

QUARTERLY REPORT

(The First Quarter of the 75th Term)

From April 1, 2022 to June 30, 2022

(TRANSLATION)

ARISAWA MFG. CO., LTD.

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Company name (English):	Arisawa Mfg. Co., Ltd.
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PART I. INFORMATION ON THE BUSINESS

I. General Conditions of Business

1. Changes in Principal Management Indicators, etc.

Term	74 th term consolidated cumulative first quarter	75 th term consolidated cumulative first quarter	74 th term
Accounting period	From April 1, 2021 to June 30, 2021	From April 1, 2022 to June 30, 2022	From April 1, 2021 to March 31, 2022
Net sales (Millions of yen)	10,785	11,321	43,089
Ordinary income (Millions of yen)	1,060	1,177	4,204
Profit attributable to owners of the parent (Millions of yen)	777	1,167	3,911
Comprehensive income (Millions of yen)	807	1,479	4,530
Net assets (Millions of yen)	46,474	46,173	47,965
Total assets (Millions of yen)	67,764	68,882	68,689
Net income per share (Yen)	23.31	35.11	117.40
Fully diluted net income per share (Yen)	23.28	35.08	117.32
Equity ratio (%)	67.3	66.8	69.6

Note: As Arisawa Mfg. Co., Ltd. (hereinafter referred to as either the “Company” or the “Submitting Company”, as the case may be) prepares the quarterly consolidated financial statements, the changes in principal management indicators, etc. of the Submitting Company are not stated above.

2. Description of Business

There was no material change in information regarding the business lines of our corporate group (the Company and its associated companies; hereinafter referred to as either the “Group” or “our Group”, as the case may be) in the current consolidated cumulative first quarter.

No change of organization was made to any of the Company’s principal associated companies.

II. Status of Business

1. Business Risks, etc.

The current consolidated cumulative first quarter saw neither any new business risks, etc. emerging nor any significant change in the business risks, etc. stated in the Financial Report for the previous business year.

2. Analyses of Consolidated Financial Position, Business Results and Cash Flows by the Corporate Managers

Matters stated concerning the future in the text are based on judgments made as of the end of the current consolidated first quarter.

(1) Financial Position and Operating Results

1) Operating Results

The Japanese economy in the current consolidated cumulative first quarter remained uncertain due to concerns about the re-spread of infections by new variants, China's zero-Covid policy, a prolonged conflict in Ukraine, soaring energy costs and raw material prices resulted from a rapid weakening of the Japanese yen, etc., although an easing of movement restrictions has advanced in relation to the novel coronavirus.

Under such circumstances, the results of operations of our Group (the Company, its consolidated subsidiaries and the companies accounted for under the equity method) for the current consolidated cumulative first quarter showed, due to a steady increase in sales of electronic materials, net sales of 11,321 million yen (representing a 5.0% increase as compared with the year-earlier quarter), an operating income of 705 million yen (representing a 31.7% decrease as compared with the year-earlier quarter), an ordinary income of 1,177 million yen (representing a 11.0% increase as compared with the year-earlier quarter) and a profit attributable to owners of the parent of 1,167 million yen (representing a 50.2% increase as compared with the year-earlier quarter).

Business results with respect to each segment are as follows.

a. Electronic materials segment

In the electronic materials segment, net sales were 7,765 million yen, representing a 1.3% increase as compared with the year-earlier quarter, due to a steady increase in sales of materials for flexible printed circuit boards, etc. (the amount of orders received increased by 14.5%, and the production output decrease by 5.5%, as compared with the year-earlier quarter on a non-consolidated basis of the Submitting Company), while the segment income or loss recorded a segment income of 715 million yen (a 25.4% decrease as compared with the year-earlier quarter).

b. Industrial application structural materials segment

In the industrial application structural materials segment, net sales were 1,748 million yen, representing a 7.4% increase as compared with the year-earlier quarter, due to an increase in sales of FRP pressure vessels for water treatment, while the segment income or loss recorded a segment income of 81 million yen (a 52.8% decrease as compared with the year-earlier quarter).

c. Electrical insulating materials segment

In the electrical insulating materials segment, net sales were 625 million yen, representing a 5.7% increase as compared with the year-earlier quarter, due to a steady increase in infrastructure-related sales, while the segment income or loss recorded a segment income of 40 million yen (a 25.8% decrease as compared with the year-earlier quarter).

d. Display materials segment

In the display materials segment, net sales were 1,093 million yen, representing a 42.0% increase as compared with the year-earlier quarter, due to an increase in sales of 3D-related materials, while the segment income or loss recorded a segment income of 262 million yen (a 27.7% increase as compared with the year-earlier quarter).

e. Other (other businesses)

In other businesses, net sales were 87 million yen, representing a 32.9% decrease as compared with the year-earlier quarter, while the segment income or loss recorded a segment income of 47 million yen (a 14.5% decrease as compared with the year-earlier quarter).

2) Financial Position

Total assets as of the end of the current consolidated cumulative first quarter were 68,882 million yen, an increase of 193 million yen compared with the end of the previous year. This was due largely to an increase of 105 million yen in notes, accounts receivable-trade and contract assets, an increase of 258 million yen in securities and an increase of 652 million yen in raw materials and supplies, a decrease of 2,756 million yen in cash and deposits and a decrease of 2,450 million yen in investment securities.

Total liabilities as of the end of the current consolidated cumulative first quarter were 22,709 million yen, an increase of 1,985 million yen compared with the end of the previous year. This was due largely to an increase of 1,639 million yen in notes and accounts payable - trade, an increase of 635 million yen in long-term borrowings.

Total net assets as of the end of the current consolidated cumulative first quarter were 46,173 million yen, a decrease of 1,792 million yen compared with the end of the previous year. This was due largely to a decrease of 1,838 million yen in retained earnings.

(2) Management Policy, Management Strategy, etc.

There was no significant change, during the current consolidated cumulative first quarter, in the management policy, management strategy, etc. set by our Group.

(3) Accounting Estimates and Assumptions Used in Making Such Estimates

There was no material change in a statement of the accounting estimates and assumptions used in making such estimates in "Analyses of Consolidated Financial Position, Business Results and Cash Flows by the Corporate Managers" stated in the Financial Report for the previous business year.

(4) Business and Financial Tasks to be Preferentially Addressed

There was no material change in business and financial tasks to be preferentially addressed by our Group in the current consolidated cumulative first quarter.

(5) Research and Development Activities

The Group's total expenses for research and development activities incurred in the current consolidated cumulative first quarter amounted to 448 million yen.

In this regard, there was no significant change in the status of research and development activities of our Group in the current consolidated cumulative first quarter.

3. Agreements with Managerial Implications, etc.

In the current consolidated first quarter, there was no decision made on, or execution of, agreements with managerial implications, etc.

III. Status of the Submitting Company

1. Status of Shares, etc.

(1) Total Number of Shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued
Common stock	130,000,000
Total	130,000,000

2) Shares issued and outstanding

Class	Number of shares issued and outstanding as of the end of the first quarter (As of June 30, 2022)	Number of shares issued and outstanding as of the filing date of this Quarterly Report (As of August 10, 2022)	Name of financial instruments exchange where the shares are listed or authorized financial instruments firms association where the shares are registered	Remarks
Common stock	33,648,924	33,648,924	Tokyo Stock Exchange (Prime Market)	Number of shares constituting one full unit: 100
Total	33,648,924	33,648,924	---	---

Note: 1. The number of shares issued through the exercise of stock acquisition rights in the period from August 1, 2022 to the filing date of this Quarterly Report is not included in the column "Number of shares issued and outstanding as of the filing date of this Quarterly Report".

2. The Company disposed of 41,055 shares of treasury stock for restricted stock compensation as of July 27, 2022 upon a resolution by the Board of Directors on June 28, 2022.

3. 64,490 shares out of shares issued and outstanding as of the filing date of this Quarterly Report are by contribution in kind (62,997 thousand yen of monetary compensation claims) when treasury stock was disposed of for restricted stock compensation.

(2) Status of Stock Acquisition Rights, etc.

1) Details of Stock Option Scheme

No applicable matter.

2) Status of Other stock acquisition right

No applicable matter.

(3) Status of Exercise of Moving Strike Convertible Bonds, etc.

No applicable matter.

(4) Changes in the Number of Shares Issued and Outstanding, Capital Stock, etc.

Period	Number of shares issued and outstanding		Capital stock (Thousands of yen)		Legal capital surplus (Thousands of yen)	
	Change	Balance	Change	Balance	Change	Balance
From April 1, 2022 to June 30, 2022 (See Note 1)	34,100	33,648,924	20,247	7,664,025	20,247	6,776,016

Note: 1. The increases are due to the exercise of stock acquisition rights.

(5) Status of Major Shareholders

As the current quarterly accounting period is the first quarter, there is no matter to be stated.

(6) Status of Voting Rights

Since the “Status of Voting Rights” as of the end of the current first quarter cannot be stated herein as the relevant entries in the shareholder registry have yet to be confirmed, it is stated based on the shareholder registry as of the most recent record date (March 31, 2022).

1) Shares issued and outstanding

As of June 30, 2022

Category	Number of shares	Number of voting rights (Units)	Remarks
Shares without voting rights	---	---	---
Shares with restricted voting rights (Treasury stock, etc.)	---	---	---
Shares with restricted voting rights (Other)	---	---	---
Shares with full voting rights (Treasury stock, etc.)	Common stock 212,900	---	---
Shares with full voting rights (Other) (See Note 1 and Note 2)	Common stock 33,325,800	333,258	---
Shares constituting less than one full unit (See Note 3)	Common stock 76,124	---	---
Number of shares issued and outstanding	33,614,824	---	---
Total number of voting rights held by shareholders	---	333,258	---

Note: 1. 500 shares held in the name of Japan Securities Depository Center, Inc. are included in the row “Shares with full voting rights (Other)”. 5 units of voting rights pertaining to shares with full voting rights held in the name of Japan Securities Depository Center, Inc. are included in the column “Number of voting rights”.

2. 88,600 shares of the Company which a trust account for employee stock ownership plan holds (the number of voting rights: 889 units) are included in the row “Shares with full voting rights (Other)”. 886 units of voting rights for shares with full voting rights of such trust account are included in the column “Number of voting rights”.

3. 75 shares of treasury stock are included in the row "Shares constituting less than one full unit".

2) Treasury Stock, etc.

As of June 30, 2022

Name and address of shareholder		Number of shares held			Ratio of the number of shares held to the number of shares issued and outstanding (%)
Full name or corporate name	Address	Under own name	Under the names of others	Total	
Arisawa Mfg. Co., Ltd.	5-5, Minami-honcho 1-chome, Joetsu-shi, Niigata	212,900	---	212,900	0.63
Total	---	212,900	---	212,900	0.63

Note: 88,600 shares of the Company which a trust account for employee stock ownership plan holds are not included in the column “Under own name”.

2. Status of Directors and Officers

No applicable matter.

IV. Status of Accounting

1. Method of Preparation of Quarterly Consolidated Financial Statements

The quarterly consolidated financial statements of the Company are prepared in compliance with the “Regulations for Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007).

2. Certification of Audit

The Company received a quarterly review of its quarterly consolidated financial statements for the current consolidated first quarter (From April 1, 2022 to June 30, 2022) and the current consolidated cumulative first quarter (From April 1, 2021 to June 30, 2021) conducted by Ernst & Young ShinNihon LLC under the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Thousands of yen)	
	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated first quarter (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	17,341,765	14,585,346
Notes, accounts receivable-trade and contract assets	16,073,835	17,079,619
Securities	1,040,342	3,549,267
Merchandise and finished goods	4,401,727	4,694,501
Work in process	2,112,503	2,114,969
Raw materials and supplies	4,123,818	4,775,995
Other	797,960	910,088
Allowance for doubtful accounts	△15,947	△13,289
Total current assets	45,876,007	47,696,499
Non-current assets		
Property, plant and equipment	13,775,074	14,262,358
Intangible assets	279,191	269,033
Investments and other assets		
Investment securities	7,875,645	5,424,961
Other	933,709	1,279,699
Allowance for doubtful accounts	△50,428	△49,813
Total investments and other assets	8,758,926	6,654,846
Total non-current assets	22,813,192	21,186,238
Total assets	68,689,199	68,882,738

	(Thousands of yen)	
	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated first quarter (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,637,609	7,277,116
Current portion of bonds	26,800	16,800
Short-term loans payable	3,562,272	2,762,676
Current portion of long-term loans payable	957,962	1,173,460
Income taxes payable	1,087,828	560,170
Provision for product warranties	73,525	83,674
Provision for bonuses	507,532	870,260
Provision for directors' bonuses	4,503	496
Other	3,332,705	3,925,318
Total current liabilities	15,190,739	16,669,973
Non-current liabilities		
Bonds payable	27,600	19,200
Long-term loans payable	3,845,199	4,480,400
Net defined benefit liability	583,365	568,330
Asset retirement obligations	92,521	94,408
Provision for share-based remuneration	29,802	35,301
Other	954,267	841,629
Total non-current liabilities	5,532,757	6,039,270
Total liabilities	20,723,496	22,709,244
Net assets		
Shareholders' equity		
Capital stock	7,643,777	7,664,025
Capital surplus	3,017,461	3,014,769
Retained earnings	34,936,822	33,098,024
Treasury stock	△299,704	△566,534
Total shareholders' equity	45,298,357	43,210,284
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,229,118	1,136,332
Deferred gains or losses on hedges	△50,146	△47,512
Foreign currency translation adjustment	1,317,978	1,737,582
Remeasurements of defined benefit plans	△8,734	△7,292
Total accumulated other comprehensive income	2,488,215	2,819,110
Subscription rights to shares	149,131	144,098
Non-controlling interests	29,998	—
Total net assets	47,965,702	46,173,493
Total liabilities and net assets	68,689,199	68,882,738

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

[Quarterly Consolidated Statements of Income]

[Consolidated cumulative first quarter]

(Thousands of yen)

	Previous consolidated cumulative first quarter (From April 1, 2021 to June 30, 2021)	Current consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022)
Net sales	10,785,102	11,321,623
Cost of sales	8,449,150	9,215,011
Gross profit	2,335,951	2,106,611
Selling, general and administrative expenses	1,302,972	1,400,776
Operating income	1,032,979	705,835
Non-operating income		
Interest income	47,871	41,930
Dividends income	36,273	40,106
Foreign exchange gains	—	378,779
Other	70,572	62,894
Total non-operating income	154,716	523,710
Non-operating expenses		
Interest expenses	28,481	30,554
Foreign exchange losses	45,474	—
Rental expenses	20,924	13,159
Other	32,209	8,487
Total non-operating expenses	127,089	52,202
Ordinary income	1,060,606	1,177,344
Extraordinary income		
Gain on sales of non-current assets	1,478	461
Gain on sales of investment securities	—	506,977
Other	37,409	1,479
Total extraordinary income	38,887	508,917
Extraordinary losses		
Loss on sales of investment securities	—	51,223
Other	4,166	781
Total extraordinary losses	4,166	52,004
Income before income taxes	1,095,327	1,634,257
Income taxes	268,535	464,423
Profit	826,791	1,169,834
Profit attributable to non-controlling interests	49,571	2,465
Profit attributable to owners of the parent	777,220	1,167,368

[Quarterly Consolidated Statements of Comprehensive Income]

[Consolidated cumulative first quarter]

(Thousands of yen)

	Previous consolidated cumulative first quarter (From April 1, 2021 to June 30, 2021)	Current consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022)
Profit	826,791	1,169,834
Other comprehensive income		
Valuation difference on available-for-sale securities	△140,994	△192,785
Deferred gains or losses on hedges	122	2,633
Foreign currency translation adjustment	108,914	391,234
Remeasurements of defined benefit plans	3,757	1,442
Share of other comprehensive income of entities accounted for using equity method	9,194	6,762
Total other comprehensive income	△19,005	309,287
Comprehensive income	807,786	1,479,121
(Breakdown)		
Comprehensive income attributable to owners of the parent	979,812	1,498,263
Comprehensive income attributable to non-controlling interests	△172,025	△119,142

[Notes]

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan Guidance No. 31, June 17, 2021; hereinafter referred to as the “Implementation Guidance”), etc. have been applied from the beginning of the current consolidated fiscal first quarter. In accordance with the transitional treatment set forth in paragraph 27-2 of Implementation Guidance, the new accounting policy set forth in Implementation Guidance was applied prospectively. There is no impact due to this application.

(Particular accounting treatments applied in preparation of quarterly consolidated financial statements)

<Calculation of tax expenses>

Tax expenses are calculated by multiplying the quarterly income before income taxes by an estimated effective tax rate. Such effective tax rate is reasonably estimated after applying tax effect accounting to the income before income taxes for the consolidated fiscal year including the current consolidated first quarter.

(Additional information)

< Accounting estimates >

There was no material change in assumptions and accounting estimates including the timing of the containment of the new corona virus infection, etc. stated in the Financial Report for the previous business year.

(Notes Related to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the current consolidated cumulative first quarter were not prepared. In this regard, the amounts of depreciation (including amortization of intangible assets) for the previous and current consolidated cumulative first quarters are as follows.

	Previous consolidated cumulative first quarter (From April 1, 2021 to June 30, 2021)	Current consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022)
Depreciation	518,219	526,802

(Notes Related to Shareholders' Equity, etc.)

I Previous consolidated cumulative first quarter (From April 1, 2021 to June 30, 2021)

1. Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders of June 25, 2021	Common stock	1,300,039	39.00	March 31, 2021	June 28, 2021	Retained earnings

2. Significant changes in the amount of shareholders' equity

No applicable matter.

II Current consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022)

1. Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders of June 28, 2022	Common stock	3,006,166	90.00	March 31, 2022	June 29, 2022	Retained earnings

2. Significant changes in the amount of shareholders' equity

The Company passed a resolution at the Board of Directors' Meeting held on May 12, 2022 on the acquisition of treasury stock under the provisions of Article 156 as applied following the deemed replacement of terms pursuant to the provisions of Article 165, paragraph 3 of the Companies Act. We are in the process of acquiring treasury stock through market purchases on the Tokyo Stock Exchange during the period from May 13, 2022 to December 30, 2022, up to 820,000 shares to be acquired and an acquisition price of 750,000 thousand yen. As a result, treasury stock increased by 266,923 thousand yen during the current consolidated cumulative first quarter and amounted to 566,534 thousand yen at the end of the current consolidated first quarter.

(Segment Information, etc.)

[Segment Information]

I Previous consolidated cumulative first quarter (From April 1, 2021 to June 30, 2021)

1. Information on the amount of net sales and income or loss with respect to each reportable segment

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Net sales							
Net sales to external customers	7,664,109	1,627,799	592,168	769,940	10,654,017	131,084	10,785,102
Inter-segment sales or transfers	—	—	—	—	—	205,543	205,543
Total	7,664,109	1,627,799	592,168	769,940	10,654,017	336,627	10,990,645
Segment income	959,309	173,085	54,241	205,851	1,392,488	55,305	1,447,793

Note: The column "Other" represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.

2. Difference between the aggregate amount of income or loss of reportable segments and the pertinent amount shown on the quarterly consolidated statements of income as well as the key components of such difference (Matters concerning difference adjustment)

(Thousands of yen)

Income	Amount
Total of reportable segments	1,392,488
Income in the category "Other"	55,305
Elimination of inter-segment transactions	4,426
Unallocated corporate expenses (See Note)	△394,719
Adjustment of inventories	△24,521
Operating income shown on the quarterly consolidated statements of income	1,032,979

Note: Unallocated corporate expenses are mostly general and administrative expenses that are not attributable to any of the reportable segments.

3. Information on impairment loss on non-current assets or goodwill, etc. with respect to each reportable segment

No applicable matter.

II Current consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022)

1. Information on the amount of net sales and income or loss with respect to each reportable segment

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Net sales							
Net sales to external customers	7,765,809	1,748,413	625,759	1,093,658	11,233,642	87,981	11,321,623
Inter-segment sales or transfers	—	—	—	—	—	219,208	219,208
Total	7,765,809	1,748,413	625,759	1,093,658	11,233,642	307,189	11,540,831
Segment income	715,289	81,655	40,254	262,934	1,100,132	47,304	1,147,437

Note: The column “Other” represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.

2. Difference between the aggregate amount of income or loss of reportable segments and the pertinent amount shown on the quarterly consolidated statements of income as well as the key components of such difference (Matters concerning difference adjustment)

(Thousands of yen)

Income	Amount
Total of reportable segments	1,100,132
Income in the category “Other”	47,304
Elimination of inter-segment transactions	2,411
Unallocated corporate expenses (See Note)	△382,296
Adjustment of inventories	△61,716
Operating income shown on the quarterly consolidated statements of income	705,835

Note: Unallocated corporate expenses are mostly general and administrative expenses that are not attributable to any of the reportable segments.

3. Information on impairment loss on non-current assets or goodwill, etc. with respect to each reportable segment

No applicable matter.

(For Revenue Recognition)

Information on the breakdown of revenue from contracts with customers

Previous consolidated cumulative first quarter (From April 1, 2021 to June 30, 2021)

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Goods transferred at a point in time	7,664,109	1,207,824	592,168	535,495	9,999,596	131,084	10,130,681
Goods transferred over time	—	419,975	—	234,445	654,421	—	654,421
Revenue from contracts with customers	7,664,109	1,627,799	592,168	769,940	10,654,017	131,084	10,785,102
Other revenue	—	—	—	—	—	—	—
Net sales to external customers	7,664,109	1,627,799	592,168	769,940	10,654,017	131,084	10,785,102

Note: The column “Other” represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.

Current consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022)

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Goods transferred at a point in time	7,765,809	700,961	625,759	694,816	9,787,347	87,981	9,875,328
Goods transferred over time	—	1,047,452	—	398,841	1,446,294	—	1,446,294
Revenue from contracts with customers	7,765,809	1,748,413	625,759	1,093,658	11,233,642	87,981	11,321,623
Other revenue	—	—	—	—	—	—	—
Net sales to external customers	7,765,809	1,748,413	625,759	1,093,658	11,233,642	87,981	11,321,623

Note: The column “Other” represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.

(Per Share Information)

The amounts of net income per share and fully diluted net income per share with their respective bases of calculation are as follows.

	Previous consolidated cumulative first quarter (From April 1, 2020 to June 30, 2020)	Current consolidated cumulative first quarter (From April 1, 2021 to June 30, 2021)
(1) Net income per share	23.31 yen	35.11 yen
(Basis of calculation)		
Profit attributable to owners of the parent (Thousands of yen)	777,220	1,167,368
Amount not attributable to common stockholders (Thousands of yen)	—	—
Profit attributable to owners of the parent pertaining to common stock (Thousands of yen)	777,220	1,167,368
Average number of shares of common stock during the period	33,340,548	33,245,408
(2) Fully diluted net income per share	23.28 yen	35.08 yen
(Basis of calculation)		
Adjustment of profit attributable to owners of the parent (Thousands of yen)	---	---
Increase in the number of shares of common stock	47,689	33,415
Outline of dilutive shares that were not included in the calculation of fully diluted net income per share due to a lack of dilutive effect and also underwent a significant change after the end of the previous consolidated fiscal year	---	---

Note: The Company's shares which are shown as treasury stock in shareholders' equity and which a trust account for employee stock ownership plan holds are included in the number of treasury stock excluded in the calculation of the average number of shares of common stock during the period when net income (or loss) per share is calculated (- shares for the previous consolidated cumulative first quarter and 88,575 shares for the current consolidated cumulative first quarter).

(Significant Subsequent Events)

No applicable matter.

2. Other

No applicable matter.

**PART II. INFORMATION ON GUARANTY COMPANIES, ETC. OF THE
SUBMITTING COMPANY**

No applicable matter.

Independent Auditors' Quarterly Review Report

August 10, 2022

To the Board of Directors of Arisawa Mfg. Co., Ltd.

Ernst & Young ShinNihon LLC
Niigata office

Akira Igarashi [Seal]
Designated Limited Liability Partner and Engagement Partner,
Certified Public Accountant

Ken Takahashi [Seal]
Designated Limited Liability Partner and Engagement Partner,
Certified Public Accountant

Conclusion of Auditors

We have conducted, under the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, a quarterly review of the quarterly consolidated financial statements of Arisawa Mfg. Co., Ltd. listed in the "Status of Accounting" for the consolidated first quarter (From April 1, 2022 to June 30, 2022) and the consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022) of the consolidated fiscal year from April 1, 2022 to March 31, 2023, consisting of the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income and notes.

In our quarterly review, no matter has come to our attention that causes us to believe that the above quarterly consolidated financial statements do not fairly present, in any material respect, the financial conditions of Arisawa Mfg. Co., Ltd. and its consolidated subsidiaries as of June 30, 2022 and the results of their operations in the consolidated cumulative first quarter ended June 30, 2022 in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan.

Basis for the Conclusion of Auditors

We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan. Our responsibility in the quarterly review standards is stated in "The Responsibility of Auditors in the Quarterly Review Report of the Quarterly Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and fulfill other ethical responsibilities as an auditor in accordance with the code of professional ethics in Japan. We believe that the evidence we have obtained provides a basis for our conclusion.

Responsibility of Management and Corporate Auditors and Board of Corporate Auditors for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan. This includes improvement and operation of such internal control as the management deems necessary for the preparation and fair presentation of quarterly consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements based on the going concern assumption and disclosing the items regarding the going concern assumption in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan if such items are required to be disclosed.

Responsibility of Corporate Auditors and Board of Corporate Auditors is to monitor the execution of Directors' duties in the improvement and operation of the financial reporting process.

The Responsibility of Auditors in the Quarterly Review Report of the Quarterly Consolidated Financial Statements.

Responsibility of auditors is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint in the quarterly review report based on our quarterly review.

Auditors make professional judgements and conduct the followings with an attitude of professional skepticism through a quarterly review process in accordance with the quarterly review standards generally accepted in Japan.

- We principally make inquiries to the management, the persons responsible for financial and accounting matters, etc. applying analytical procedures and conducting other quarterly review procedures. The quarterly review procedures are less exhaustive than the procedures for annual financial statement audits conducted in accordance with the audit standards generally accepted in Japan.
- If we deem that there is a material uncertainty regarding events or conditions that may cast significant doubt matters on the going concern assumption, we conclude whether the quarterly consolidated financial statements are found to contain any matters that would lead one to believe that those are not fairly presented in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan based on the evidence we obtain. Moreover, if a material uncertainty regarding the going concern assumption exists, it is required to promote awareness to the notes in the quarterly consolidated financial statements in the quarterly review report, or if the notes regarding a material uncertainty in the quarterly consolidated financial statements are inappropriate, it is required to express a qualified conclusion or a negative conclusion to the quarterly consolidated financial statements. Conclusion by the auditors is based on the audit evidence obtained by the day of the quarterly review report, but a company may not be able to exist as the going concern depending on future events or conditions.
- We evaluate not only whether the presentation and notes of the quarterly consolidated financial statements are found to contain any matters that would lead one to believe that those are not in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan but also whether the presentation, structure, and contents of the quarterly consolidated financial statements including related notes as well as the quarterly consolidated financial statements are found to contain any matters that would lead one to believe that those do not fairly present underlying transactions and accounting events.
- We obtain evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion about the quarterly consolidated financial statements. The auditors are responsible for instruction, supervision, and execution of quarterly review regarding the quarterly consolidated financial statements. The auditors assume responsibility for an audit opinion all by themselves.

The auditors make reports to Corporate Auditors and Board of Corporate Auditors on the scope of a planned quarterly review and its timing of conduct, and material quarterly review findings.

The auditors make reports to Corporate Auditors and Board of Corporate Auditors on that they complied with the code of professional ethics on independence in Japan, matters that are reasonably believed to have an impact on the auditors' independence, and the details of safeguards if those are implemented to remove or mitigate inhibitors.

Interest

There exists no special interest between the Company as well as its consolidated subsidiaries and this audit corporation or its engagement partners which is required to be stated pursuant to the provisions of the Certified Public Accountants Act.

Note: 1. An original of the above quarterly review report is separately archived by the Company (the company submitting the Quarterly Report).
2. XBRL data are not included in the subject of the quarterly review.