



Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 9, 2023

Company name:	Arisawa Mfg. Co., Ltd.	Stock exchange listing: Tokyo
Stock code:	5208	(URL https://www.arisawa.co.jp/)
Representative:	Representative Director:	Yuta Arisawa
Inquiries:	Senior Operating Officer:	Takeshi Masuda
Scheduled date to file Quarterly Securities Report:		February 14, 2023
Scheduled date to commence dividend payments:		---
Preparation of supplementary material on quarterly financial results:		Yes
Holding of quarterly financial results meeting:		No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	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, 2022	33,543	2.7	2,137	△23.8	2,705	△14.3	2,661	△10.4
Nine months ended December 31, 2021	32,663	---	2,803	---	3,155	---	2,971	---

(Note) Comprehensive income: Nine months ended December 31, 2022: 3,152 million yen (33.6 %)
Nine months ended December 31, 2021: 2,359 million yen (--- %)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	80.52		80.33	
Nine months ended December 31, 2021	89.18		89.13	

(Note) "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No.29, March 31, 2020), etc., have been applied from the beginning of the previous consolidated fiscal year. The percentages of year-on-year changes are not stated above since each figure for the third quarter of the year ended March 31, 2022 is based on the application of the relevant accounting standards, etc.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	70,087	47,514	67.7	1,440.37
As of March 31, 2022	68,689	47,965	69.6	1,434.46

(Reference) Total equity: As of December 31, 2022: 47,438 million yen As of March 31, 2022: 47,786 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	---	5.00	---	90.00	95.00
Year ending March 31, 2023	---	0.00	---		
Year ending March 31, 2023 (Forecast)				90.00	90.00

(Note) Revisions to dividend projections most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	45,000	4.4	2,600	△21.7	3,500	△16.8	3,200	△18.2	96.98

(Note) Revisions to projections of consolidated financial results most recently announced: No

* Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2022 (changes in specified subsidiaries resulting in the changes in scope of consolidation): No
 New: --- (Company Name:) Exclusion: --- (Company Name:)
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: No
- 3) Changes in accounting estimates: No
- 4) Restatement of prior period financial statements: No
- (4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):	As of December 31, 2022:	33,818,924 shares	As of March 31, 2022:	33,614,824 shares
2) Number of treasury shares at the end of the period:	As of December 31, 2022:	884,239 shares	As of March 31, 2022:	301,575 shares
3) Average number of shares during the period (cumulative from the beginning of the fiscal year):	Nine months ended December 31, 2022:	33,051,977 shares	Nine months ended December 31, 2021:	33,317,569 shares

(Note) The shares of the Company (87,700 shares in 3Q of the year ended March 31, 2023, and 88,600 share in the year ended March 31, 2022, respectively) held by Custody Bank of Japan, Ltd. (Trust Account) as the trust assets of the “Employee Stock Ownership Plan” are included in the number of treasury shares at the end of the period.

The shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account) are included in the treasury shares to be deducted in calculation of the average number of shares during the year (88,216 shares in 3Q of the year ended March 31, 2023, and 45,972 shares in 3Q of the year ended March 31, 2022, respectively).

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Notes regarding the proper use of projections of the results and other matters

Projections of results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections.

Contents of Attached Materials

1.	Qualitative Information concerning Current Quarterly Closing Announcement	2
	(1) Explanation about Operating Results	2
	(2) Explanation about Financial Position	3
	(3) Explanation about Future Forecast Information, including Forecast of Consolidated Business Results	3
2.	Quarterly Consolidated Financial Statements and Major Notes	4
	(1) Quarterly Consolidated Balance Sheet	4
	(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
	Quarterly Consolidated Statements of Income Consolidated Cumulative Third Quarter	6
	Quarterly Consolidated Statement of Comprehensive Income Consolidated Cumulative Third Quarter	7
(3)	Notes to Quarterly Consolidated Financial Statements	8
	(Notes on Going Concern Assumption).....	8
	(Notes in the Case of Significant Changes in Shareholders' Equity)	8
	(Application of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements).....	8
	(Changes in Accounting Policies)	8
	(Additional Information)	8
	(Segment Information, etc.)	9
	(Significant Subsequent Events)	10

1. Qualitative Information concerning Current Quarterly Closing Announcement

(1) Explanation about Operating Results

As for the Japanese economy in the current consolidated cumulative third quarter, the economic activity is heading toward normal due to the relaxation of restrictions on activities from COVID-19 infections, etc. On the other hand, the future prospects still remain uncertain due to the persistent high energy and raw material prices caused by the prolonged situation in Ukraine, the rise in prices caused by global inflation in addition to a decrease in demand in the Chinese market.

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 third quarter showed net sales of 33,543 million yen (an increase of 2.7% year-on-year) due to an increase in sales of industrial application structural materials and display materials despite a decrease in sales of electronic materials. On the other hand, an operating profit remained 2,137 million yen (a decrease of 23.8% year-on-year) due to soaring energy costs and raw material prices. Ordinary profit was 2,705 million yen (a decrease of 14.3% year-on-year) due to the recording of foreign exchange gains, etc. Profit attributable to owners of parent was 2,661 million yen (a decrease of 10.4% year-on-year) due to the recording of gain on sale of investment securities, etc.

Business results with respect to each segment are as follows.

(Electronic materials)

Net sales were 21,550 million yen (a decrease of 5.6% year-on-year) due to a decrease in sales of flexible printed circuit board materials and glass cloth for printed circuit board, while the segment profit was 1,267 million yen (a decrease of 46.6% year-on-year) caused by the impact from soaring energy costs and raw material prices in addition to decrease in sales.

(Industrial application structural materials)

Net sales were 6,607 million yen (an increase of 26.8% year-on-year) due to an increase in sales of water treatment FRP pressure vessels, while the segment profit was 1,031 million yen (an increase of 56.4% year-on-year).

(Electric insulation materials)

Net sales were 1,935 million yen (a decrease of 0.7% year-on-year) due to a decrease in infrastructure-related sales, while the segment profit was 123 million yen (a decrease of 48.8% year-on-year).

(Display materials)

Net sales were 3,214 million yen (an increase of 36.3% year-on-year) due to an increase in sales of 3D-related materials and ColorLink Japan, Ltd.'s polarization control optical components, while the segment profit was 766 million yen (an increase of 21.7% year-on-year).

(Other)

Net sales were 235 million yen (a decrease of 25.1% year-on-year).

(2) Explanation about Financial Position

Total assets as of the end of the current consolidated cumulative third quarter were 70,087 million yen, an increase of 1,398 million yen compared with the end of the previous year. This was largely due to an increase of 1,856 million yen in cash and deposits, an increase of 1,093 million yen in merchandise and finished goods and an increase of 2,594 million yen in property, plant and equipment, a decrease of 940 million yen in securities and a decrease of 5,401 million yen in investment securities respectively.

Total liabilities as of the end of the current consolidated cumulative third quarter were 22,573 million yen, an increase of 1,850 million yen compared with the end of the previous year. This was largely due to an increase of 942 million yen in notes and accounts payable-trade and an increase of 468 million yen in long-term borrowings respectively.

Total net assets as of the end of the current consolidated cumulative third quarter were 47,514 million yen, a decrease of 451 million yen compared with the end of the previous year. This was largely due to an increase of 1,266 million yen in foreign currency translation adjustment, a decrease of 345 million yen in retained earnings, a decrease of 823 million yen in valuation difference on available-for-sale securities respectively, and furthermore, the acquisition of treasury shares of 706 million yen, and more.

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

As for the business results for the full-year of the fiscal year ending March 31, 2023, there is no change in the forecast of consolidated business results which was announced on November 4, 2022.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2022)	Current Consolidated Third Quarter (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	17,341,765	19,198,120
Notes and accounts receivable-trade, and contract assets	16,073,835	17,066,436
Securities	1,040,342	100,330
Merchandise and finished goods	4,401,727	5,495,111
Work in process	2,112,503	2,335,731
Raw materials and supplies	4,123,818	4,736,358
Other	797,960	1,107,480
Allowance for doubtful accounts	△15,947	△34,242
Total current assets	45,876,007	50,005,326
Non-current assets		
Property, plant and equipment	13,775,074	16,369,428
Intangible assets	279,191	255,874
Investments and other assets		
Investment securities	7,875,645	2,474,350
Other	933,709	1,028,903
Allowance for doubtful accounts	△50,428	△46,034
Total investments and other assets	8,758,926	3,457,219
Total non-current assets	22,813,192	20,082,522
Total assets	68,689,199	70,087,849

	(Thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2022)	Current Consolidated Third Quarter (As of December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,637,609	6,580,596
Current portion of bonds payable	26,800	16,800
Short-term borrowings	3,562,272	3,280,169
Current portion of long-term borrowings	957,962	1,284,006
Income taxes payable	1,087,828	835,853
Provision for product warranties	73,525	43,045
Provision for bonuses	507,532	273,913
Provision for bonuses for directors (and other officers)	4,503	1,811
Other	3,332,705	4,498,573
Total current liabilities	15,190,739	16,814,770
Non-current liabilities		
Bonds payable	27,600	10,800
Long-term borrowings	3,845,199	4,314,021
Provision for share awards	29,802	45,432
Retirement benefit liability	583,365	537,096
Asset retirement obligations	92,521	100,102
Other	954,267	751,544
Total non-current liabilities	5,532,757	5,758,997
Total liabilities	20,723,496	22,573,768
Net assets		
Shareholders' equity		
Share capital	7,643,777	7,761,676
Capital surplus	3,017,461	3,112,421
Retained earnings	34,936,822	34,590,856
Treasury shares	△299,704	△1,006,038
Total shareholders' equity	45,298,357	44,458,915
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,229,118	405,183
Deferred gains or losses on hedges	△50,146	△5,713
Foreign currency translation adjustment	1,317,978	2,584,049
Remeasurements of defined benefit plans	△8,734	△4,407
Total accumulated other comprehensive income	2,488,215	2,979,112
Share acquisition rights	149,131	76,053
Non-controlling interests	29,998	—
Total net assets	47,965,702	47,514,081
Total liabilities and net assets	68,689,199	70,087,849

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 (Consolidated Cumulative Third Quarter)

	(Thousands of yen)	
	Previous Consolidated Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)	Current Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)
Net sales	32,663,855	33,543,349
Cost of sales	25,842,854	27,086,418
Gross profit	6,821,001	6,456,931
Selling, general and administrative expenses	4,017,995	4,319,837
Operating profit	2,803,005	2,137,093
Non-operating income		
Interest income	142,089	102,948
Dividends income	73,901	58,555
Foreign exchange gains	91,549	347,203
Other	285,207	227,710
Total non-operating income	592,748	736,417
Non-operating expenses		
Interest expenses	88,509	106,692
Rent expenses	62,424	39,116
Other	89,161	22,246
Total non-operating expenses	240,094	168,055
Ordinary profit	3,155,659	2,705,456
Extraordinary income		
Gain on sale of non-current assets	7,471	3,978
Gain on sale of securities	737,947	1,305,241
Other	45,919	40,870
Total extraordinary income	791,337	1,350,090
Extraordinary losses		
Loss on retirement of non-current assets	28,500	79,206
Loss on sale of investment securities	4,053	55,868
Impairment losses	—	12,938
Other	14,098	—
Total extraordinary losses	46,653	148,013
Profit before income taxes	3,900,344	3,907,533
Income taxes	839,254	1,243,760
Profit	3,061,089	2,663,772
Profit attributable to non-controlling interests	89,920	2,465
Profit attributable to owners of parent	2,971,168	2,661,307

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

	(Thousands of yen)	
	Previous Consolidated Cumulative Third Quarter (From April 1, 2021 to December 31, 2021)	Current Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)
Profit	3,061,089	2,663,772
Other comprehensive income		
Valuation difference on available-for-sale securities	△302,971	△823,934
Deferred gains or losses on hedges	4,334	44,432
Foreign currency translation adjustment	△430,880	1,223,241
Remeasurements of defined benefit plans	11,273	4,327
Share of other comprehensive income of entities accounted for using equity method	16,643	21,221
Total other comprehensive income	△701,600	469,288
Comprehensive income	2,359,489	3,133,061
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,221,518	3,152,203
Comprehensive income attributable to non-controlling interests	△862,029	△19,142

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

No applicable matter.

(Notes in the Case of Significant Changes in Shareholders' Equity)

The Company bought back 624,400 shares upon a resolution by the Board of Directors held on May 12, 2022. As a result, the treasury shares increased 749,999 thousand yen in the current consolidated cumulative third quarter and amounted to 1,006,038 thousand yen as of the end of the current consolidated third quarter.

(Application of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

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

(Changes in Accounting Policies)

(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 “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.

(Additional Information)

(Accounting Estimate)

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.

(Segment Information, etc.)

[Segment Information]

I Previous consolidated cumulative third quarter (From April 1, 2021 to December 31, 2021)

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

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Subtotal		
Sales							
Sales to external customers	22,831,479	5,210,840	1,949,002	2,358,326	32,349,648	314,207	32,663,855
Inter-segment sales or transfers	---	---	---	---	---	628,951	628,951
Net sales	22,831,479	5,210,840	1,949,002	2,358,326	32,349,648	943,158	33,292,807
Segment profit	2,373,950	659,374	242,033	629,568	3,904,926	132,062	4,036,988

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 profit 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)

Profit	Amount
Total of reportable segments	3,904,926
Profit in the category "Other"	132,062
Elimination of inter-segment transactions	11,305
Unallocated corporate expenses (See Note)	△1,214,126
Adjustment of inventories	△31,162
Operating profit shown on the quarterly consolidated statements of income	2,803,005

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 third quarter (From April 1, 2022 to December 31, 2022)

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

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Subtotal		
Sales							
Sales to external customers	21,550,698	6,607,601	1,935,647	3,214,040	33,307,988	235,361	33,543,349
Inter-segment sales or transfers	---	---	---	---	---	642,875	642,875
Net sales	21,550,698	6,607,601	1,935,647	3,214,040	33,307,988	878,236	34,186,224
Segment profit	1,267,728	1,031,163	123,946	766,136	3,188,975	119,696	3,308,671

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 profit 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)

profit	Amount
Total of reportable segments	3,188,975
profit in the category "Other"	119,696
Elimination of inter-segment transactions	1,055
Unallocated corporate expenses (See Note)	△1,124,615
Adjustment of inventories	△48,017
Operating profit shown on the quarterly consolidated statements of income	2,137,093

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

(Significant impairment losses on non-current assets)

In the industrial application structural materials segment, with respect to the assets in which investments could not be expected to recover due to a downturn in profitability, the Company devalued their carrying amount to memorandum value and showed the relevant amount of loss to extraordinary losses as impairment losses.

In this regard, the amount of the relevant impairment losses shown in the current consolidated cumulative third quarter is 12,938 thousand yen.

(Significant Subsequent Events)

(Retirement of treasury shares)

The Company resolved to retire treasury shares at the Board of Directors' Meeting of May 12, 2022 under the provisions of Article 178 of the Companies Act., and carried out the retirement on January 31, 2023.

- Class of shares retired: the Company's common stock
- Number of shares retired: 424,400 shares (1.25% out of the total number of shares issued and outstanding before the retirement)
- Date of the retirement: January 31, 2023

(Note)

The total number of shares issued and outstanding after the retirement is 33,398,024 shares (including treasury shares).