



Closing Announcement of First Quarter of the Fiscal Year Ending March 31, 2021 [Japanese Standards] (Consolidated)

July 30, 2020

Name of Listed Company:	Arisawa Mfg. Co., Ltd.	Listed on the Tokyo Stock Exchange	
Code No.:	5208	(URL http://www.arisawa.co.jp/)	
Representative:	Representative Director and CEO:	Yuta Arisawa	
Contact Person:	Operating Officer, Corporate Planning Department:	Takeshi Masuda	TEL: 025-524-7101
Scheduled Date of Submitting Financial Report: August 12, 2020			
Scheduled Date of Commencement of Dividend Payment: ---			
Whether supplementary explanation materials for the closing are prepared: No			
Whether explanation meeting is held for the closing: No			

(Indicated by rounding off an amount less than 1 million yen)

1. Consolidated Results in First Quarter of the Fiscal Year Ending March 31, 2021 (From April 1, 2020 to June 30, 2020)

(1) Consolidated Operating Results (Cumulative) (% indication shows the increase or decrease rate from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
First Quarter of the Fiscal Year Ending March 31, 2021	10,597	0.5	748	48.9	732	23.2	428	71.2
First Quarter of the Fiscal Year Ended March 31, 2020	10,547	△3.8	502	△40.3	594	△51.9	250	△70.8

(Note) Comprehensive income: First Quarter of the Fiscal Year Ending March 31, 2021: 727 million yen (---%)
First Quarter of the Fiscal Year Ended March 31, 2020: △178 million yen (---%)

	Net profit per share	Fully diluted net profit per share
	(Yen, Sen)	(Yen, Sen)
First Quarter of the Fiscal Year Ending March 31, 2021	12.89	12.87
First Quarter of the Fiscal Year Ended March 31, 2020	6.91	6.89

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(Yen, Sen)
First Quarter of the Fiscal Year Ending March 31, 2021	69,083	48,766	66.5	1,382.47
Fiscal Year Ended March 31, 2020	71,709	49,018	64.3	1,387.76

(Reference) Net worth: First Quarter of the Fiscal Year Ending March 31, 2021: 45,971 million yen
Fiscal Year Ended March 31, 2020: 46,137 million yen

2. Status of Dividend

	Annual dividend				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of year	Annual
	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)
Fiscal Year Ended March 31, 2020	---	0.00	---	30.00	30.00
Fiscal Year Ending March 31, 2021	---				
Fiscal Year Ending March 31, 2021 (Forecast)		0.00	---	28.00 to 32.00	28.00 to 32.00

(Note) Existence of adjustment from the most recently announced dividend forecast: None

3. Expected Consolidated Results for Fiscal Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(% indication shows the increase or decrease rate from the previous year for full-year and from the same quarter of previous year for each quarter)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent		Net profit per share
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%	(Yen, Sen)
Second Quarter (Cumulative)	21,900	△3.1	1,200	△9.2	1,200	△16.7	650	---	19.55
Full Year	42,300	△8.0	1,450	△47.5	1,650	△40.7	900	322.9	27.07
	to 46,100	to 0.3	to 2,100	to △24.0	to 2,300	to △17.4	to 1,350	to 534.4	to 40.61

(Note) Existence of adjustment from the most recently announced forecast of business results: Yes

For details of adjustment of Forecast of Consolidated Business Results, please refer to the "Notice of Adjustment of Forecast of Business Results," released as of this day (July 30, 2020).

* Notes

(1) Changes in material subsidiaries during the current consolidated cumulative quarter (changes in specified subsidiaries accompanying changes in scope of consolidation): None
 New: --- (Company Name:) Exclusion: --- (Company Name:)

(2) Application of accounting particular to preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policy, changes in accounting estimates and restatement

- 1) Changes in accounting policy in connection with the amendment of accounting standards, etc.: None
- 2) Changes in accounting policy other than 1) above: None
- 3) Changes in accounting estimate: None
- 4) Restatement: None

(4) Number of outstanding shares (common stocks)

1) Number of outstanding shares at the end of year (including treasury stocks):	1Q of Fiscal Year Ending March 31, 2021:	36,389,024 shares	Fiscal Year Ended March 31, 2020:	36,381,524 shares
2) Number of treasury stocks at the end of year:	1Q of Fiscal Year Ending March 31, 2021:	3,135,889 shares	Fiscal Year Ended March 31, 2020:	3,135,830 shares
3) Average number of shares during the year (cumulative quarter)	1Q of Fiscal Year Ending March 31, 2021:	33,247,643 shares	1Q of Fiscal Year Ended March 31, 2020:	36,225,276 shares

* The quarterly closing announcement is not subject to quarterly review by a certified public accountant or an audit corporation.

* Explanation about Appropriate Use of the Forecast of Business Results and other Matters to be Noted

Description regarding the future such as the forecast of business results stated in this material is based on information which the Company has currently obtained and certain assumptions that the Company determines to be reasonable, although actual results may significantly differ from the forecast depending on various factors.

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1. Qualitative Information concerning Current Quarterly Closing Announcement

(1) Explanation about Business Results

The Japanese economy in the current first quarter consolidated cumulative period has been significantly affected by the economic stagnation due to the novel coronavirus pandemic. In addition, while we are not certain about the prospects for convergence of the novel coronavirus infections, future uncertainty has increased and there is concern that the impact on business results will be prolonged.

Under such circumstances, the effects of the novel coronavirus on the Company Group (the Company, consolidated subsidiaries and companies to which the equity method is applied) were limited to some segments and for the business results in the current first quarter cumulative period, sales were ¥10,597 million (an increase of 0.5% as compared with the same period in the previous year). For profit and loss, operating profit was ¥748 million (an increase of 48.9% as compared with the same period in the previous year), ordinary profit was ¥732 million (an increase of 23.2% as compared with the same period in the previous year) and the quarterly net profit attributable to owners of the parent was ¥428 million (an increase of 71.2% as compared with the same period in the previous year).

Business results of each segment were as follows.

(Electronic materials)

Due to an increase in sales of flexible printed circuit board materials, etc., sales were ¥6,890 million, an increase of ¥339 million as compared with the same period in the previous year (5.2% as compared with the same period in the previous year). Segment profit was ¥768 million, an increase of ¥320 million as compared with the same period in the previous year (71.5% as compared with the same period in the previous year) due to an increase in sales and profit improvement of rigid printed circuit board materials by Satosen Co., Ltd.

(Industrial application structural materials)

Due to an increase in sales of aircraft materials and automotive materials, etc., sales were ¥2,231 million, an increase of ¥56 million as compared with the same period in the previous year (2.6% as compared with the same period in the previous year). Segment profit was ¥229 million, a decrease of ¥54 million as compared with the same period in the previous year (△19.1% as compared with the same period in the previous year) due to an increase in development cost of automotive materials, etc.

(Electric insulation materials)

Due to a decrease in sales of electric insulation materials for heavy electric machinery, sales were ¥625 million, a decrease of ¥142 million as compared with the same period in the previous year (△18.5% as compared with the same period in the previous year). Segment profit was ¥47 million, a decrease of ¥25 million as compared with the same period in the previous year (△34.9% as compared with the same period in the previous year) due to a decrease in sales.

(Display materials)

Due to a decrease in sales of devices utilizing polarization by ColorLink Japan, Ltd, sales were ¥575 million, a decrease of ¥273 million as compared with the same period in the previous year (△32.3% as compared with the same period in the previous year). Segment profit was ¥2 million, a decrease of ¥45 million as compared with the same period in the previous year (△94.6% as compared with the same period in the previous year) due to a decrease in sales.

(Other)

Sales were ¥275 million, an increase of ¥70 million as compared with the same period in the previous year.

(2) Explanation about Financial Conditions

Total assets at the end of the current consolidated first quarter were ¥69,083 million, a decrease of ¥2,625 million as compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease in cash and deposits of ¥3,511 million, etc. Liabilities were ¥20,317 million, a decrease of ¥2,373 million as compared with the end of the previous consolidated fiscal year. This was mainly due to

a decrease in corporate income tax, etc., payable of ¥3,073 million, etc. Net assets were ¥48,766 million, a decrease of ¥252 million as compared with the end of the previous consolidated fiscal year. This was due to a decrease in earned surplus of ¥568 million, etc.

(3) Explanation about Future Forecast Information, including Forecast of Consolidated Business Results

As for the forecast of business results in the second quarter cumulative period in the fiscal year ending March 31, 2021, we expect results will exceed the previous forecast, as the effects of the novel coronavirus pandemic on the business results of the Company will be limited to some segments.

In this regard, as for the forecast of the consolidated business results for the full-year, we expect the effects of the novel coronavirus will extend to all segments of the Company, but it is difficult to predict whether the spread of infections will end at some point in the not too distant future or continue indefinitely, therefore, we have determined to maintain the previous forecast in which business results were shown between a certain range.

Adjustment of forecasted figures of consolidated (cumulative) business results for the second quarter of the fiscal year ending March 31, 2021

(From April 1, 2020 to September 30, 2020)

	Sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Net profit attributable to owners of the parent (million yen)	Net profit per share (yen)
Previously announced forecast (A)	21,600	850	900	450	13.54
This forecast adjustment (B)	21,900	1,200	1,200	650	19.55
Increase or decrease (B-A)	300	350	300	200	
Increase or decrease ratio (%)	1.4	41.2	33.3	44.4	
(Reference) Results of the 2 nd quarter of the previous year (Fiscal Year Ended March 31, 2020)	22,599	1,321	1,440	△894	---

(Note) The above forecast of business results are based on information obtained by the Company and certain assumptions determined to be reasonable, although actual results may vary significantly depending on various factors in the future.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2020)	Current Consolidated First Quarter (As of June 30, 2020)
Assets		
Current Assets		
Cash and deposits	14,714,069	11,202,507
Notes and accounts receivable	17,697,085	16,710,480
Securities	1,558,445	1,982,068
Merchandise and finished goods	3,083,432	3,928,932
Work-in-progress	2,017,729	2,172,348
Raw materials and stores	3,177,428	3,130,386
Other	1,059,764	647,544
Allowance for doubtful accounts	△585,049	△133,476
Total Current Assets	42,722,906	39,640,791
Fixed Assets		
Tangible fixed assets	12,925,137	13,192,400
Intangible fixed assets	225,017	213,967
Investments and other assets		
Investment securities	14,207,192	14,884,885
Other	1,766,893	1,306,017
Allowance for doubtful accounts	△137,662	△154,194
Total investments and other assets	15,836,423	16,036,708
Total Fixed Assets	28,986,578	29,443,075
Total Assets	71,709,484	69,083,867

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2020)	Current Consolidated First Quarter (As of June 30, 2020)
Liabilities		
Current Liabilities		
Notes and accounts payable	6,916,079	6,916,793
Bonds to be redeemed within a year	36,800	36,800
Short-term borrowings	4,866,202	5,016,050
Current portion of long-term borrowings	187,669	185,524
Corporate income tax, etc., payable	3,428,200	355,081
Reserve for bonuses	570,517	839,920
Reserve for officers' bonuses	4,793	1,125
Other	2,415,558	2,501,658
Total Current Liabilities	18,425,820	15,852,953
Fixed Liabilities		
Bonds payable	91,200	72,800
Long-term borrowings	2,567,816	2,793,666
Net defined benefit liabilities	738,606	730,409
Asset retirement obligations	92,310	92,170
Other	775,563	775,750
Total Fixed Liabilities	4,265,495	4,464,796
Total Liabilities	22,691,316	20,317,749
Net Assets		
Shareholders' equity		
Capital	7,594,026	7,597,105
Capital surplus	6,706,017	6,709,097
Earned surplus	34,256,590	33,687,857
Treasury stock	△3,204,797	△3,204,847
Total shareholders' equity	45,351,837	44,789,212
Accumulated other comprehensive income		
Valuation difference on other securities	448,970	1,018,839
Deferred hedge profit or loss	△1,311	106
Foreign currency translation adjustments	478,798	286,336
Accumulated adjustment for retirement benefits	△141,260	△123,024
Total accumulated other comprehensive income	785,197	1,182,257
Stock acquisition rights	166,148	177,976
Non-controlling interest	2,714,984	2,616,670
Total Net Assets	49,018,167	48,766,117
Total Liabilities and Net Assets	71,709,484	69,083,867

(2) Quarterly Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income
 (Quarterly Consolidated Profit and Loss Statement)
 (Consolidated Cumulative First Quarter)

(Unit: thousand yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)	Current Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)
Sales	10,547,117	10,597,738
Cost of Goods Sold	8,797,552	8,661,599
Gross Profit on Sales	1,749,564	1,936,138
Selling, General and Administrative Expenses	1,246,618	1,187,234
Operating Profit	502,945	748,904
Non-operating Income		
Interest income	76,809	75,622
Dividend income	52,165	44,182
Other	74,288	43,416
Total Non-operating Income	203,263	163,222
Non-operating Expenses		
Interest expenses	23,018	29,157
Loss on redemption of investment securities	412	38,697
Foreign currency exchange loss	3,025	58,851
Other	84,992	52,740
Total Non-operating Expenses	111,449	179,447
Ordinary Profit	594,760	732,678
Extraordinary Profits		
Profit on reversal of stock acquisition rights	615	1,399
Total Extraordinary Profits	615	1,399
Extraordinary Losses		
Loss on retirement of fixed assets	2,098	4,138
Total Extraordinary Losses	2,098	4,138
Net profit before taxes, etc.	593,277	729,939
Corporate income tax, etc.	286,910	251,184
Net profit	306,366	478,755
Net profit attributable to non-controlling interests	55,992	50,118
Net profit attributable to owners of the parent	250,373	428,636

(Quarterly Consolidated Statement of Comprehensive Income)
(Consolidated Cumulative First Quarter)

(Unit: thousand yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)	Current Consolidated Cumulative First Quarter (From April 1, 2020 to June 30, 2020)
Net profit	306,366	478,755
Other comprehensive income		
Valuation difference on other securities	△217,012	569,862
Deferred hedge profit or loss	4,404	1,417
Foreign currency translation adjustments	△292,254	△338,533
Adjustment for retirement benefits	8,563	18,235
Share of other comprehensive income of companies to which equity method is applied	11,584	△2,353
Total other comprehensive income	△484,714	248,628
Comprehensive income	△178,348	727,383
(Breakdown)		
Comprehensive income attributable to owners of the parent	△100,324	825,697
Comprehensive income attributable to non- controlling interests	△78,023	△98,313

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Assumptions on a Going Concern)

No applicable matter.

(Explanatory Note in Case of Significant Changes in the Amount of Shareholders' Equity)

No applicable matter.

(Application of Accounting Particular to Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

For tax expenses, the effective tax rate is reasonably estimated after application of tax effect accounting for net profit before taxes in the consolidated fiscal year including the current consolidated first quarter and these are calculated by multiplying the quarterly net profit before taxes by the estimated effective tax rate.

(Additional Information)

(Accounting Estimate)

There was no material change in the assumptions, including the timing of the convergence of the novel coronavirus infections etc., and accounting estimates, which were stated in the (additional information) of Financial Report for the previous consolidated fiscal year.

(Segment Information, etc.)

[Segment Information]

I Previous consolidated cumulative first quarter (From April 1, 2019 to June 30, 2019)

1. Information about the amount of sales and profit/loss by reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note 1)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	6,550,661	2,174,259	767,942	849,133	10,341,996	205,120	10,547,117
Intersegment sales or transfers	---	---	---	---	---	186,713	186,713
Total	6,550,661	2,174,259	767,942	849,133	10,341,996	391,833	10,733,830
Segment profit	448,049	284,175	72,706	48,522	853,453	55,350	908,803

(Note) 1. The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

2. Difference between the total amount of profit/loss of reportable segments and the amount shown in the quarterly consolidated profit and loss statement and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	853,453
Profit in category "Other"	55,350
Elimination of intersegment transactions	△17,681
Amortization of goodwill	△14,620
Expenses of entire company (Note)	△355,585
Adjustment of inventories	△17,970
Operating profit in quarterly consolidated profit and loss statement	502,945

(Note) Expenses of the entire company are mainly general and administrative expenses not attributable to reportable segments.

3. Information about loss on impairment of fixed assets or goodwill, etc., by reportable segment

No applicable matter.

II Current consolidated cumulative first quarter (From April 1, 2020 to June 30, 2020)

1. Information about the amount of sales and profit/loss by reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	6,890,091	2,231,013	625,577	575,207	10,321,889	275,849	10,597,738
Intersegment sales or transfers	---	---	---	---	---	203,767	203,767
Total	6,890,091	2,231,013	625,577	575,207	10,321,889	479,616	10,801,506
Segment profit	768,601	229,779	47,326	2,626	1,048,334	55,823	1,104,158

(Note) The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

2. Difference between the total amount of profit/loss of reportable segments and the amount shown in the quarterly consolidated profit and loss statement and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	1,048,334
Profit in category "Other"	55,823
Elimination of intersegment transactions	2,230
Expenses of entire company (Note)	△334,670
Adjustment of inventories	△22,814
Operating profit in quarterly consolidated profit and loss statement	748,904

(Note) Expenses of the entire company are mainly general and administrative expenses not attributable to reportable segments.

3. Information about loss on impairment of fixed assets or goodwill, etc., by reportable segment

No applicable matter.