793
Selling, general and administrative expenses	7,582	8,302
Operating profit (loss)	929	2,490
Non-operating income		
Interest income	49	53
Dividend income	146	164
Rental income from real estate	28	28
Other	125	164
Total non-operating income	350	410
Non-operating expenses		
Interest expenses	236	263
Loss on investments in investment partnerships	11	90
Foreign exchange losses	153	34
Amortization of business commencement expenses	198	198
Other	40	51
Total non-operating expenses	640	638
Ordinary profit (loss)	639	2,262
Extraordinary income		
Gain on sale of non-current assets	0	8
Gain on sale of investment securities	121	21
National subsidies	–	934
Total extraordinary income	121	964
Extraordinary losses		
Loss on sale and retirement of non-current assets	93	55
Loss on tax purpose reduction entry of non-current assets	–	775
Total extraordinary losses	93	831
Profit (loss) before income taxes	667	2,395
Income taxes - current	374	1,087
Income taxes - deferred	301	52
Total income taxes	675	1,139
Profit (loss)	(8)	1,256
Profit (loss) attributable to non-controlling interests	(732)	(911)
Profit (loss) attributable to owners of parent	724	2,168

Semi-annual Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Profit (loss)	(8)	1,256
Other comprehensive income		
Valuation difference on available-for-sale securities	907	1,681
Foreign currency translation adjustment	(754)	1,000
Remeasurements of defined benefit plans, net of tax	(193)	(274)
Total other comprehensive income	(40)	2,407
Comprehensive income	(49)	3,663
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	587	4,516
Comprehensive income attributable to non-controlling interests	(637)	(852)

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	667	2,395
Depreciation	2,710	2,491
Amortization of business commencement expenses	198	198
Increase (decrease) in allowance for doubtful accounts	(9)	3
Increase (decrease) in provision for bonuses	(115)	154
Increase (decrease) in provision for bonuses for directors (and other officers)	(17)	1
Increase (decrease) in retirement benefit liability	10	17
Decrease (increase) in retirement benefit asset	(189)	(209)
Loss (gain) on sale and retirement of non-current assets	93	47
Loss (gain) on sale of investment securities	(121)	(21)
National subsidies	–	(934)
Loss on tax purpose reduction entry of non-current assets	–	775
Loss (gain) on investments in investment partnerships	11	90
Interest and dividend income	(196)	(217)
Interest expenses	236	263
Decrease (increase) in trade receivables	(262)	(2,856)
Decrease (increase) in inventories	677	737
Increase (decrease) in trade payables	(1,241)	1,519
Increase (decrease) in accrued consumption taxes	320	10
Other, net	(718)	(82)
Subtotal	2,055	4,385
Interest and dividends received	200	217
Interest paid	(215)	(237)
Income taxes refund (paid)	(790)	(516)
Net cash provided by (used in) operating activities	1,249	3,848
Cash flows from investing activities		
Decrease (increase) in time deposits	1,302	(713)
Purchase of property, plant and equipment	(1,886)	(1,439)
Proceeds from sale of property, plant and equipment	0	8
Purchase of investment securities	(21)	(21)
Proceeds from sale of investment securities	155	40
Purchase of intangible assets	(18)	(33)
Decrease (increase) in investments and other assets	(26)	76
Other, net	(128)	(125)
Net cash provided by (used in) investing activities	(622)	(2,206)

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,231	(1,293)
Repayments of long-term borrowings	(1,405)	(1,405)
Purchase of treasury shares	(0)	(0)
Dividends paid	(495)	(495)
Other, net	(6)	(5)
Net cash provided by (used in) financing activities	324	(3,199)
Effect of exchange rate change on cash and cash equivalents	(19)	163
Net increase (decrease) in cash and cash equivalents	932	(1,394)
Cash and cash equivalents at beginning of period	6,434	8,413
Cash and cash equivalents at end of period	7,367	7,018

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

[Segment information]

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

For the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

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	10,756	11,398	16,021	8,351	46,527	35	46,562
Inter-segment sales or transfers	–	–	–	–	–	12	12
Total	10,756	11,398	16,021	8,351	46,527	47	46,574
Segment income (loss)	1,798	1,001	(590)	607	2,817	17	2,834

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	2,817
Income in "Others" category	17
Variance from the allocation of corporate expenses (Note 1)	81
Corporate research and development expenses (Note 2)	(239)
Non-operating income and expenses (Note 3)	(186)
Operating profit in the semi-annual consolidated statements of income	2,490

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 life science business-related expenses 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

(Notes on revenue recognition)

Disaggregation of revenue from contracts with customers

For the six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)

(Millions of yen)

	Reportable segments					Other (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.

For the six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)

(Millions of yen)

	Reportable segments					Other (Note)	Total
	Functional coating chemicals	Paper chemicals & environmental business	Adhesive & biomass materials	Fine chemicals & electronics	Total		
Net sales							
Japan	8,681	6,425	5,936	5,420	26,463	35	26,498
China	1,175	1,575	5,268	1,272	9,292	—	9,292
Asia (excluding China)	887	3,377	2,472	1,592	8,329	—	8,329
South and North America, Europe, Others	11	20	2,343	64	2,441	—	2,441
Revenue from contracts with customers	10,756	11,398	16,021	8,351	46,527	35	46,562
Net sales to external customers	10,756	11,398	16,021	8,351	46,527	35	46,562

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

(Significant subsequent events)

(Disposal of Treasury Shares Through Third-Party Allotment in Connection with the Introduction of Employee Stock Grant Plan)

The Company resolved at the Board of Directors meeting held on November 5, 2026, to introduce a performance-linked stock grant plan (the "Plan") for employees of the Company and its domestic subsidiaries ("Eligible Employees").

In connection with the introduction of the Plan, the Company also resolved to dispose of 256,000 shares (¥503,040,000) of its 813,758 treasury shares held as of September 30, 2026, through a third-party allotment to The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP Trust Account).

1. Background to the introduction

The Company is advancing the 6th Medium-Term Management Plan, beginning in FY2026 (the "MTMP"). To further increase all employees' awareness of achieving the targets set out in the MTMP and to foster, across the Group, a culture that supports medium- and long-term enhancement of corporate value as well as further growth and challenges, the Company has decided to introduce the Plan, under which shares of the Company will be granted to Eligible Employees upon the achievement of the targets in the MTMP.

2. Outline of the Plan

The Plan adopts a stock-grant ESOP (Employee Stock Ownership Plan) trust structure and is a performance-linked incentive plan based on the extent of achievement of both annual and MTMP management targets. Each year, Eligible Employees will be awarded points calculated by multiplying base points determined according to their roles and responsibilities by a coefficient based on the achievement level of key performance indicators (KPIs). Points granted during the three-year target period (FY2026 through FY2028) will be accumulated, and, after finalization of the results for the third year, shares of the Company will be granted in a lump sum, subject to certain requirements, such as continued employment.

Because the Plan enables Eligible Employees to benefit economically from improved performance and increases in the Company's share price, it is expected to encourage work that is conscious of share price and to further enhance employee motivation.

3. Outline of the trust

(1) Type of trust:	A money trust other than a specified individually managed money trust (third-party benefit trust)
(2) Purpose of the trust:	To grant incentives to Eligible Employees
(3) Settlor:	The Company
(4) Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries:	Eligible Employees who satisfy the beneficiary requirements
(6) Trust administrator:	A third party with no conflict of interest with the Company (a certified public accountant)
(7) Trust agreement date:	November 20, 2026 (planned)
(8) Trust period:	November 20, 2026, to November 30, 2029 (planned)
(9) Exercise of voting rights:	The trustee will exercise the voting rights attached to shares of the Company in accordance with instructions from the trust administrator, reflecting the voting preferences of prospective beneficiaries.

4. Outline of share disposal through third-party allotment

(1) Disposal date:	November 26, 2026
(2) Class and number of shares	256,000 shares of common stock
(3) Disposal price:	¥1,965 per share
(4) Total disposal amount:	¥503,040,000
(5) Planned Allottee:	The Master Trust Bank of Japan, Ltd. (Stock Grant ESOP Trust Account)
(6) Other:	An extraordinary report under the Financial Instruments and Exchange Act has been filed in connection with this disposal of treasury shares.