

# **QUARTERLY REPORT**

(The Third Quarter of the 76<sup>th</sup> Term)

From October 1, 2023 to December 31, 2023

(TRANSLATION)

**ARISAWA MFG. CO., LTD.**

## TABLE OF CONTENTS

Page Number

Cover Page	
PART I. INFORMATION ON THE BUSINESS .....	1
I. General Conditions of Business .....	1
1. Changes in Principal Management Indicators, etc. ....	1
2. Description of Business.....	1
II. Status of Business .....	2
1. Business Risks, etc. ....	2
2. Analyses of Consolidated Financial Position, Business Results and Cash Flows by the Corporate Managers .....	2
3. Agreements with Managerial Implications, etc.....	3
III. Status of the Submitting Company .....	4
1. Status of Shares, etc. ....	4
(1) Total Number of Shares, etc.....	4
(2) Status of Stock Acquisition Rights, etc.....	4
(3) Status of Exercise of Moving Strike Convertible Bonds, etc.....	4
(4) Changes in the Number of Shares Issued and Outstanding, Share Capital, etc. ....	4
(5) Status of Major Shareholders .....	4
(6) Status of Voting Rights .....	5
2. Status of Directors and Officers .....	5
IV. Status of Accounting .....	6
1. Quarterly Consolidated Financial Statements .....	7
(1) Quarterly Consolidated Balance Sheets .....	7
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	9
[Quarterly Consolidated Statements of Income].....	9
[Quarterly Consolidated Statements of Comprehensive Income].....	10
2. Other.....	16
PART II. INFORMATION ON GUARANTY COMPANIES, ETC. OF THE SUBMITTING COMPANY .....	17
[Independent Auditors' Quarterly Review Report]	

## Cover Page

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## PART I. INFORMATION ON THE BUSINESS

### I. General Conditions of Business

#### 1. Changes in Principal Management Indicators, etc.

Term	75 <sup>th</sup> term consolidated cumulative third quarter	76 <sup>th</sup> term consolidated cumulative third quarter	75 <sup>th</sup> term
Accounting period	From April 1, 2022 to December 31, 2022	From April 1, 2023 to December 31, 2023	From April 1, 2022 to March 31, 2023
Net sales (Millions of yen)	33,543	30,859	42,722
Ordinary profit (Millions of yen)	2,705	718	2,717
Profit attributable to owners of parent (Millions of yen)	2,661	981	2,856
Comprehensive income (Millions of yen)	3,133	2,062	2,578
Net assets (Millions of yen)	47,514	45,559	47,107
Total assets (Millions of yen)	70,087	69,046	67,659
Basic earnings per share (Yen)	80.52	29.64	86.46
Diluted earnings per share (Yen)	80.33	29.62	86.24
Equity ratio (%)	67.7	65.9	69.5

Term	75 <sup>th</sup> term consolidated third quarter	76 <sup>th</sup> term consolidated third quarter
Accounting period	From October 1, 2022 to December 31, 2022	From October 1, 2023 to December 31, 2023
Basic earnings per share (Yen)	2.97	12.62

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 economy remained on a moderate recovery trend as socioeconomic activities had normalized since the coronavirus pandemic. Meanwhile, there is still an uncertain outlook for the economy due to the continued price increases, prolonged Ukrainian crisis, the instability in Middle East, the impact of global monetary tightening, and the economic downturn in China, etc.

Under such circumstances, the operating results 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 30,859 million yen (a decrease of 8.0% year-on-year) due to a decrease in demand in the Chinese market for the electronic materials which are the main business field of the Company despite an increase in sales of industrial application structural materials. The results in terms of profit and loss are as follows: an operating profit was 648 million yen (a decrease of 69.7% year-on-year); an ordinary profit was 718 million yen (a decrease of 73.5% year-on-year); and a profit attributable to owners of parent was 981 million yen (a decrease of 63.1% year-on-year).

Operating results with respect to each segment are as follows.

##### a. Electronic materials segment

In the electronic materials segment, net sales were 18,402 million yen (a decrease of 14.6% year-on-year) due to a decrease in sales of flexible printed circuit board materials (the amount of orders received decreased by 10.8%, and the production output decreased by 18.3%, year-on-year on a non-consolidated basis of the Submitting Company) and glass cloth for printed circuit board, while the segment profit was 7 million yen (a decrease of 99.4% year-on-year) caused by the impact from a decrease in production in response to a decrease in demand.

##### b. Industrial application structural materials segment

In the industrial application structural materials segment, net sales were 7,672 million yen (an increase of 16.1% year-on-year) due to an increase in sales of water treatment FRP vessels for water purification and honey-comb panel for aircraft, while the segment profit was 889 million yen (a decrease of 13.7% year-on-year) due to a change in product mix.

##### c. Electrical insulating materials segment

In the electrical insulating materials segment, net sales were 1,894 million yen (a decrease of 2.1% year-on-year) due to a decrease in infrastructure-related sales, while the segment profit was 211 million yen (an increase of 70.6% year-on-year).

##### d. Display materials segment

In the display materials segment, net sales were 2,625 million yen (a decrease of 18.3% year-on-year) due to a decrease in sales of 3D-related materials and polarization control optical components, while the segment profit was 652 million yen (a decrease of 14.9% year-on-year).

##### e. Other (other businesses)

In other businesses, net sales were 264 million yen (an increase of 12.5% year-on-year), while the segment profit or loss recorded a segment profit of 151 million yen (an increase of 26.8% year-on-year).

## 2) Financial Position

Total assets as of the end of the current consolidated cumulative third quarter were 69,046 million yen, an increase of 1,386 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 2,985 million yen in notes and accounts receivable - trade, and contract assets, an increase of 1,316 million yen in property, plant and equipment, a decrease of 1,665 million yen in cash and deposits, a decrease of 993 million yen in merchandise and finished goods, and a decrease of 453 million yen in investment securities, respectively.

Total liabilities as of the end of the current consolidated cumulative third quarter were 23,486 million yen, an increase of 2,934 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,711 million yen in notes and accounts payable-trade, and an increase of 1,307 million yen in long-term borrowings, respectively.

Total net assets as of the end of the current consolidated cumulative third quarter were 45,559 million yen, a decrease of 1,547 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,165 million yen in foreign currency translation adjustment and a decrease of 2,670 million yen in retained earnings, respectively.

## (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 1,520 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, 2023)	Number of shares issued and outstanding as of the filing date of this Quarterly Report (As of February 14, 2024)	Name of financial instruments exchange where the shares are listed or authorized financial instruments firms association where the shares are registered	Remarks
Common stock	33,550,424	33,550,424	Tokyo Stock Exchange (Prime Market)	Number of shares constituting one full unit: 100
Total	33,550,424	33,550,424	—	—

- Note: 1. The number of shares issued through the exercise of stock acquisition rights in the period from February 1, 2024 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 41,477 shares of treasury shares for restricted stock compensation as of July 28, 2023 upon a resolution by the Board of Directors on June 29, 2023.
3. 105,967 shares out of shares issued and outstanding as of the filing date of this Quarterly Report are by contribution in kind (108,995 thousand yen of monetary compensation claims) when treasury shares were 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, 2023 to December 31, 2023	—	33,550,424	—	7,853,189	—	6,965,180

##### (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, 2023).

### 1) Shares issued and outstanding

As of December 31, 2023

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 330,900	—	—
Shares with full voting rights (Other) (See Note 1 and Note 2)	Common stock 33,121,100	331,211	—
Shares constituting less than one full unit (See Note 3)	Common stock 98,424	—	—
Number of shares issued and outstanding	33,550,424	—	—
Total number of voting rights held by shareholders	—	331,211	—

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. 82,700 shares of the Company which a trust account for employee stock ownership plan holds are included in the row “Shares with full voting rights (Other)”. 827 units of voting rights for shares with full voting rights of such trust account are included in the column “Number of voting rights”.

3. 7 shares of treasury shares are included in the row “Shares constituting less than one full unit”.

### 2) Treasury Shares, etc.

As of December 31, 2023

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	330,900	—	330,900	0.98
Total	—	330,900	—	330,900	0.98

Note: 82,700 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, 2023 to December 31, 2023) and the current consolidated cumulative third quarter (from April 1, 2023 to December 31, 2023) 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, 2023)	Current consolidated third quarter (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	20,545,580	18,879,847
Notes and accounts receivable-trade, and contract assets	13,182,106	* 16,168,096
Merchandise and finished goods	5,525,035	4,531,926
Work in process	2,373,079	2,487,867
Raw materials and supplies	4,263,762	4,889,239
Other	1,541,170	912,933
Allowance for doubtful accounts	△10,786	△17,455
Total current assets	47,419,946	47,852,456
Non-current assets		
Property, plant and equipment	16,446,181	17,762,315
Intangible assets	244,197	233,415
Investments and other assets		
Investment securities	2,545,474	2,092,104
Other	1,049,896	1,151,624
Allowance for doubtful accounts	△45,969	△45,499
Total investments and other assets	3,549,401	3,198,229
Total non-current assets	20,239,780	21,193,960
Total assets	67,659,726	69,046,416

	(Thousands of yen)	
	Previous consolidated fiscal year (As of March 31, 2023)	Current consolidated third quarter (As of December 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	5,213,263	* 6,924,493
Current portion of bonds payable	16,800	10,800
Short-term borrowings	5,056,253	5,894,661
Current portion of long-term borrowings	1,843,441	1,251,532
Income taxes payable	658,615	201,049
Provision for product warranties	42,184	37,914
Provision for bonuses	526,795	292,972
Provision for bonuses for directors (and other officers)	2,162	1,796
Other	2,917,188	* 3,491,318
Total current liabilities	16,276,705	18,106,536
Non-current liabilities		
Long-term borrowings	2,723,471	4,031,446
Provision for share awards	50,449	62,960
Retirement benefit liability	700,883	607,273
Asset retirement obligations	97,119	101,475
Other	703,383	576,912
Total non-current liabilities	4,275,306	5,380,069
Total liabilities	20,552,012	23,486,606
Net assets		
Shareholders' equity		
Share capital	7,847,873	7,853,189
Capital surplus	3,198,618	3,203,933
Retained earnings	34,293,471	31,623,433
Treasury shares	△512,975	△460,889
Total shareholders' equity	44,826,987	42,219,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	466,417	344,509
Deferred gains or losses on hedges	△13,657	760
Foreign currency translation adjustment	1,904,093	3,070,052
Remeasurements of defined benefit plans	△127,370	△105,400
Total accumulated other comprehensive income	2,229,483	3,309,921
Share acquisition rights	51,243	30,221
Total net assets	47,107,714	45,559,810
Total liabilities and net assets	67,659,726	69,046,416

(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, 2022 to December 31, 2022)	Current consolidated cumulative third quarter (From April 1, 2023 to December 31, 2023)
Net sales	33,543,349	30,859,791
Cost of sales	27,086,418	25,866,716
Gross profit	6,456,931	4,993,075
Selling, general and administrative expenses	4,319,837	4,344,882
Operating profit	2,137,093	648,192
Non-operating income		
Interest income	102,948	80,920
Dividend income	58,555	31,789
Foreign exchange gains	347,203	132,411
Other	227,710	106,925
Total non-operating income	736,417	352,046
Non-operating expenses		
Interest expenses	106,692	146,157
Share of loss of entities accounted for using equity method	—	47,177
Compensation expenses	—	57,084
Other	61,362	31,565
Total non-operating expenses	168,055	281,984
Ordinary profit	2,705,456	718,254
Extraordinary income		
Gain on sale of non-current assets	3,978	1,799
Gain on sale of investment securities	1,305,241	656,042
Other	40,870	19,454
Total extraordinary income	1,350,090	677,296
Extraordinary losses		
Loss on retirement of non-current assets	79,206	38,216
Impairment losses	12,938	8,541
Other	55,868	96
Total extraordinary losses	148,013	46,855
Profit before income taxes	3,907,533	1,348,694
Income taxes	1,243,760	366,995
Profit	2,663,772	981,699
Profit attributable to non-controlling interests	2,465	—
Profit attributable to owners of parent	2,661,307	981,699

[Quarterly Consolidated Statements of Comprehensive Income]

[Consolidated cumulative third quarter]

(Thousands of yen)

	Previous consolidated cumulative third quarter (From April 1, 2022 to December 31, 2022)	Current consolidated cumulative third quarter (From April 1, 2023 to December 31, 2023)
Profit	2,663,772	981,699
Other comprehensive income		
Valuation difference on available-for-sale securities	△823,934	△121,908
Deferred gains or losses on hedges	44,432	14,417
Foreign currency translation adjustment	1,223,241	1,175,105
Remeasurements of defined benefit plans, net of tax	4,327	21,970
Share of other comprehensive income of entities accounted for using equity method	21,221	△9,147
Total other comprehensive income	469,288	1,080,438
Comprehensive income	3,133,061	2,062,137
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,152,203	2,062,137
Comprehensive income attributable to non-controlling interests	△19,142	—

[Notes]

(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.

(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, 2023)	Current consolidated third quarter (As of December 31, 2023)
Notes and accounts receivable - trade, and contract assets	—	42,932
Notes and accounts payable-trade	—	92,732
Current liabilities and others (Non-operating notes payable, Electronically recorded obligations-non-operating)	—	56,670

(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	1,690,949	1,683,120

(Notes Related to Shareholders' Equity, etc.)

I Previous consolidated cumulative third quarter (From April 1, 2022 to December 31, 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

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 by 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.

II Current consolidated cumulative third quarter (From April 1, 2023 to December 31, 2023)

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 29, 2023	Common stock	2,985,205	90.00	March 31, 2023	June 30, 2023	Retained earnings
Board of Directors' Meeting of August 3, 2023	Common stock	664,390	20.00	September 30, 2023	December 4, 2023	Retained earnings

Note: 1. "Total amount of dividends" under a resolution at the Ordinary General Meeting of Shareholders of June 29, 2023 includes dividends of 7,839 thousand yen on the Company's shares which a trust account for employee stock ownership plan holds.

2. "Total amount of dividends" under a resolution at the Board of Directors' Meeting of August 3, 2023 includes dividends of 1,654 thousand yen on the Company's shares which a trust account for employee stock ownership plan holds.

(Segment Information, etc.)

[Segment Information]

I Previous 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.



II Current consolidated cumulative third quarter (From April 1, 2023 to December 31, 2023)

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	18,402,636	7,672,916	1,894,257	2,625,267	30,595,077	264,714	30,859,791
Inter-segment sales or transfers	—	—	—	—	—	681,589	681,589
Net sales	18,402,636	7,672,916	1,894,257	2,625,267	30,595,077	946,303	31,541,381
Segment profit	7,980	889,788	211,513	652,333	1,761,616	151,741	1,913,358

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	1,761,616
Profit in the category “Other”	151,741
Elimination of inter-segment transactions	5,379
Unallocated corporate expenses (See Note)	△1,242,694
Adjustment of inventories	△27,850
Operating profit shown on the quarterly consolidated statements of income	648,192

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 8,541 thousand yen.

## (For Revenue Recognition)

## Information on the breakdown of revenue from contracts with customers

Previous 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.

Current consolidated cumulative third quarter (From April 1, 2023 to December 31, 2023)

(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	18,402,636	4,141,538	1,894,257	1,654,447	26,092,880	264,714	26,357,595
Goods transferred over time	—	3,531,377	—	970,819	4,502,196	—	4,502,196
Revenue from contracts with customers	18,402,636	7,672,916	1,894,257	2,625,267	30,595,077	264,714	30,859,791
Other revenue	—	—	—	—	—	—	—
Sales to external customers	18,402,636	7,672,916	1,894,257	2,625,267	30,595,077	264,714	30,859,791

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, 2022 to December 31, 2022)	Current consolidated cumulative third quarter (From April 1, 2023 to December 31, 2023)
(1) Basic earnings per share	80.52 yen	29.64 yen
(Basis of calculation)		
Profit attributable to owners of parent (Thousands of yen)	2,661,307	981,699
Amount not attributable to common stockholders (Thousands of yen)	—	—
Profit attributable to owners of parent pertaining to common stock (Thousands of yen)	2,661,307	981,699
Average number of shares of common stock during the period	33,051,977	33,115,378
(2) Diluted earnings per share	80.33 yen	29.62 yen
(Basis of calculation)		
Adjustment of profit attributable to owners of parent (Thousands of yen)	—	—
Increase in the number of shares of common stock	76,631	32,351
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 (88,216 shares for the previous consolidated cumulative third quarter and 83,867 shares for the current consolidated cumulative third 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**

February 14, 2024

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

Ernst & Young ShinNihon LLC  
Niigata office

Yoshiyuki Sakuma  
Designated Limited Liability Partner and Engagement Partner,  
Certified Public Accountant

Ken 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, 2023 to December 31, 2023) and the consolidated cumulative third quarter (from April 1, 2023 to December 31, 2023) of the consolidated fiscal year from April 1, 2023 to March 31, 2024, 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, 2023 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.

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

## Responsibility of Auditors in the Quarterly Review Report of the Quarterly Consolidated Financial Statements

The 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.

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

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we complied with the code of professional ethics on independence in Japan, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where countermeasures to eliminate obstacles or safeguards to reduce obstacles to an acceptable level are applicable, related countermeasures and safeguards.

#### 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.

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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.