

QUARTERLY REPORT

(The Third Quarter of the 75th Term)

From October 1, 2022 to December 31, 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 third quarter	75 th term consolidated cumulative third quarter	74 th term
Accounting period	From April 1, 2021 to December 31, 2021	From April 1, 2022 to December 31, 2022	From April 1, 2021 to March 31, 2022
Net sales (Millions of yen)	32,663	33,543	43,089
Ordinary profit (Millions of yen)	3,155	2,705	4,204
Profit attributable to owners of parent (Millions of yen)	2,971	2,661	3,911
Comprehensive income (Millions of yen)	2,359	3,133	4,530
Net assets (Millions of yen)	46,843	47,514	47,965
Total assets (Millions of yen)	68,668	70,087	68,689
Basic earnings per share (Yen)	89.18	80.52	117.40
Diluted earnings per share (Yen)	89.13	80.33	117.32
Equity ratio (%)	67.9	67.7	69.6

Term	74 th term consolidated third quarter	75 th term consolidated third quarter
Accounting period	From October 1, 2021 to December 31, 2021	From October 1, 2022 to December 31, 2022
Basic earnings per share (Yen)	36.81	2.97

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 third 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 third 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 third quarter.

(1) Financial Position and Operating Results

1) 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 of 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.

a. Electronic materials segment

In the electronic materials segment, 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 (the amount of orders received increased by 2.6%, and the production output decreased by 4.2%, year-on-year on a non-consolidated basis of the Submitting Company), 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.

b. Industrial application structural materials segment

In the industrial application structural materials segment, 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).

c. Electrical insulating materials segment

In the electrical insulating materials segment, 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).

d. Display materials segment

In the display materials segment, 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).

e. Other (other businesses)

In other businesses, net sales were 235 million yen (a decrease of 25.1% year-on-year), while the segment profit or loss recorded a segment profit of 119 million yen (a decrease of 9.4% year-on-year).

It should also be noted that the amounts of net sales, orders received, etc. stated in this section do not include consumption tax, etc.

2) 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.

(2) Management Policy, Management Strategy, etc.

There was no significant change, during the current consolidated cumulative third 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 third quarter.

(5) Research and Development Activities

The Group's total expenses for research and development activities incurred in the current consolidated cumulative third quarter amounted to 1,451 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 third quarter.

3. Agreements with Managerial Implications, etc.

In the current consolidated third 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 third quarter (As of December 31, 2022)	Number of shares issued and outstanding as of the filing date of this Quarterly Report (As of February 14, 2023)	Name of financial instruments exchange where the shares are listed or authorized financial instruments firms association where the shares are registered	Remarks
Common stock	33,818,924	33,398,024	Tokyo Stock Exchange (Prime Market)	Number of shares constituting one full unit: 100
Total	33,818,924	33,398,024	---	---

- Note:
- The number of shares issued through the exercise of stock acquisition rights in the period from February 1, 2023 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".
 - The Company disposed of 41,055 shares of treasury shares for restricted stock compensation as of July 27, 2022 upon a resolution by the Board of Directors on June 28, 2022.
 - 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 shares 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, Share Capital, etc.

Period	Number of shares issued and outstanding		Share capital (Thousands of yen)		Legal capital surplus (Thousands of yen)	
	Change	Balance	Change	Balance	Change	Balance
From October 1, 2022 to December 31, 2022 (See Note 1)	76,400	33,818,924	43,888	7,761,676	43,888	6,873,668

- Note:
- The increases are due to the exercise of stock acquisition rights.
 - In the period from January 1, 2023 to January 31, 2023, the number of shares issued and outstanding increased by 3,500 shares, and the amount of share capital and that of legal capital surplus increased by 2,226 thousand yen respectively, all through the exercise of stock acquisition rights.
 - The number of shares issued and outstanding decreased by 424,400 shares due to the retirement of treasury shares implemented on January 31, 2023.

(5) Status of Major Shareholders

As the current quarterly accounting period is the third 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 third 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 (September 30, 2022).

1) Shares issued and outstanding

As of December 31, 2022

Category	Number of shares	Number of voting rights (Units)	Remarks
Shares without voting rights	---	---	---
Shares with restricted voting rights (Treasury shares, etc.)	---	---	---
Shares with restricted voting rights (Other)	---	---	---
Shares with full voting rights (Treasury shares, etc.)	Common stock 796,400	---	---
Shares with full voting rights (Other) (See Note 1 and Note 2)	Common stock 32,867,600	328,676	---
Shares constituting less than one full unit (See Note 3)	Common stock 78,524	---	---
Number of shares issued and outstanding	33,742,524	---	---
Total number of voting rights held by shareholders	---	328,676	---

- 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. 88,100 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)”. 881 units of voting rights for shares with full voting rights of such trust account are included in the column “Number of voting rights”.
3. 58 shares of treasury shares are included in the row “Shares constituting less than one full unit”.

2) Treasury Shares, etc.

As of December 31, 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	796,400	---	796,400	2.36
Total	---	796,400	---	796,400	2.36

Note: 88,100 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 third quarter (From October 1, 2022 to December 31, 2022) and the current consolidated cumulative third quarter (From April 1, 2022 to December 31, 2022) 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 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
Dividend 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 investment 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 Statements 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, net of tax	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 parent	3,221,518	3,152,203
Comprehensive income attributable to non-controlling interests	△862,029	△19,142

[Notes]

(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.

(Particular accounting treatments applied in preparation of 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.

(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 Balance Sheets)

* Notes, etc. maturing at the end of the consolidated third quarter

For accounting treatment of notes, electronically recorded monetary claims and electronically recorded obligations maturing at the end of the consolidated third quarter, settlement is made as of the clearing date of each note or as of the settlement date of each electronically recorded monetary claim and electronically recorded obligation, as the case may be. As the end of the current consolidated third quarter falls on a bank holiday, the following notes, electronically recorded monetary claims and electronically recorded obligations maturing at the end of the consolidated third quarter are included in their respective balances as of the end of the consolidated third quarter.

	(Thousands of yen)	
	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated third quarter (As of December 31, 2022)
Notes and accounts receivable - trade, and contract assets	—	25,754
Notes and accounts payable-trade	—	147,397
Current liabilities and others (Notes payable - non-operating, Electronically recorded obligations-non-operating)	—	23,044

(Notes Related to Quarterly Consolidated Statements of Cash Flows)

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

	(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)
Depreciation	1,599,527	1,690,949

(Notes Related to Shareholders' Equity, etc.)

I Previous consolidated cumulative third quarter (From April 1, 2021 to December 31, 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
Board of Directors' Meeting of October 28, 2021	Common stock	166,887	5.00	September 30, 2021	December 2, 2021	Retained earnings

Note: "Total amount of dividends" under a resolution at the Board of Directors' Meeting of October 28, 2021 includes dividends of 444 thousand yen on the Company's shares which a trust account for employee stock ownership plan holds.

2. Significant changes in the amount of shareholders' equity

The Company terminated 900,000 shares as of August 31, 2021 upon a resolution by the Board of Directors held on July 29, 2021. As a result, the retained earnings and the treasury shares decreased by 918,310 thousand yen respectively in the current consolidated cumulative third quarter, and the retained earnings amounted to 33,996,990 thousand yen and the treasury shares to 299,684 thousand yen as of the end of the current consolidated third quarter.

II Current consolidated cumulative third quarter (From April 1, 2021 to December 31, 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 28, 2022	Common stock	3,006,166	90.00	March 31, 2022	June 29, 2022	Retained earnings

Note: "Total amount of dividends" includes dividends of 7,974 thousand yen on the Company's shares which a trust account for employee stock ownership plan holds.

2. Significant changes in the amount of 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.

(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	Electrical insulating 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	Electrical insulating 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.

(For Revenue Recognition)

Information on the breakdown of revenue from contracts with customers

Previous consolidated cumulative third quarter (From April 1, 2021 to December 31, 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	22,831,479	2,351,906	1,949,002	1,473,843	28,606,230	314,207	28,920,438
Goods transferred over time	—	2,858,934	—	884,482	3,743,417	—	3,743,417
Revenue from contracts with customers	22,831,479	5,210,840	1,949,002	2,358,326	32,349,648	314,207	32,663,855
Other revenue	—	—	—	—	—	—	—
Sales to external customers	22,831,479	5,210,840	1,949,002	2,358,326	32,349,648	314,207	32,663,855

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 third quarter (From April 1, 2022 to December 31, 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	21,550,698	2,883,038	1,935,647	2,006,356	28,375,741	235,361	28,611,102
Goods transferred over time	—	3,724,563	—	1,207,683	4,932,246	—	4,932,246
Revenue from contracts with customers	21,550,698	6,607,601	1,935,647	3,214,040	33,307,988	235,361	33,543,349
Other revenue	—	—	—	—	—	—	—
Sales to external customers	21,550,698	6,607,601	1,935,647	3,214,040	33,307,988	235,361	33,543,349

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 basic earnings per share and diluted earnings per share with their respective bases of calculation are as follows.

	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)
(1) Basic earnings per share	89.18 yen	80.52 yen
(Basis of calculation)		
Profit attributable to owners of parent (Thousands of yen)	2,971,168	2,661,307
Amount not attributable to common stockholders (Thousands of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (Thousands of yen)	2,971,168	2,661,307
Average number of shares of common stock during the period	33,317,569	33,051,977
(2) Diluted earnings per share	89.13 yen	80.33 yen
(Basis of calculation)		
Adjustment of profit attributable to owners of parent (Thousands of yen)	---	---
Increase in the number of shares of common stock	17,843	76,631
Outline of dilutive shares that were not included in the calculation of diluted earnings 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 share in shareholders' equity and which a trust account for employee stock ownership plan holds are included in the number of treasury share excluded in the calculation of the average number of shares of common stock during the period when basic earnings per share is calculated (45,972 shares for the previous consolidated cumulative third quarter and 88,216 shares for the current consolidated cumulative third quarter).

(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.

1. Class of shares retired: the Company's common stock
2. Number of shares retired: 424,400 shares (1.25% out of the total number of shares issued and outstanding before the retirement)
3. 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)

2. Other

No applicable matter

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

No applicable matter.

Independent Auditors' Quarterly Review Report

February 14, 2023

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

Ernst & Young ShinNihon LLC
Niigata office

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

Akira Takahashi
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 third quarter (From October 1, 2022 to December 31, 2022) and the consolidated cumulative third quarter (From April 1, 2022 to December 31, 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 December 31, 2022 and the results of their operations in the consolidated cumulative third quarter ended December 31, 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.