



**ARISAWA**

**INTEGRATED REPORT 2024**

**Arisawa Mfg. Co., Ltd.**



# Corporate Philosophy

Arisawa as business came into being in 1909 with the production of Battenberg lace, where it cultivated expertise that would later attain a new height with the epochal introduction of glass fiber. What followed was a string of novel materials from Arisawa featuring unheard-of properties, to which the company went on to apply innovative technologies. This process enabled Arisawa to build up coherent production systems and a unique technical edge integrating the "weaving, coating, and molding" elements while consistently fulfilling users' needs. Arisawa's current offerings include, among others, electronic materials for use in PCs, smartphones, etc., industrial application structural materials (e.g. honeycomb sandwich panels for use in aircraft interiors), electrical insulating materials, and display materials, all of which contribute to the development of various industries. We at Arisawa Mfg. Co., Ltd. have our mind set on opening a vista for the future as we remain proactive in our efforts to develop innovative materials.

CIC  
"Create, Innovate, and Challenge"

Better today than yesterday  
better tomorrow than today

~ Take a step forward to create a better future ~

Editorial policy

Since the first issuance of an environmental report in FY2005, the Arisawa Group has provided information about its social contribution activities through business in its mid-term management plan and initiatives on climate change (disclosure based on the framework of TCFD recommendations). This integrated report is intended to provide new opportunities for dialogue by presenting stakeholders, including shareholders and investors, with the company's initiatives toward the improvement of its corporate value over the medium to long term. This year's report describes specific initiatives regarding the mid-term management plan, financial strategy, and human capital management in more detail than the first report issued last year.

Scope of the report

This report covers Arisawa Mfg. Co., Ltd. and its domestic and overseas group companies and affiliates. In this report, "Arisawa", "we", "us", or "our" means Arisawa Mfg. Co., Ltd., and "our group" means the entire Arisawa Group.

Coverage period of the report

The coverage period is from April 1, 2023, to March 31, 2024 (January 1 to December 31, 2023, for overseas offices), but note that some descriptions may include activities before and after this period when necessary.

Other reference information

-For technical terms, such as our group's products mentioned in this report, see our website (Technology/Products > Glossary).  
-TOPICS are enclosed in

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About Arisawa

Policies

### Management Policy

On the basis of the motto "Create, Innovate and Challenge", we pledge to:

- (I) create new values and enhance customer satisfaction.
- (II) discover customer demands and create new businesses with our creative technologies.
- (III) strengthen corporate structure by improving our quality and productivity.
- (IV) contribute to solving the social and environmental issues, and realize the sustainable growth.

### Our Action Guideline

- (I) We compare what we are today with what we were yesterday, rather than comparing ourselves with others.
- (II) We do a job to be proud of in the future as a professional manufacturer with a strong will and a humble heart.
- (III) We take a step forward to challenge, instead of looking for an excuse of cannot-to-do.
- (IV) We give the highest priority to safety, and fulfill our own roles and responsibilities for zero accidents

#### ESG Policy

In all aspects of our business activities, we actively address a variety of issues related to environment, society and governance and aim to achieve sustainable growth.

#### Human Rights Policy

To contribute to a sustainable society and improve the corporate value of the Arisawa Group, we prevent and mitigate negative impacts on human rights that could be brought about by business activities and promote business activities that respect human rights.

#### CSR Procurement Policy

We procure materials in compliance with laws and internal policies and based on the mutual understanding and trust with our suppliers.

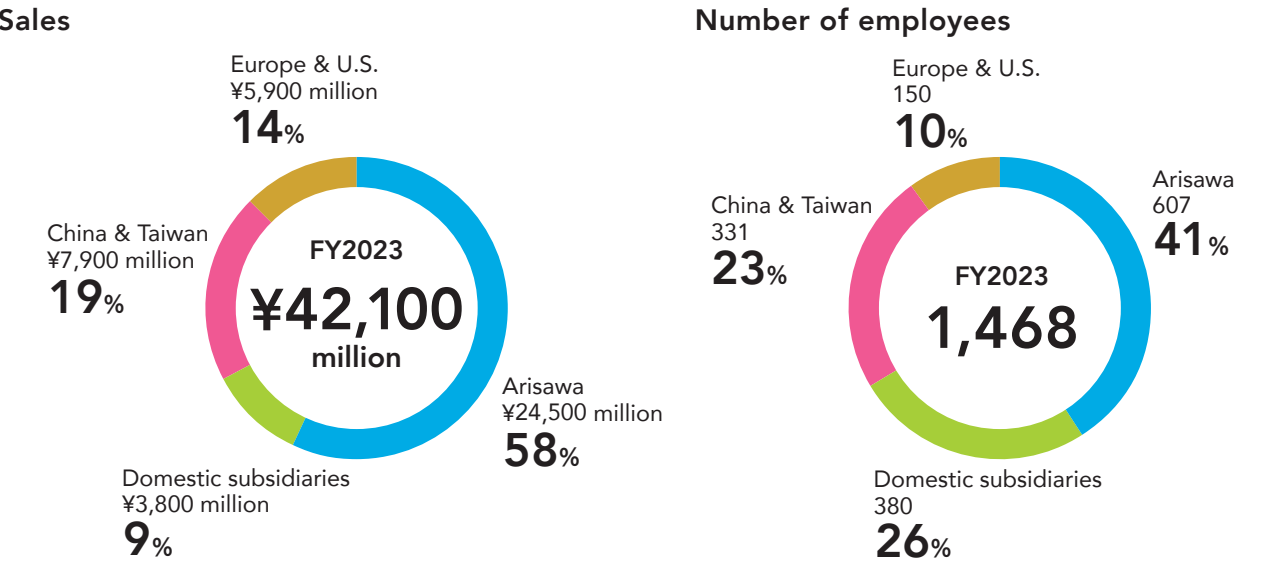
#### Environmental Policy

We strive to reduce environmental loads, promote environmental conservation, and help solve social and environmental issues in our whole business activities, from development and design to manufacturing of electronic materials, industrial structural materials, electrical insulating materials, and display materials, to achieve sustainable growth.

#### Quality Policy

We pledge to supply high-quality products that meets the reliability and expectations of our customers by understanding their perspective.

Global Business Operations (As of March 31, 2024)



#### Global Offices

- TopFlex Corporation
- ThinFlex Corporation
- Protec Arisawa Europe, S.A.
- Protec Arisawa America, Inc.
- Arisawa Mfg. Co., Ltd. (Joetsu Head Office and Factories)
- Arisawa Fiber Glass Co., Ltd.
- Arisawa Sogyo Co., Ltd.
- ColorLink Japan, Ltd.
- Arisawa Mfg. Co., Ltd. (Tokyo Head Office)
- Arisawa Jushi Kogyo Co., Ltd.
- Arisawa Mfg. Co., Ltd. (Kansai Sales Office)
- Satosen Co., Ltd.

#### TOPICS

##### Won the Golden Makila Award!

Protec Arisawa Europe won the Golden Makila Award\* on October 23, 2023. The award ceremony was held at the Guggenheim Museum Bilbao in Spain, and the company's CEO Gonzalo Ortega received the golden makila (golden stick) from the Fundación Empresa Vasca y Sociedad.

Protec Arisawa Europe was honored for contributing to local economic development as a globally operating company in the Basque Country, Spain.

CEO Gonzalo receives the golden stick (right in the photo)

Company's major product FRP pressure vessel for water treatment (filament winding molding)

\* "Makila" means a "stick" in Basque. A stick is locally said to be a good friend for travel and represents authority and dignity. The "Golden Makila", which was given to Protec Arisawa Europe, refers to a golden stick and is considered one of the most honorable awards for companies in the Basque region.



## About Arisawa

### Message from Representative Director

## Accelerating investments in "people" with both business strategy and financial strategy toward the next mid-term management plan

Representative Director and CEO

**Yuta Arisawa**

### Impetus for the growth of Arisawa

Arisawa as business came into being in 1909 with the production of Battenberg lace, where it cultivated expertise that would later attain a new height with the epochal introduction of glass fiber. Since then, we have produced new products through research and development and technological innovation to materialize our dreams while living up to customers' expectations.

Our core technologies are "weaving, coating, and molding", and we thoroughly pursue the corresponding manufacturing, formulation, and processing technologies. We have manufacturing sites in Taiwan, China, European countries, and the U.S. and use various technologies at them to meet worldwide customers' needs.

Since our foundation, we have developed and offered products and services through trial and error while listening to the opinions of customers to exceed their expectations even a little bit. Our mission is to persistently surprise and delight customers.

We have unique knowledge and technologies passed down since our foundation. Most of these knowledge and technologies are something like tacit knowledge, such as experiences and instincts, which is hard to put into words. However, we itemized and organized all of them and prepared manuals including specified manufacturing conditions. By sharing this stored explicit knowledge among related departments, we have improved our work environment for all employees to appropriately carry out their tasks. Manufacturing and development require patience. To address customers' demands, we have conducted steady experiments.

Developing products that fulfill their expectations also requires us to search for various possibilities, which may result in unexpected by-products. These

can be called induced accidents. The reason why we have grown and developed for more than 100 years must be that we have placed importance on "tacit knowledge" and "induced accidents".

### Looking back on FY2023

In FY2023, the global economy was on a moderate recovery track because the restrictions on economic activities due to the spread of COVID-19 were lifted. Meanwhile, there was still an uncertain outlook for the economy due to external factors, such as the weakening yen due to a wider gap between Japanese and U.S. interest rates, continuous price surges, geopolitical risks caused by the Ukraine and Middle East situations, and economic stagnation in China.

Especially, electronic materials, one of our group's main business fields, have been affected by the slump in demand for PCs and smartphones since the latter half of FY2022. Consequently, our consolidated financial results for FY2023 saw sales and profit declines for 3 consecutive years with net sales of ¥42.1 billion and operating profit of ¥1.4 billion, and our ROIC (return on invested capital) dropped to 1.9 %. The demand in the electronic material field including semiconductor materials hit the bottom in the first half of FY2023 and started showing signs of recovery. The life science field such as water treatment also continues strong growth.

The current mid-term management plan stipulates that we aim to maximize our corporate value with both business strategy and financial strategy to help achieve a sustainable society. FY2023 was the year of patience for us in terms of profit. However, we steadily implemented the initiatives outlined in the business strategy and continued the reduction of non-business assets, such as cross-shareholdings and foreign bonds, as a financial strategy to strengthen the corporate structure.





About Arisawa

Message from Representative Director



We are also constructing a new development base called the Innovation Center and taking all possible measures to prepare for its operations. Through workshops, we received many ideas on the Innovation Center from employees, such as concept creation, office layout, selection of various analytical equipment and prototypes, and new working culture. As a result, the completed development base is likely to go beyond my expectations. I can't wait to see it finished.

Reaching out for new demands and formulating the next mid-term management plan

In the electronic material field, smartphones are getting wider and thinner and gaining improvements such as a longer battery life. Products featuring various new technologies will be available in the future, such as faster communication, IoT devices, and touch-free operation devices. To respond to such demand, we are working hard to be the first in the industry to develop high-grade products. We assume that the global demand is highly likely to rise in the medium to long term. Going forward, we will increase our presence not only in the information device field but also in the next-generation mobility field, including electric vehicles, for long-term and stable growth. Products in the next-generation mobility field require more endurance and reliability than those in the information device field, where we have leveraged our strengths, so we will

consider the entry into the field after strengthening collaboration with business partners.

For aircraft materials, we are developing ones that will be certified as next-generation aircraft materials. As well as developing and offering lighter and stronger products in compliance with strict safety standards, we will urge not only large but also small and medium-sized aircraft manufacturers to adopt the products.

Even in the life science field, which continues strong growth, such as FRP pressure vessels for water treatment and medical displays, we will tap into new markets where our technologies can be leveraged for further expansion. Based on the above, an increase in sales and profit is finally expected to occur in FY2024, which is the final year of the current mid-term management plan. However, ROIC is likely to be 5.2 % (as of the end of FY2024), which is below the target of 6 %.

In the next mid-term management plan from FY2025 to FY2029, we aim to achieve the ROIC goal of 6 % through profitability improvement by implementing strategic initiatives with a focus more on capital efficiency than ever. Specifically, we build an ROIC tree to make an effective analysis and formulate strategies based on cash flow and capital allocation. We also plan to make active investments for growth by using loans if necessary. In addition, we will actively disclose information, including non-financial one, and continue the close dialogue with our stakeholders. Through these initiatives, we strive to continuously improve our corporate value.

Return to shareholders in conjunction with capital policy

When I became the Representative Director in June 2014, the company's stock price was ¥650 apiece. Now that a decade has passed since then, the stock price has more than doubled, and the PBR is finally over 1.0.

As mentioned previously, the current mid-term management plan stipulates that we aim to maximize our corporate value with both business strategy and financial strategy. We have strived to improve profitability through the implementation of strategic initiatives while promoting financial soundness by controlling the invested capital required for growth, as well as converting non-business assets into business assets. In the course of these actions, we have raised the total return ratio on dividends gradually from 25 % a decade ago to 80 % or more. Regarding dividends from FY2024 and beyond, we will add a DOE (dividend on equity) of 6 %, which provides a more stable return, to the policy, so that the the greater of DOE or a total return ratio of 80 % or more is paid for proactive and continuous return to shareholders.

By promoting these initiatives, we will diminish the weighted average cost of capital (4.8 % as of March 31, 2024) and increase capital efficiency.

Sources of competitiveness are "people" after all

Creating a workplace where employees can positively realize their dreams is one of the key points of strengthening the management base. No matter how the environment surrounding us changes, the sources of competitiveness in our group are "people", and it is still true that "people" are our most important management capital. Since I became the Representative Director, we have been committed to fostering a corporate culture where people continue to evolve without being bound by fixed ideas under the value concept of "Better today than yesterday better tomorrow than today". I think it is critical as a corporate manager that we support employees' positive challenges and offer the best opportunities for them to maximize their capabilities.

What I put into "Better today than yesterday better tomorrow than today" is to keep positively challenging attitudes without being afraid of failure at work. Everyone should not compare themselves with others but try to do better today even if they failed yesterday. Then,

let's do it more efficiently tomorrow. I want all of the employees to move forward like this even half a step at a time. In order to do so, it is important to repeat trial and error and learn from failure. Maintaining this corporate culture that allows for failure can lead us to achieve CIC ("Create, Innovate, and Challenge") the basic motto of our management policy.

As a river stagnates when it stops flowing, a company stagnates and begins to lose ground once it is satisfied with the current situation and stops taking steps forward. Each employee's step is small but when put together will be a huge driving force for the entire company.

If we move forward with all employees working hard and encouraging each other based on the spirit of "Better today than yesterday better tomorrow than today", we will keep evolving towards further prosperity over the next 100 years.

To fully learn lessons from the past and put our business back on track toward growth, we are strongly determined to formulate the next mid-term management plan. Through dialogue with all of our stakeholders, we will improve our corporate value. Your continued understanding and support going forward are greatly appreciated.





About Arisawa

Messages from Outside Directors and  
Outside Corporate Auditors

VOICE  
OF OUTSIDE DIRECTORS  
AND OUTSIDE AUDITORS

To live up to the expectations of various stakeholders and realize sustainable growth, our Outside Directors and Outside Corporate Auditors provide us with multilateral perspectives and expertise. Perspectives from various backgrounds will be key to opening up new possibilities. The following are interviews with 7 Outside Directors and Outside Corporate Auditors, speaking about the future of Arisawa and their roles.



**Paying attention to a chemical reaction between the Innovation Center and "CIC"**

One of my favorite sayings in Japanese is "Yatte Minahare". It comes from Shinjiro Torii, the founder of Suntory, and means "Don't be afraid to fail. Take on a challenge". This is an attractive phrase that encourages people to always try new things without being satisfied with their current situation. I think that this phrase has many similarities with Arisawa's slogan "CIC". Arisawa has invested substantially in this Innovation Center. What results can be achieved through a chemical reaction between this Innovation Center and CIC? This is what I am paying particular attention to. Fruitful results require the company to present a solid vision. I'd like to make statements based on my knowledge and experience to help Arisawa prepare a vision.

**Outside Director Koji Nakamura**  
Former Senior Executive Managing Officer; Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit, Mitsui & Co., Ltd.

Helping Arisawa's growth from an objective perspective

It is said that having "compound eyes of insects and birds" is important in journalism. This means that we not only need to check the details at a site where an event occurred but also need a perspective to get the whole picture of the event, or what implications the event has for the society. Since I became an Outside Director, I have tried not to look at the outside world from inside Arisawa but to express my opinion from a stance where Arisawa belongs to the world, or a third-party perspective. By leveraging my long career in international press coverage, I also would like to help the company strengthen its promotional activities. Promotional activities are a means of communication with the outside world. To make Arisawa's activities widely understood and gain sympathy and support, it seems that we need to discuss again what kind of information should be disseminated.

**Outside Director Kazuo Abiko**  
Former General Manager for Northeast Asia, Associated Press / Former President, Foreign Correspondents' Club of Japan





About Arisawa

Messages from Outside Directors and Outside Corporate Auditors



Balancing cohesive forces and centrifugal forces is crucial during the course of growth

I see signs of further growth in Arisawa's roadmap and technological development themes. As a company grows, its structure cannot remain the same. Currently, Arisawa is taking the lead on its group management with a cohesive force, but in the not-too-distant future, overseas group companies will outperform Arisawa in sales and growth rate. When these relationship tables are turned, Arisawa will have no choice but to change its structure. This is because there are huge differences in culture, environment, and laws depending on the countries and regions of the world. What steps should Arisawa take to adapt to this change? It will be crucial to strike a balance between the cohesive forces and the centrifugal forces within Arisawa and its group companies. I believe this balancing act will require the experience and knowledge I've gained as a corporate manager.

**Outside Director Hirotohi Takada**  
Former President and Representative Director, Executive Officer, NIPPON SEIKI CO., LTD.

Hoping for Arisawa's global expansion

As an Outside Corporate Auditor, I am in charge of verifying and overseeing the compliance and validity of execution of duties by Directors from an independent perspective. I think that the mission of an Outside Company Auditor is not just to criticize but to advise and suggest so that the company can change for the better. I am, by profession, a certified public accountant. When I belonged to an organization (Deloitte Touche Tohmatsu), I was assigned to China, which was going through a turbulent period at the time, and found communication difficult due to the differences in cultures and rules between the countries. By leveraging my knowledge gained from that experience to support risk management in overseas businesses, including in China, I aim to help Arisawa grow and become a renowned and exceptional company on the global stage.

**Outside Corporate Auditor Koichiro Tanaka**  
Representative Director, Tanaka Sogo Accountant Office (current) /  
Former Partner, Deloitte Touche Tohmatsu LLC



Creating a worker-friendly environment for everyone by promoting diversity

As a lawyer, I help Arisawa prevent scandals from occurring and also focus on increasing awareness of diversity. Some people may think that diversity is to encourage women's active participation and addressing gender-based discrimination issues. However, truly embracing diversity means creating a work environment that is inclusive of all people, including not only women but also foreigners and LGBTQ individuals. I hear that many diversity trainings are held exclusively for female employees, encouraging them to take on active roles like men. However, this approach doesn't work. A work environment that is friendly to women should also be a one that is friendly to everyone, including men. By promoting diversity with this mindset, I would like to help the company create an environment where everyone can work comfortably.

**Outside Director Miho Numata**  
Representative, NUMATA LAW OFFICE (current) /  
Civil Conciliation Commissioner, Tokyo Summary Court (current)



Investments for the future should not be cut due to a decrease in internal reserves

I have worked as a tax accountant in Joetsu for a quarter of a century. As an Outside Company Auditor of Arisawa, I conduct operating and financial audits independently from business execution. I check the numbers provided by the Administration Planning Division and the Accounting Division and always ask for an explanation as soon as I find any discrepancies, even minor ones. I believe this helps the person in charge gain a better understanding of accounting. The improvement in PBR, which had recently been required by shareholders, was achieved ahead of schedule. It was nothing but a pleasure, but the capital adequacy ratio dropped, and the internal reserves decreased. I would like to foster discussions to ensure that Arisawa does not hesitate to invest in human capital and intellectual property protection, which are essential for future growth, even though these investments may not be represented in financial figures.

**Outside Corporate Auditor Koichi Yokota**  
Head, Yokota Accountant Office (current) / Vice President, Niigata Prefecture Branch Federation of Kanto-Shinetsu Certified Public Tax Accountant's Association (current)



Aiming for Arisawa's growth through dialogue with its shareholders

By leveraging my long years of experience in the stock market, I make proposals for Arisawa to take positive risks from a sustainable growth perspective. There is always a gap between investors' expectations and the company's policy. To fill the gap, it is important to talk with investors to come up with actions and earn their trust. I would like to increase cash flow stably and share the results of the company's growth with shareholders. In order to do so, we need to discuss, make strategies, solve issues, and report these initiatives to the shareholders. This is a basic thing, but I will make sure that this flow works properly. The new mid-term management plan starts in the next fiscal year. We need to pave the way for Arisawa's future growth.

**Outside Director Makiko Horie**  
Partner, SDG Impact Japan Inc. (current)



Column

Systems for providing information to support Outside Directors

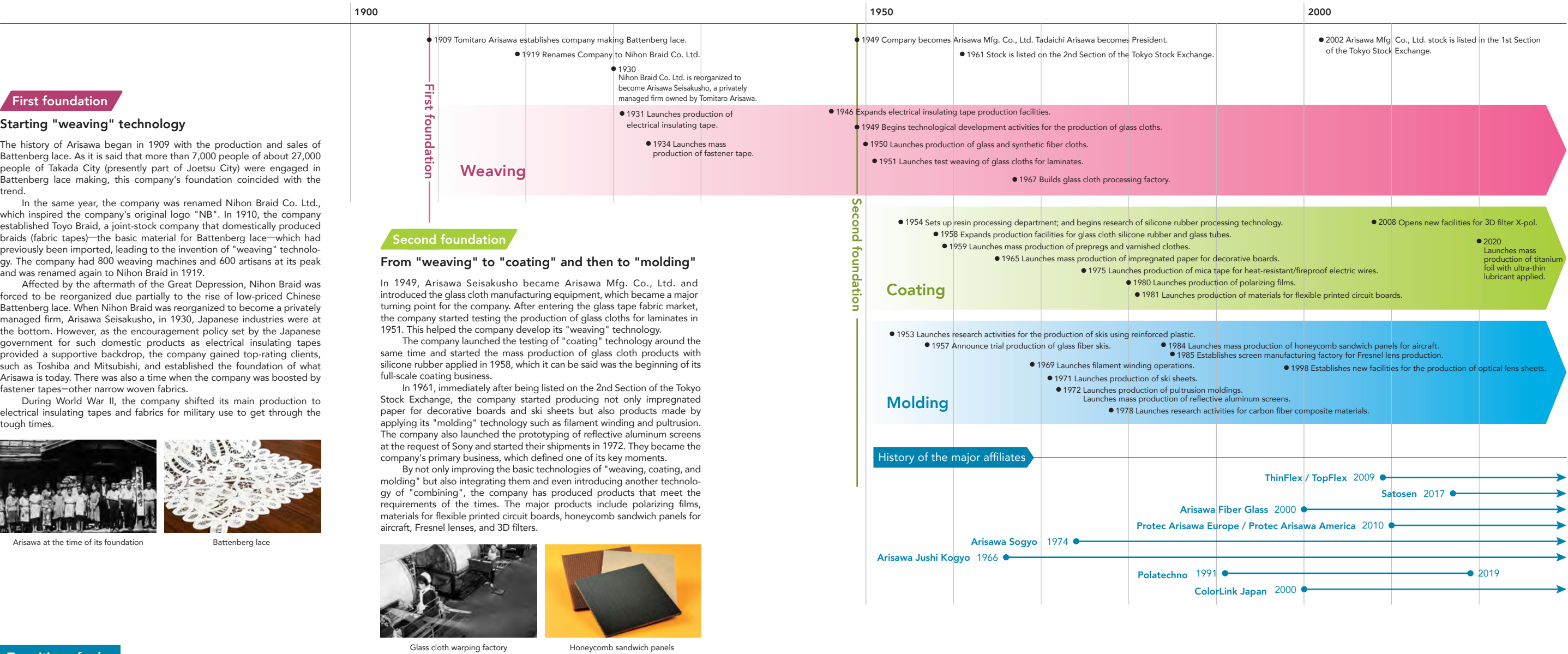
In recent years, companies increasingly found themselves in situations where they need to clarify the roles and qualifications of their Outside Directors to accelerate governance reforms. In respond to such requests, Arisawa provides opportunities for its Outside Directors to gain a deeper understanding of its business and challenges. For example, they are provided with materials related to the Board of Directors in advance and have the option to attend internal business report meetings and the Board of Operating Officers, both of which are held monthly. On such occasions, the Outside Directors can deepen the understanding of Arisawa's businesses by receiving direct explanations from the Operating Officers and other managing members, and asking them questions. The company also offers periodic gatherings where the Outside Directors engage in discussions with next-generation leaders, such as executive candidates and female manager candidates, to foster mutual understanding. Establishing such various systems enables active discussions among the Outside Directors at the Board of Directors meetings, contributing to the long-term improvement of the company's corporate value.



Value Creation

Management Capital to Support Value Creation

Arisawa has contributed to society for 115 years by developing its unique technologies of "weaving, coating, and molding".

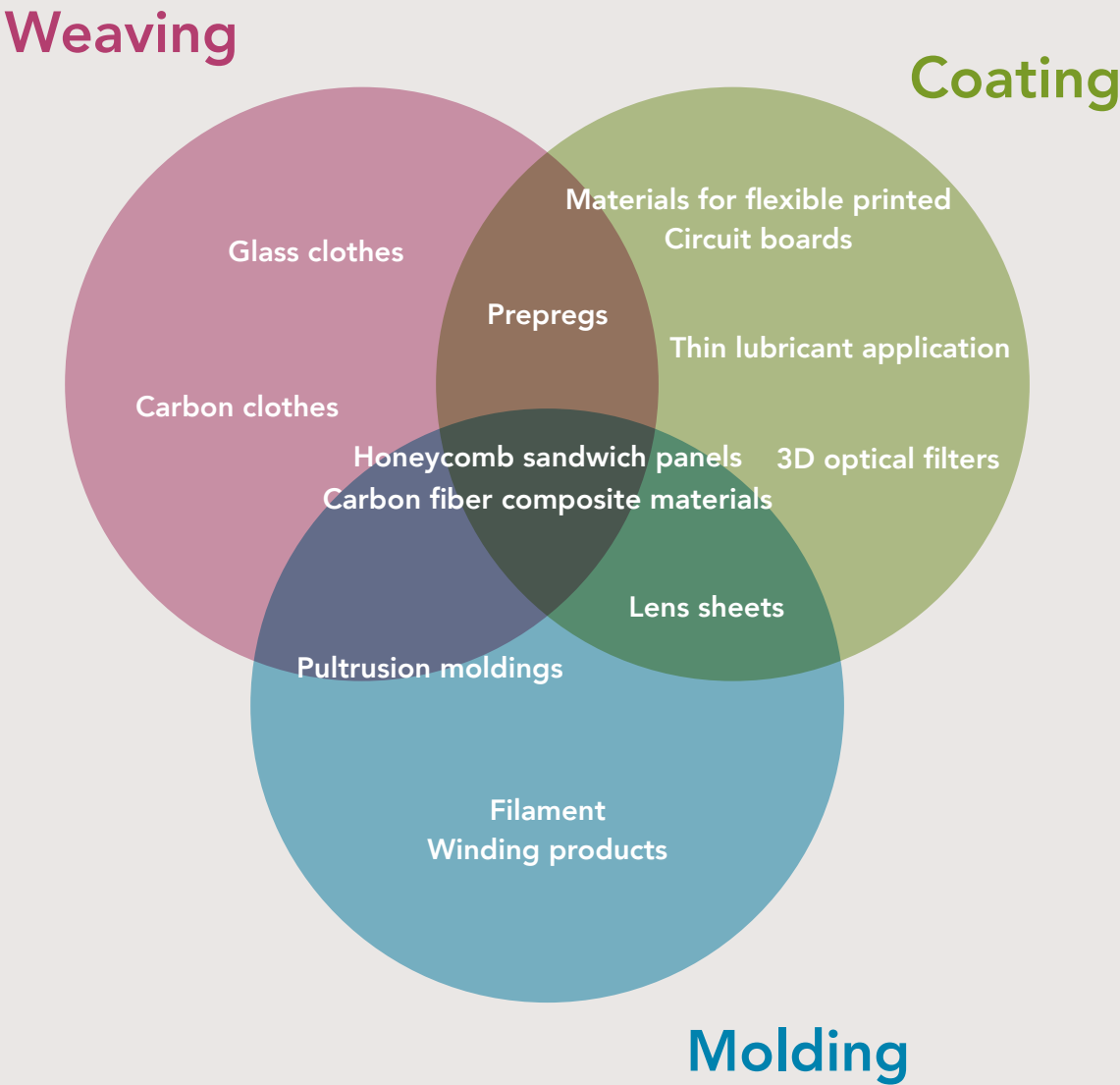




Value Creation

History of Value Creation

Keeping developing technologies of "weaving", "coating", and "molding" and combining them gives rise to infinite possibilities.



For details on the products developed through the combination of key technologies, see page 27 (Businesses / Outline of Each Segment).

Weaving "Weaving" technology, which is the starting point of our innovation

Arisawa makes unique clothes from glass fiber, aramid fiber, and carbon fiber by using various weaving methods, such as plain weaving, twill weaving, and satin weaving. One of our strengths is weaving clothes that meet the needs of clients. We offer an integrated service from thread selection to weaving design and manufacturing. We have also developed processing technologies on our own that make the most of woven clothes and tapes. There are various types of processing available to

produce high-performance clothes: "opening processing", which makes clothes thinner by spreading threads evenly, and "surface processing", which enhances adhesiveness to other materials. These high-performance clothes are applied in a wide range of areas, such as printed circuit board materials for electronic devices and automobiles, electrical insulating materials for motors and heavy electrical machines, materials for aircraft, and sports and leisure materials.

Coating "Coating" technology to produce new functions through unique resin development

Applications of coating technology allow us to produce products with functions, such as electric insulation and fire resistance, while maximizing the characteristics of materials. We specialize in "thin film coating", which coats any material thinly and evenly, and in-house development of "high-functional resins", which are optimized according to the purpose of use. We have produced thousands of products by mixing hundreds of resin recipes. Among these, our coating products, which are composed of glass clothes or films and made through the combination of

various resins, are highly acclaimed in various industries. Materials for flexible printed circuit boards are used to increase the performance of electronic devices, prepregs made of carbon clothes are used to make aircraft lighter and stronger, and electrical insulating materials are used not only for motors and generators but also to help develop nuclear fusion power plant technology. We also manufacture 3D display optical filters using fine alignment technology.

Molding "Molding" technology to maximize the performance of FRPs

Molding by mixing fibers with resins allows us to produce molding materials appropriate for the purpose of use. Various technologies are used according to the purpose of use to mold products and maximize their performance as requested by clients: press molding, which molds a prepreg into a plate, FW (filament winding) molding, which molds into a pipe through the impregnation of resin into a glass fiber or carbon fiber, and pultrusion molding, which molds by continuous pultrusion. Utilizing its

characteristics, such as lightweight, easiness to handle, superior corrosion and weather resistance, and higher mechanical strength, the FRP (fiber reinforced plastic) is used for materials for aircraft interiors, pressure vessels for water treatment, materials for civil engineering constructions, and electrical insulating materials. We also manufacture optical lenses and projector screens using minute molding technology.



Value Creation

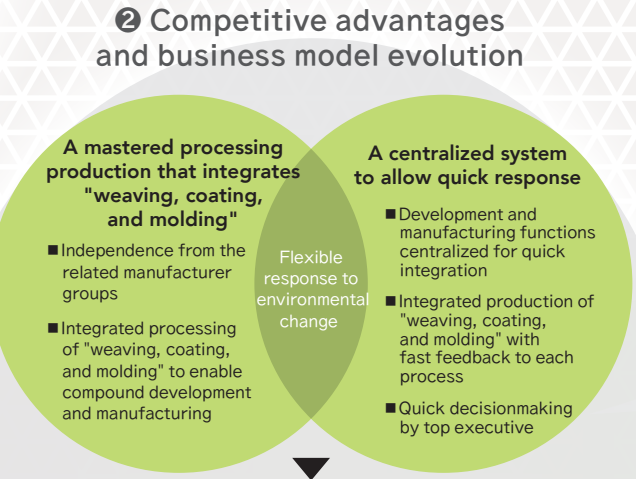
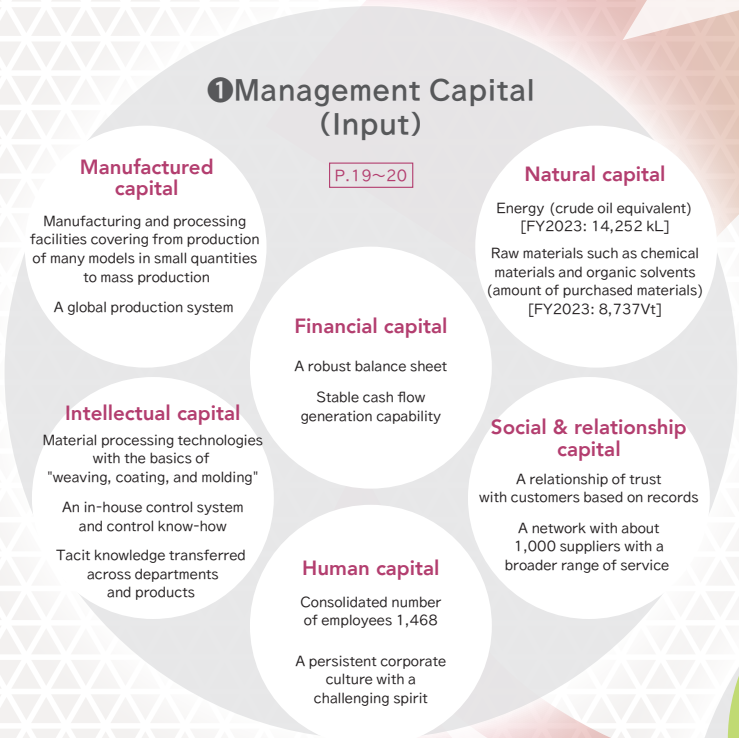
Value Creation Process

Arisawa started its business with the making of one braid about 100 years ago. We at Arisawa have supported various kinds of product-making by developing products using glass fiber and other new materials and innovating technologies in response to the needs of the times. With responsibility and pride as a company involved in the initial stage of product-making, we will move forward more smoothly and actively to change product-making around the world for the better in the next 100 years.

Our group's current major product segments include electronic materials, industrial structural materials, electrical insulating materials, and display materials. Through value-creation activities to support these segments, we offer products and services that help people have richer lives. We are committed to creating social and economic values by tackling the four issues "contribution to a decarbonized society", "development of diversified human resources and improvement in job satisfaction", "promotion of circular economy", and "enhancement of governance" through activities to be a strong company that can achieve sustainable growth.

**External environments (social issues)**

- Climate change -Resource depletion -Ecosystem collapse
- Tightening of regulations -Diversification of values and lifestyles
- Aging society -Divisions of the supply chain
- Exposure of human rights issues -Mobility of workplaces
- Progress of innovation -Exposure of geopolitics and cyber risks



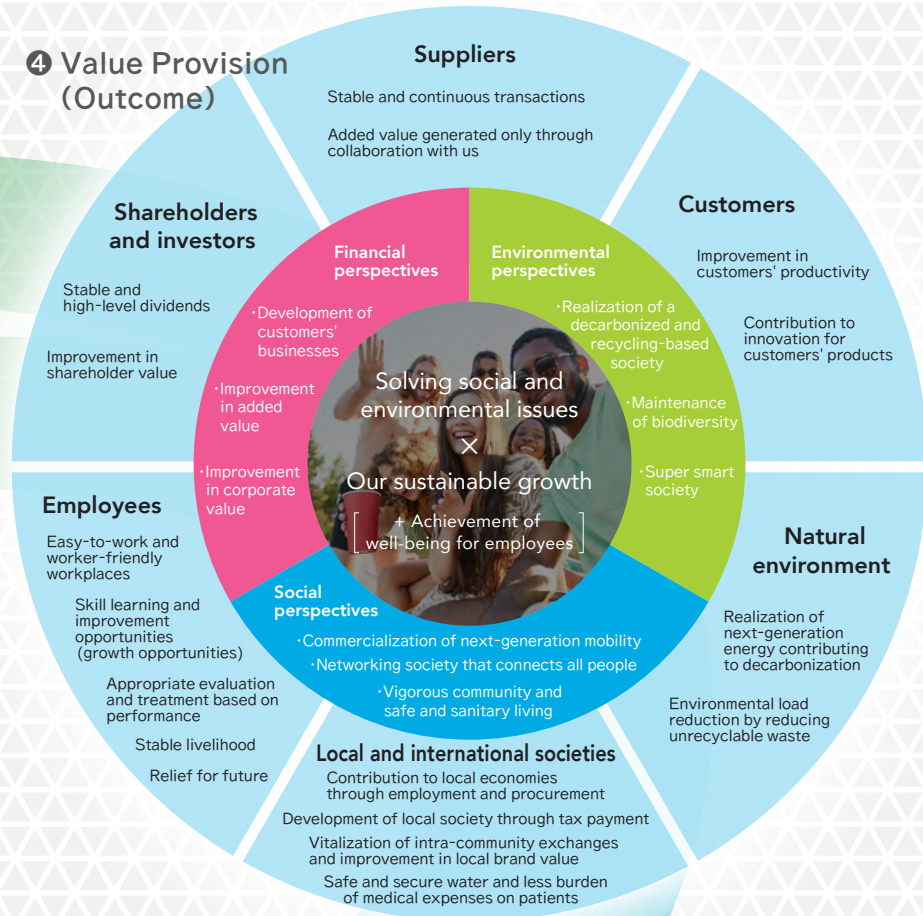
Existing businesses utilizing competitive advantages + Innovative new businesses based on the CIC spirit

Evolution of the mid-term model

- Evolution into a proposal-based business through active discovery of needs
- Evolution into an industry front-runner leading toward a decarbonized society
- Evolution into "weaving, coating, and molding" + "combining"
- Evolution into a global manufacturer from Joetsu to the world

C I C

"Create, Innovate, and Challenge"  
Better today than yesterday better tomorrow than today





Value Creation

Management Capital to Support Value Creation

With the capital built up through repeated growth as our foundation, we will further increase our competitive advantages. While evolving the value creation process through business strategy management and active initiatives on ESG issues, we raise our corporate value.

Financial capital

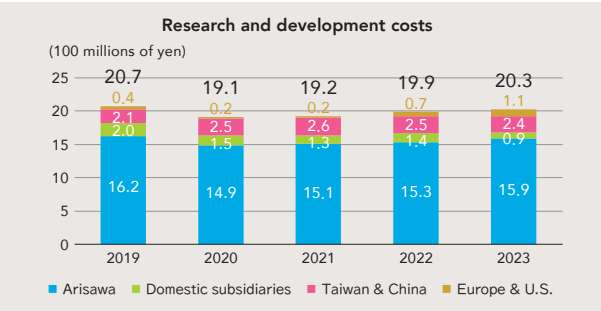
We have not only working capital but also financial capital that allows stable and flexible operation to implement capital investment, M&A, and DX investment for growth as necessary. Major financial resources are flexibly gained from cash flow from operating activities and borrowings from financial institutions. We set an ROIC goal of 6 % in our mid-term management

plan, aiming for profitability enhancement and capital efficiency improvement. Specifically, we first maintain a healthy cash flow through business and secure financial soundness, and then actively allocate the capital to new business investment and research and development investment for further growth. We will return the resulting surplus appropriately to our stakeholders.

Intellectual capital

Since our foundation, we have improved our core technologies of "weaving, coating, molding", and "combining"\* through trial and error to fulfill customers' needs. We have many experienced engineers who have been involved in development to highly integrate these technologies and optimize the functions. Our unique technologies made through research and development with new innovations based on the experiences passed down from senior employees to junior employees are positioned as important assets that contribute to the growth of customers' businesses. By understanding the characteristics of products required by customers and the in-house manufacturing process and incorporating our core technologies cultivated over the years, we proceed with obtaining an optimized design. To continue thriving in business and achieve sustainable growth, we have set a target for new products to account for 50 % or more of the total sales (with the counting period being 3 years after the launch). We also set up a program called the "new product development award", which is one of the incentives for

employees who contribute to the development of new products, and in FY2018, we introduced a "15 % culture", where employees engaged in development can spend 15 percent of their working hours studying what they like. Several products developed through this "15 % culture" program have actually led to sales improvements. We will continue to improve the environment so that more new products and businesses are born.

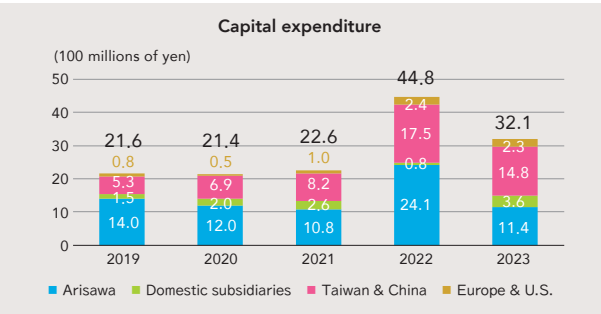


\*"Combining" refers to a technology that continuously laminates multiple thin materials together, such as a two-layer, double-sided CCL (one of the materials for flexible printed circuit boards), or precisely laminates a 3D filter to an LCD panel. Technologies derived from this "combining" help us develop various kinds of products.

Manufactured capital

We use facilities that can produce many models in small quantities to better cater to various customers' needs. Having facilities that can handle medium to mass production with our sights set on the expansion of the scale of customers' businesses and an integrated production system, from pre- and post-processes to inspection, we deliver advanced quality control and stable supply. In addition, in-house development of a control system for production facilities achieves production efficiency improvement and cost reduction. We discuss quality at a daily meeting called "Hiruichi" ("ichi" means a "market" where people gather) held at 1 p.m. to prevent problems and issues from being carried over to the following day. The managers and supervisors of the Manufacturing Department, the Quality Assurance Department, and the Manufacturing Engineering Department gather to share daily issues and data and work together to find solutions through discussions on defect

causes and yield rates. This communication helps support field skills.



Human capital

Our executives and employees are traditionally serious, sincere, honest, patient, and hungry for challenges, which we can say has supported more than 100 years of our history. By integrating knowledge and technologies cultivated since our foundation step by step through trial and error, we have offered highly reliable products to customers. We have multi-skilled operators who can handle various products, trained operators with adapting capabilities, and development specialists, and many of them have been long employed. Turning tacit knowledge into explicit knowledge helps us build a stronger human network.



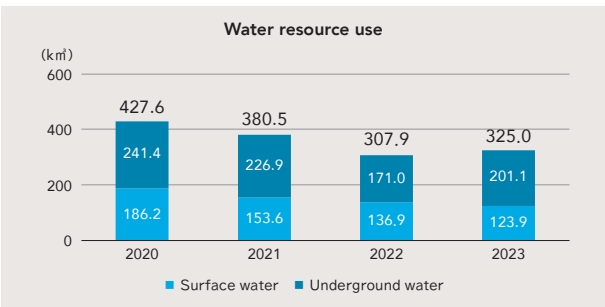
Social capital

Based on the relationship of trust with suppliers, we grasp the circumstances of each industry and take such measures as advanced acquisition of materials that have procurement risks. We have also diversified suppliers to establish a stable supply chain. Promoting CSR procurement with respect for human rights, labor rights, and the environment while ensuring material quality and stable supply allows high-quality and stable product-making. With the importance placed on continuous partnerships with suppliers based on trust, we conduct procurement for mutual sustainable growth.

At the time of our entry into the FRP field, when we only had weaving technology, we sincerely focused on prototype-making to materialize requests while being given technical advice by heavy electric manufacturers. These experiences helped us build a strong relationship of trust with clients. A person from a trading company once told me, "Mr. Arisawa, your company is a department store of prototypes". We would like to cherish the relationship with clients who contact us first in the consideration or prototyping phase, which is a great asset to us.

Natural capital

As climate change countermeasures, we introduce renewable energy and improve energy use efficiency to reduce CO<sub>2</sub> emissions. We are also working on reducing water resource use and waste disposal as measures for resource circulation and global environmental conservation. Regarding reductions in water resource use, we have enhanced water intake management by installing a flowmeter and have introduced aboveground piping to prevent leaking.





Value Creation

Sources of Value Creation (Business Model)

We aim to create a sustainable society and ensure its growth by creating a business model with originality while tackling social issues and then providing various values to our stakeholders.

Initiatives toward business model evolution

Improvement in sustainable corporate value

To efficiently operate business portfolio management for further improvement in corporate value, we focus on capital cost-conscious management with ROIC set as an indicator. As it is important that our management direction is properly understood and empathized by our stakeholders, we also provide opportunities for active dialogue.

Enhancement of competitiveness for value creation

We enhance our competitiveness by creating new value through the active promotion of carbon neutrality and development activities targeting new growing markets.

Quality improvement

Utilizing know-how cultivated through APS (our production management system), we will improve our services and quality including ones in new fields.

Patent strategy that has moved from being defensive to being aggressive

To maintain and improve technological innovation and competitiveness, we place importance on owning effective patent rights and know-how. While preventing important technologies from leaking, we acquire the date of notarization for some know-how and secure the right of prior use. Our previous intellectual property strategy focused on preventing other companies from infringing our patents and heightening barriers to entry into our businesses.

Taking the opportunity of introducing ai-coater\* last year, we started promoting open innovation proactively and accelerating efforts to launch joint development projects and new OEM projects. This allows us to enhance the cooperative relations with our clients (partners) and explore new market opportunities. It also clarifies new technical issues through joint development and accelerates the acquisitions of patents and know-how in the solution-finding process. By properly managing the use of patents and know-how while making joint applications, we continuously improve our technologies and further strengthen our competitiveness.

We also provide internal professional education periodically to help employees deepen their understanding of intellectual properties and increase competitive advantages across the enterprise. Going forward, we will develop our patents and know-how as powerful assets and utilize them to explore new markets and expand our businesses.

Direction of business model evolution

We expand the areas of proposal-based business through the active discovery of needs by leveraging the experiences in the existing business fields with competitive advantages. We develop needs with our innovative proposals and high-quality product-making based on the CIC spirit to create new businesses.



Promotion of human resource strategy

To keep offering products and services that exceed the expectations of customers and society, we deploy a human resource strategy that encourages, supports, and nudges motivated employees for their growth. We also promote a comprehensive organizational strategy so that employees can work lively under the new Arisawa brand.

New value creation and challenge for new fields through co-creation

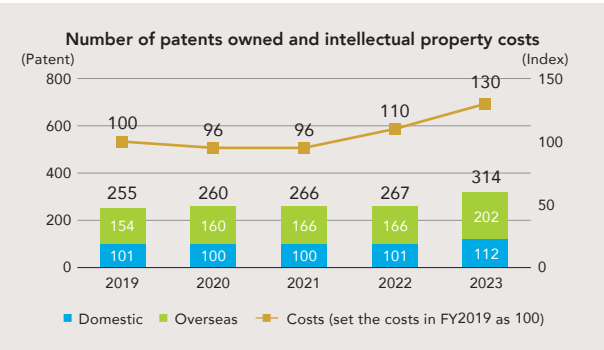
We will create new value through co-creation by finding more partners who can share the same empathy through open innovation. We will also expand our business into new fields to increase value proposition for further expansion of corporate value.

Promotion of coexistence and shared prosperity with the environment

Toward long-term coexistence and shared prosperity with society, we promote eco-friendly product and technology development to actively create new value.

Open innovation

- We increase our corporate value by integrating our and another company's ideas and expanding both sales channels.
- We use our unused ideas for social contribution.



\*ai-coater (arisawa innovation - coater) : A new small experimental coating machine launched in September 2023

New Initiatives for Value Creation

Arisawa Innovation Center

With eyes on the next 100 years, we aim to build a base for open innovation where unprecedented new value is created through the introduction of a design framework that stimulates more communication throughout the company and the integration and co-creation of technologies among Arisawa, other companies, and research institutes. It is called the Innovation Center, where people and ideas come and go.

The Innovation Center was initially scheduled to open in April 2025 but is now expected to be completed in July 2025 due to construction delays caused by difficulties in foundation work because the underground bedrock was harder than expected.

Almost all of our technologies were previously confidential. Manufacturing facilities were previously kept private because they are the core of our know-how. However, with the launch of the ai-coater in September 2023, we began joint development with both existing and new clients. Of course, we invite clients to the development site. Innovation that cannot be achieved by Arisawa alone could be feasible if we leverage each other's strengths with clients (partners).

We hope that this Innovation Center will be a place where participants can foster ideas and bring them to life through programs that make use of our abundant management resources, such as workshops, laboratory tours, and social gatherings. We expect the center to function as a platform that supports a series of processes from idea discovery to product launch and produces results. Assuming that the Innovation Center and ai-coater are hardware, workshops and laboratory tours would be software. This is the place to generate ideas freely, turn them into something new, and spread them to the world.

We envision the future where people say "Arisawa is interesting", "I want to work with Arisawa", and "I want to work at Arisawa".



Rebranding

On April 1, 2023, Arisawa renewed its logo and announced the brand message shown below. The company produces and develops "future pieces" to create its own value.

Before  
( ~2023.03 )

After  
( 2023.04~ )

"NB" is the design logo of its former company Nihon Braid. The company stayed long with this logo for about 100 years.

The triangle is designed like "A" of Arisawa. Its three sides represent the company's core technologies of "weaving, coating, and molding", and its 3 colors represent "cherry blossoms", "sky and sea", and "mountains and fields" of Joetsu City.

We put our thoughts into the logo, hoping to produce something new and unique to Joetsu based on these three technologies.

TOPICS

The company name "Arisawa" became the sub-station name of Minami-Takada Station!

In April 2024, we acquired the naming rights for Minami-Takada Station (Myoko Haneuma Line), the nearest station to our Joetsu Head Office. "Arisawa Mfg. Mae" was added as a sub-station name to the name board of Minami-Takada Station as well as the signboards at the adjacent Takada and Joetsumyoko Stations.



Management Policy

Sustainability Management

As "contribute to solving the social and environmental issues, and realize the sustainable growth" is mentioned in our Management Policy, we understand that active engagement in social and environmental issues is required in our business activities. Specifically, we set KGI goals, such as achieving our goals (Scope 1 and 2) of carbon neutrality by 2030, and incorporated them in our mid-term management plan. Toward these goals, we have worked on solving climate change issues, promoting human capital management, and reducing emissions.

ESG Policy	In all aspects of our business activities, we actively address a variety of issues related to environment, society and governance and aim to achieve sustainable growth.
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ESG promotion organization

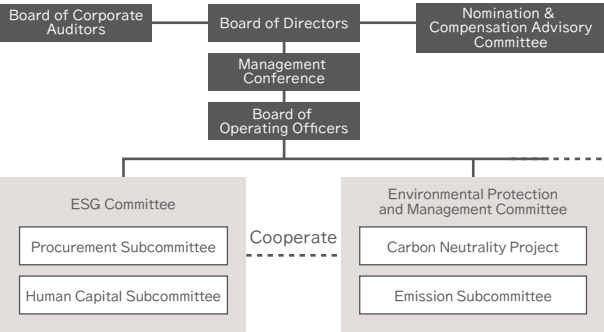
We set up the ESG Committee in December 2021 to take the initiative on natural environment and social issues and stakeholders. Director and Senior Managing Operating Officer was appointed the chairperson, and Executive Officers and Division Managers were appointed the committee members to promote the activities. Since April 2023, domestic affiliates have also participated in ESG activities. The ESG Committee holds 4 meetings a year to raise awareness and promote sustainability-conscious management and discuss such themes as a response to climate change, realization of a decarbonized society, respect for human rights, consideration for work conditions, and fair and appropriate transactions with clients.

Regarding environmental conservation activities, the Environmental Protection and Management Committee, which works with the ESG Committee, supervises the progress of activities conducted by the Carbon Neutrality Project and the Emission Subcommittee and continuously improves them.

The Procurement Subcommittee sets up the CSR Procurement Policy under the supply chain management and promotes CSR activities with suppliers. Under the concept of human capital management contributing to corporate value improvement, the Human Capital Subcommittee was established in March 2023 to link management strategy to human resource strategy. It holds a monthly meeting to discuss such matters as setting up a human

resource strategy.

Each committee periodically reports important agenda items and activity status to the Board of Operating Officers, the Management Conference, and the Board of Directors, and the Board of Directors makes final decisions. The Board of Directors checks the progress of the mid-term management plan, discusses measures for issues, and reflects the results in the management strategy and risk management and assessment based on the periodic reports. As shown above, the Board of Directors is responsible for debating ESG-related agendas and supervising the goal-setting and the progress of initiatives.

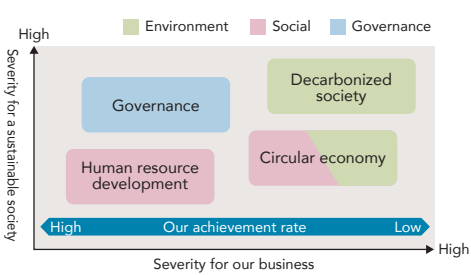


Board of Directors	- Supervise the entire sustainability
ESG Committee	- Promote the entire activities to overcome challenges for sustainability, such as establishing a general sustainability policy, coordinating to set division goals, and managing their progress
Procurement Subcommittee	- Procure eco-friendly materials, provide suppliers with training on human rights, labor rights, safety and health, and corporate ethics in accordance with the CSR Procurement Policy, and establish a socially acceptable supply chain
Human Capital Subcommittee	- Develop human resources who can implement CIC and promote human resource development by linking management strategy to human resource strategy - Develop future leader candidates who can achieve diversity and ensure equal opportunities
Environmental Protection and Management Committee	- Manage budgets and conduct company-wide coordination for activities to reduce environmental loads, such as setting goals for the Carbon Neutrality Project and the Emission Subcommittee and managing their progress
Carbon Neutrality Project	- Establish and implement measures to achieve carbon neutrality by 2030, such as capital investment, technological innovation, use of renewal energy, and improvement in energy use efficiency
Emission Subcommittee	- Take the initiative in reducing, removing, and recycling emissions and waste generated in business activities - Research the technology trend toward the realization of zero emissions in 2050

Materiality (key issue) identification

We discussed how to respond to changes in external environments due to environmental issues and how to contribute to international Sustainable Development Goals (SDGs) at the ESG Committee meetings. Consequently, we designated the following 4 items as materiality to be tackled in our mid-term management plan: "Contribution to a decarbonized society", "development of diversified human resources and improvement in job satisfaction", "promotion of circular economy", and "enhancement of governance". To solve these issues, we make company-wide efforts.

In the process of identifying materiality, the ESG Committee narrowed the items down to the above four based on the severity for a sustainable society and the severity for our business.



Initiatives on materiality

We set KGIs (key goal indicators) in each materiality to increase our corporate value.

Materiality	KGI (Key Goal Indicator)	Initiatives in FY2023	Promising global goals
Contribution to a decarbonized society [Climate change For details, see page 41.]	·Achieve carbon neutrality by 2030 ·Promote energy and resource saving ·Replace with renewable energy ·Offer low environmental load materials	33.9 % reduction compared with FY2020 (Target: 32%)  Installed a waste heat recovery system on the coating VOC processor (Scheduled to start operations in the latter half of FY2024) and continued to investigate the equipment for future management such as air-conditioning upgrade and production consolidation Areas for improvement: The company's first onsite PPA, which was scheduled to launch in FY2023, was postponed to June 2024 because the application for operations took time  Purchases in FY2023 (Renewable energy: 10.46 million kWh) (Carbon neutral gas: 1.45 million m³)  (1) Reduction in energy to produce existing mass-produced products (2) Development of eco-conscious new products Conducted in-house low-energy production, saved energy in clients' processes, and used for hydrogen energy purposes and mobility and lightweight purposes	7 Climate Action 13 Circular Economy
Development of diversified human resources [Human resource management For details, see page 47.]	·Develop next-generation human resources ·Be a company where all employees can work lively	Launched an internal internship in January Made efforts to increase the ratio of women in management positions to 20 % (FY2024) Held 9 sessions, 3 training sessions, 1 interview with Outside Directors, and 4 female training sessions  Efforts to increase the paid vacation utilization rate to 75 % (FY2024) Provides 3 paid days off upon employment (under the new employment rules) and offers days to encourage employees to take paid vacation Review of allowances and systems Reviewed allowances for late-night meals, overseas assignments, and work in hot conditions	3 Quality Management 5 Gender Equality 8 Decent Work and Labor Rights 10 Affordable and Clean Energy
Promotion of circular economy [Circular economy For details, see page 45.] [Supply chain management For details, see page 52.]	·Reduce emissions ·Establish a sustainable supply chain	14.8 % reduction in industrial waste disposal (compared with FY2020) Started patrols for waste and considering turning waste plastic into valuables by introducing a compressor Recycling rate: 94.1 % (thermal recycle: 64.9 %, material recycle: 29.2 %), started recycling PVC materials  Dissemination and encouragement of the CSR Procurement Policy Collected CSR questionnaire results from 116 companies and analyzed them 2 cases of using reused or recycled materials Used recycled copper foil and collected and reused film winding pipes (made of FRP) 2 cases of investigating carbon-neutral materials Green (bio-based) solvent and thermoplastic acrylic resin	6 Climate Action 8 Decent Work and Labor Rights 9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities 12 Responsible Consumption and Production 15 Life on Land 17 Partnerships for the Goals
Green (bio-based) solvent and thermoplastic acrylic resin	·Be an organization with a strong sense of ethics ·Build an organizational structure with an open-door policy	Conducted operating audits (including group companies)  Internal penetration of rebranding Renewed CIC information (internal public relations) and distributed a brand book to employees Rebranding promotion to external stakeholders Renewed the logo and published an integrated report	10 Affordable and Clean Energy 11 Sustainable Cities and Communities 16 Peace, Justice and Strong Institutions

Coexistence with society

To enhance our brand value, we have conducted locally focused social activities. We return 0.5 % of non-consolidated net income to society, including contributions to academies, schools, and health-promoting businesses.

TOPICS

Financial donation to Ishikawa Prefecture and Joetsu City after the Noto Peninsula Earthquake

We made a financial donation to Ishikawa Prefecture and Joetsu City for those affected by the Noto Peninsula Earthquake on January 1, 2024. On February 20, 2024, Operating Officer Kazumi Ikeda personally presented a certificate of donation to the Mayor of Joetsu and exchanged opinions. They talked about a wide range of issues, including the progress of the Innovation Center under construction and the roles that government and private sectors should play for the future.



Ms. Ikeda  
Operating Officer  
General Affairs Department



Management Policy

Mid-Term Management Plan

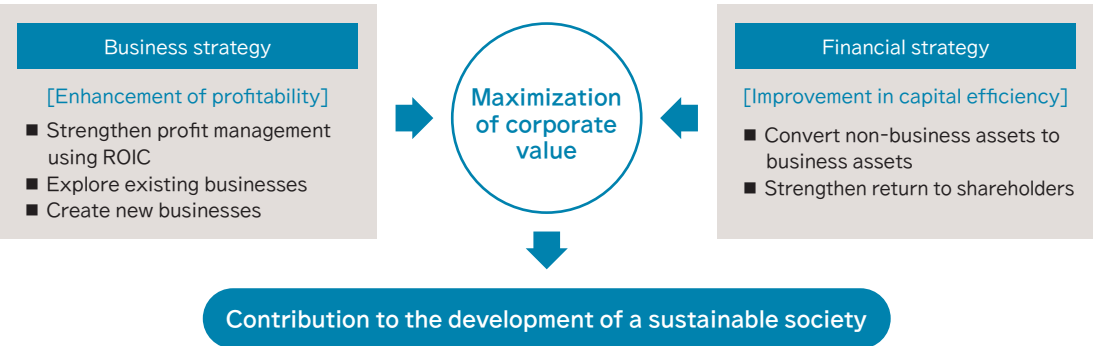
Background of formulating a mid-term management plan and its basic policy

The environment surrounding us has the following various types of issues: Climate change, resource depletion, ecosystem collapse, tightening of regulations, diversification of values and lifestyles, aging society, divisions of the supply chain, exposure of human rights issues, mobility of workplaces, exposure of geopolitics and cyber risks, and progress of innovation. While being strongly requested to tackle these issues by stakeholders, including investors, companies must produce benefits to continue business.

Our group formulated a mid-term management policy based on the management policy (see page 3) with the motto "Create, Innovate, and Challenge," and released it in October 2020 (the earnings forecasts were updated in May 2022, taking into consideration the achievement status). By maximizing our corporate value with both business strategy and financial strategy, we aimed to achieve an ROIC goal of 6 % in FY2024 (fiscal year ending March 2025). However, our

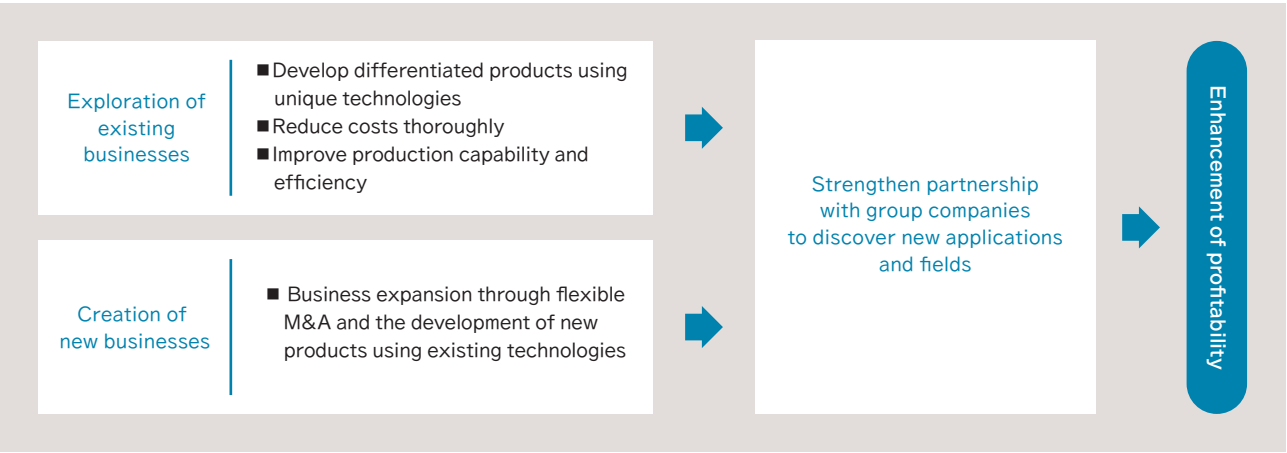
primary business of electronic materials has stagnated due to the demand decline in the Chinese market, which started in the latter half of FY2022. The electronic material business is expected to pick up gradually from FY2024, but the ROIC goal of 6 %, outlined in the current mid-term management plan, is likely to be achieved at the end of FY2026.

Our group strives to work on technological innovation and product development while fulfilling users' needs and continues to help solve social issues to realize its sound survival and sustainable growth. Specifically, to maintain or expand the revenue base of existing businesses, we implement strategic investments in a new business that maximizes the synergy effect with existing businesses and has high profitability of capital, as well as improving and expanding production capability and investing in the development of new products that anticipates users' needs.



Business strategy

We enhance profitability through "exploration of existing businesses" and "creation of new businesses" and also develop differentiated products with a focus on fields with growth prospects.



Regarding the "exploration of existing businesses", we create opportunities to earn profits by developing and selling differentiated products with a focus on fields with growth prospects.

To realize the "creation of new businesses", we accelerate M&A and new product development. Whether to implement M&A or not relies the most on the existence of high profitability acquired through "a synergistic effect with the strengths of our business and technology".

The target fields of differentiated products are information devices (contribution to IoT society), next-generation mobility (contribution to next-generation transportation aircraft), and life science (new challenge for environmental

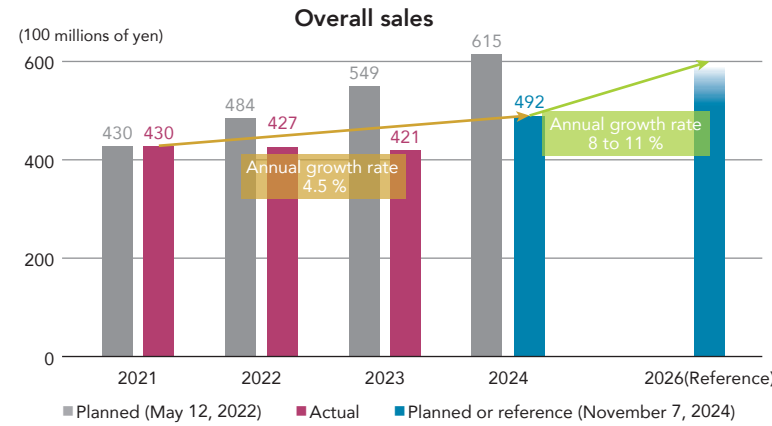
change). Working on the above helps solve social and environmental issues. Specific examples are as follows: (1) Electronic materials: Offering products that are compatible with new standards such as generative AI and fast communication, (2) Industrial structural materials and electrical insulating materials : Supplying materials for fuel cells and secondary cells, including FCV and EV materials, reducing the weight of structural and mechanical parts, securing drinking water and plant water, and tapping into the hydrogen energy and nuclear fusion power generation fields, and (3) Display materials: Expanding the application of 3D displays into non-medical fields.

Planned and actual sales

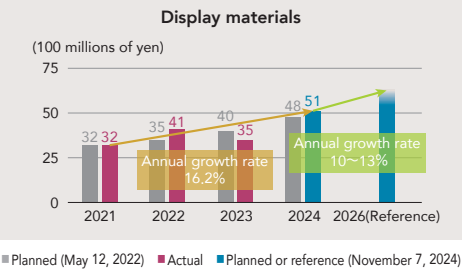
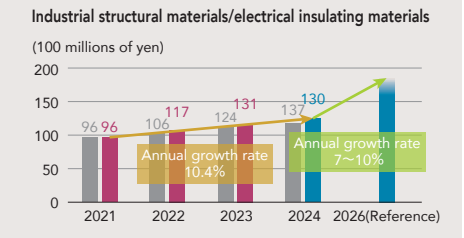
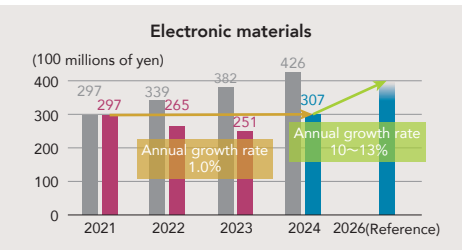
The initial target of ROIC at the end of FY2024 was 6 %, which is above the capital cost of 5.9 % (as of the end of FY2022). However, it was only 1.9 % in FY2023 and is even projected to be 5.2 % in FY2024, which is unlikely to achieve the target set in the mid-term management plan. This is mainly due to the prolonged adjustment of inventories such as smartphones and semiconductors in the electronic material market, one of our main businesses, and the slumping Chinese economy and its slow recovery. Meanwhile, the sales of FRP pressure vessels for industrial structural materials showed steady growth due

to the increased demand in the seawater desalination business. Regarding display materials, the sales of 3D displays are growing due to an increase in demand from the medical field.

In FY2024, the demand from the electronic material market finally began to pick up. Given these circumstances, the ROIC goal of 6 % is expected to be achieved in the fiscal year ending March 31, 2027. We will attempt to put our business back on track by steadily implementing the business strategy specified in the mid-term management plan.



	2021	2022	2023	2024	2026
(100 millions of yen)	Actual	Actual	Actual	*24.11 Planned	*24.5 Reference
Net sales	430	427	421	492	
Operating profit	33	22	14	42	
NOPLAT	24	16	10	30	
Equity + interest-bearing liabilities	568	572	571	597	
ROIC	4.4%	2.8%	1.9%	5.2%	6.0% or more
WACC	5.8%	5.9%	4.8%	4.9%	
Net income	39	28	16	32	
Equity	470	474	466	475	
ROE	8.3%	6.0%	3.5%	6.8%	8.0% or more





Management Policy

Businesses / Outline of Each Segment

Our group offers various products by leveraging our excellent processing technologies and centralized production system.

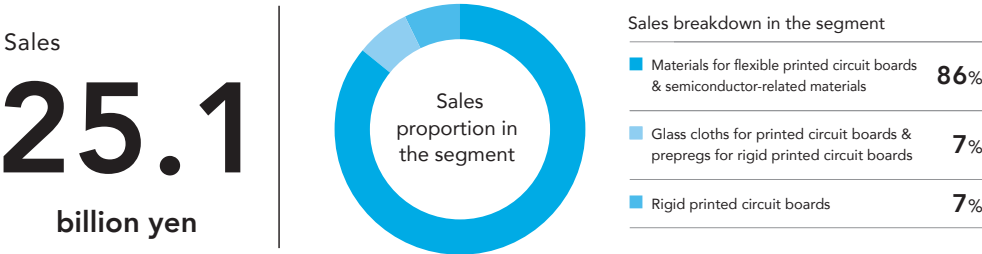
Electronic Materials

P29-30

This is our group's main business, which accounts for more than 60 percent of our consolidated sales. There are production sites in Japan, Taiwan, and China. This business contributes to the growth of society mainly in the information device field.



Sales and proportion of major products



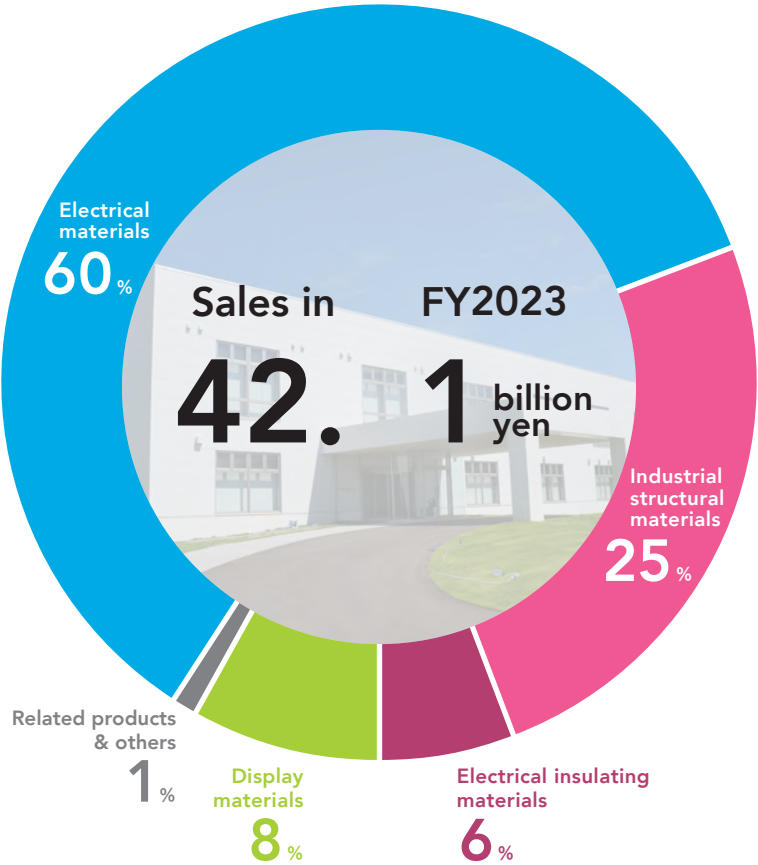
Display Materials

P33-34

This is a group of our products that can be recognized by general people. This business contributes to the development of people's rich lives by offering materials for medical and amusement use.



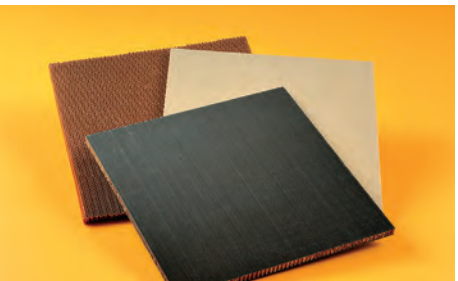
Sales and proportion of major products



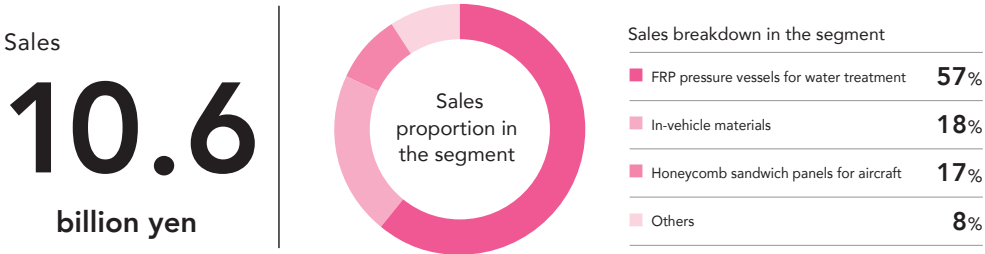
Industrial Structural Materials

P31-32

This is the second pillar of our group's business. There are production sites in Japan, Spain, and the U.S. This business contributes to society by offering materials to improve fuel efficiency for aircraft and vehicles and produce new energy and clean water.



Sales and proportion of major products



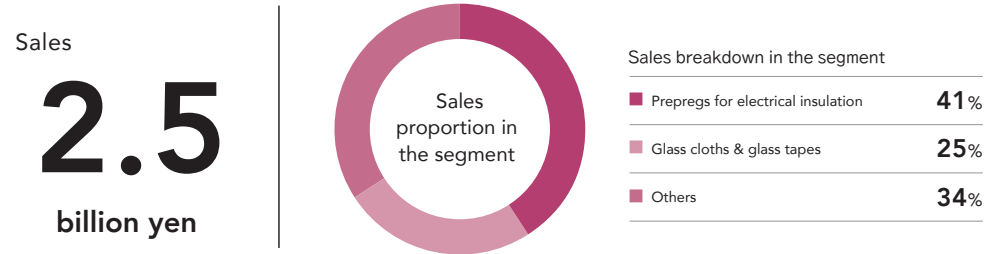
Electrical Insulating Materials

P31-32

This is a group of products with a long history. This business contributes to creating a livable society by offering insulating materials and heat-dissipation materials for generators.



Sales and proportion of major products



Related products & others

The related product and other businesses handle pultrusion molding production, golf driving range operation, and logistics and transport.



Management Policy

Strategy by segment

Electronic Material Segment

In the electronic material field, we develop and manufacture materials for printed circuit boards, semiconductor-related materials, and printed circuit boards, all of which are key devices for information and communication society, using the following four core technologies:

Surface processing technology to maximize the performance of glass cloths

Compounding technology of mixing denaturants and chemicals into thermosetting resins

Resin coating technology

Laminating

Our group's products range from prepregs for rigid printed circuit boards to materials for flexible printed circuit boards (FPC). Especially, our materials for flexible printed circuit boards have gained acclaim for their production process with excellence in flexibility, anti-migration property, and heat resistance at high temperatures and ultra-narrow gaps. With the deep trust of customers, we have retained our position as one of the top manufacturers specializing in electronic materials.

Business locations

[Arisawa]  
(Nakadahara Factory, Nakadahara-nishi Factory, Minami-honcho Factory)

Materials for flexible printed circuit boards, prepregs for rigid printed circuit boards, & semiconductor-related materials

[Arisawa Fiber Glass]

Glass cloths for printed circuit boards

[Satosen]

Rigid printed circuit boards

Overseas offices

[ThinFlex] (Taiwan)  
Materials for flexible printed circuit

[TopFlex] (China)  
Materials for flexible printed circuit boards

Business environment

Electronic devices, such as smartphones, are becoming more highly functional, and electronic circuits have a higher circuit density through refining, accordingly.

There are growing needs for materials supporting fast transmission, high heat dissipation, high heat resistance, and large current in a wide range of application areas, from home appliances to in-vehicle parts, and we work on developing highly functional products in response to these needs.



Analysis of the present situations

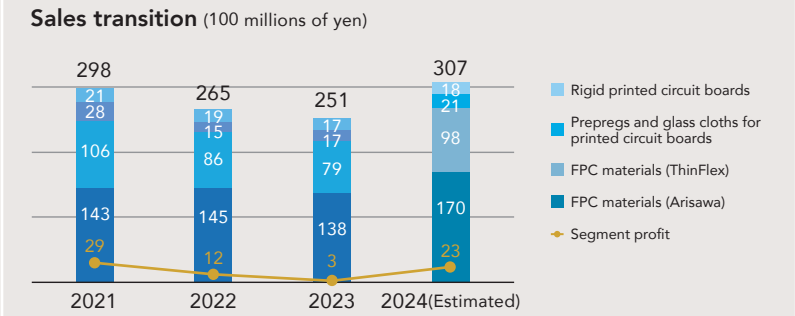
SWOT analysis based on the present business environment is shown below:

S Strengths	W Weaknesses
<ul style="list-style-type: none"><li>-Design flexibility with in-house resin compounding technology</li><li>-Support for various types of processing using equipment</li></ul>	<ul style="list-style-type: none"><li>-Lower production efficiency due to the production of many models in small quantities</li><li>-An excessive number of inspectors required to maintain quality</li></ul>
O Opportunities	T Threats
<ul style="list-style-type: none"><li>-Differentiated products with high functionality and high quality</li><li>-Flexible proposals, selected from a variety of products</li></ul>	<ul style="list-style-type: none"><li>-Low-price strategy of overseas competitors</li><li>-Slowdown in demand growth for PCs, tablets, and smartphones</li></ul>

Business strategy

To enhance profitability according to the mid-term management plan, we work on "exploration of existing businesses" and "creation of new businesses".

Regarding electronic materials, as our primary business, we develop new products mainly in the mobile, semiconductor, and in-vehicle fields for business expansion. We also deepen ties with our group companies to strengthen the business foundation in China and other Asian markets.



Business summary for FY2023 and measures and outlook for FY2024

Demand for PCs and smartphones in the Chinese market, which has declined since the latter half of FY2022, still did not recover in FY2023. As a result, the sales of materials for flexible printed circuit boards, semiconductor materials, and printed circuit boards saw a drop from the previous year.

Meanwhile, the sales of glass cloths for printed circuit boards hit the bottom in the first half of FY2023 and started showing signs of recovery. With inventories gradually being adjusted, the semiconductor market is on a steady recovery path. We are accelerating the development of new materials for fast communications, foldable technologies, higher heat dissipation, and larger current capabilities in the semiconductor, in-vehicle, and mobile markets.

In FY2024, the economic outlook remains uncertain due to the continued upward trend in energy and raw material prices, exacerbated by unstable international conditions such as the prolonged Ukrainian crisis, the worsening situation in the Middle East, and a slow recovery in demand from the Chinese market.

However, demand for PCs and smartphones expected to recover, and sales of materials for flexible printed circuit boards and glass cloths for printed circuit boards are also expected to rise gradually as a result.

Amid fierce competition in terms of products and costs with overseas competitors, we will boost our competitiveness by offering differentiated products and strengthening global ties with our affiliates.

	Exploration of existing businesses	Creation of new businesses
Business strategy	<b>Business enhancement in the mobile field</b> <ul style="list-style-type: none"><li>■ Create value for customers and continue growth by offering products with originality</li><li>■ Develop new products and strengthen the business foundation in the Asian markets by establishing ties with our group companies</li></ul>	<b>Commercialization in the semiconductor and in-vehicle fields</b> <ul style="list-style-type: none"><li>■ Develop new products and enter new fields of business</li><li>■ Expand business in growing fields by strengthening competitiveness in production and technology</li></ul>
Goals for FY2024	<b>Higher functionality for application to circuit boards</b> <ul style="list-style-type: none"><li>■ Launch new products (generative AI-powered, fast communication-compatible, and foldable) early in the fiscal year</li><li>■ Incorporate the growth of China and other Asian markets</li><li>■ Strengthen the business foundation by establishing ties with our group companies</li></ul>	<b>Development in preparation for versatile application</b> <ul style="list-style-type: none"><li>■ Semiconductor field: Increase production capability and strengthen ties with our group companies</li><li>■ In-vehicle field: Develop new products (higher heat dissipation and larger current products) and capture new markets</li></ul>

TOPICS

**Our ultra-thin FPC material is used for foldable smartphones!**

Foldable smartphones are becoming increasingly popular. The crease parts are made from FPC, which can be folded as a circuit board that conducts electricity. The parts must not cause a cable breakage even when they are repeatedly folded and unfolded, and it has been proven that the FPC made using our ultra-thin material is superior in these characteristics.

This material has been adopted by many smartphone manufacturers. To further improve these flexing characteristics, we are making earnest efforts.

**The application of our FPC materials for fast communications is expanding!**

More mobile products compatible with 5G's fast communications have been introduced. Electronic devices for fast communications require materials that ensure low signal transmission loss at high frequencies. To accommodate this requirement, we began developing low-dielectric FPC materials with low signal transmission loss earlier than other companies, and we now offer a range of materials, that have been increasingly adopted.

We have developed lower-dielectric FPC materials to support next-generation fast communications.



Management Policy

Strategy by segment

Industrial Structural Material and Electrical Insulating Material Segment

In the industrial structural material and electrical insulating material fields, we pursue FRP (fiber reinforced plastic) molding technology based on our core technologies of weaving and resin impregnation technology. FRP molded products are made by laminating prepregs, which are semi-cured through the impregnation of resin into the fiber, turning them into a desired shape, and applying heat and pressure to it.

Using glass fiber with insulation capability and heat resistance and carbon fiber with lightweight, high strength, and a high module of elasticity as main materials and leveraging FRP-specific anisotropy generated by the orientation (alignment) of fiber optimizes FRP materials to bring out desired mechanical and thermal properties. With these characteristics, they are used in electrical insulating materials for such devices as generators and motors, materials for aircraft interiors, primary structural materials, general industrial structural materials, materials in the in-vehicle and new energy fields, and materials for sports equipment.

Business locations

[Arisawa] (Nakadahara Factory & Minami-honcho Factory)  
FRP pressure vessels for water treatment (filament winding molded products), honeycomb sandwich panels for aircraft, prepregs, prepregs for electrical insulation)

[Arisawa Fiber Glass]  
Glass cloths, glass tapes, special fiber woven products

[Arisawa Sogyo]  
FRP (pultrusion moldings), prepregs

[Arisawa Jushi Kogyo]  
FRP

Overseas offices

[Protec Arisawa Europe, S.A.] (Spain)  
[Protec Arisawa America, Inc.] (U.S.)  
FRP pressure vessels for water treatment (filament winding molded products)

Analysis of the present situations

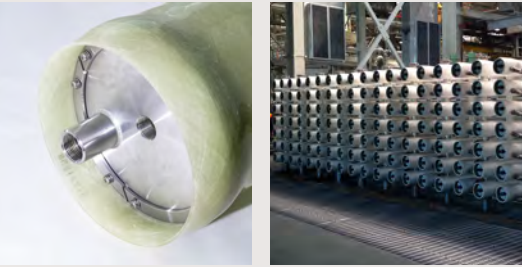
SWOT analysis based on the present business environment is shown below:

S Strengths	W Weaknesses
<ul style="list-style-type: none"><li>-Consistent development and manufacturing through the integration of core technologies of "weaving, coating, and molding"</li><li>-Flexible new resin formulation and improvement</li></ul>	<ul style="list-style-type: none"><li>-Easily affected by market changes due to many types of limited products sold to specific customers</li><li>-Lower production efficiency due to the production of many models in small quantities</li><li>-Long-term experience required in human resource development</li></ul>
O Opportunities	T Threats
<ul style="list-style-type: none"><li>-Demand recovery in the aircraft field</li><li>-An entry to markets requiring high heat resistance, high pressure resistance, and gas resistance</li></ul>	<ul style="list-style-type: none"><li>-Competition in costs with domestic and overseas competitors</li><li>-Competition in costs with other materials (metal, ceramic, etc.)</li></ul>

Business environment

Amid the shift to a decarbonized society, the demand for FCVs (Fuel Cell Vehicles) and EVs (Electric Vehicles) has been growing, which requires transportation methods, including aircraft, to be lighter weight for improved fuel efficiency. There is also a growing demand for new energy sources that replace fossil fuels.

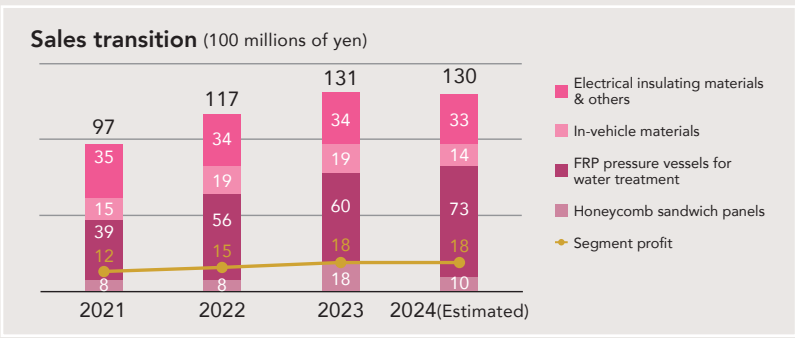
In the life science field, demand is also up for products for water treatment (seawater desalination) and infrastructure reinforcement as measures against disasters. Our group has developed highly functional products to fulfill these needs.



Business strategy

To enhance profitability according to the mid-term management plan, we work on "exploration of existing businesses" and "creation of new businesses".

Regarding industrial structural materials and electrical insulating materials, we develop unique products for further growth, focusing on the transportation infrastructure, water treatment, and new energy fields as our main businesses.



Business summary for FY2023 and measures and outlook for FY2024

The sales of industrial structural materials for FY2023 increased from the previous year due to the steady demand for FRP pressure vessels for water treatment and honeycomb sandwich panels for use in aircraft interiors.

The sales of in-vehicle materials and electrical insulating materials for infrastructure are also stably solid.

FRP pressure vessels for water treatment saw an increase in sales due to the technical support to Protec and continue to be considered for application to the medical field and CO<sub>2</sub> separators. Regarding in-vehicle materials, we deepened the relationship of trust with users and developed differentiated products in new fields.

For FY2024 as well, it is expected that there will be continued

strong demand in the water treatment field. Meanwhile, the prices of raw materials and energy continue to soar, which will need to be closely watched.

By continuing to produce differentiated products through the expansion of application of our materials into new fields, such as filament winding technology to other fields than water treatment, we will boost competitiveness through global cooperation with our affiliates.

To reduce the impact on the environment, we will develop lightweight materials in the aircraft field and materials and processes for fuel cells and water electrolysis in the mobility and infrastructure fields.

	Exploration of existing businesses	Creation of new businesses
Business strategy	<b>Business enhancement in the transportation infrastructure field and revenue expansion in the water treatment field</b> <ul style="list-style-type: none"><li>■ In-vehicle: Make differentiation and enter markets using unique technologies</li><li>■ Aircraft: Increase added value through the anticipation of users' needs</li><li>■ Water treatment field: Create new demand by developing high-performance products</li></ul>	<b>Commercialization in the new energy field</b> <ul style="list-style-type: none"><li>■ Promote development for entry into the hydrogen energy and superconductivity fields and commercialization</li></ul>
Goals for FY2024	<b>Higher functionality and versatile application</b> <ul style="list-style-type: none"><li>■ Transportation infrastructure field: Develop new lightweight and eco-friendly material products, and obtain user certification</li><li>■ Water treatment field: Expand businesses using our network of group companies (expand the service regions and applications)</li></ul>	<b>Development in preparation for versatile application</b> <ul style="list-style-type: none"><li>■ New energy field: Increase production capability, strengthen ties with our group companies, and enter new fields of business</li></ul>

TOPICS

**Nuclear fusion: Future energy**

Arisawa has participated in a magnificent international project called ITER (International Thermonuclear Experimental Reactor), aiming at creating an "artificial sun" on Earth.

Our technology is being used for the development of nuclear fusion power generation, which is expected to help solve energy problems. Nuclear fusion generates energy by using a strong magnetic field to confine hydrogen atoms, which have been converted into plasma, at ultra-high temperatures (100 million degrees or higher) and colliding them at ultra-high acceleration speeds. This nuclear fusion power generation is considered a dream method that not only uses hydrogen, which is abundant in nature, but also generates safe and clean energy, as it does not emit CO<sub>2</sub> and can be halted instantly. We developed and supplied a crucial insulating material for a superconducting coil that confines plasma in a magnetic field, supporting the international project.

Our insulating material GK Tape is used to insulate the superconducting coil.

**Arisawa Sogyo launched a new factory for pultrusion products!**

With the introduction of a new pultrusion molding machine, the Arai Factory Building B started operations in the latter half of FY2023. Pultrusion products refer to FRP (fiber reinforced plastic) products, including marker posts for snow clearing (delineators installed on the sidewalk when snow accumulates). These products are used for the construction of large facilities such as hotels, tunnels and train cars. This factory launch enabled the company to increase by 6-fold the annual production capacity of marker poles from about 50,000 meters to about 300,000 meters. This now allows us to enter the markets of long and large products, which we previously had to decline despite receiving inquiries. Our marker post for snow clearing has been registered as "Made-in-Joetsu" and "Made-in-Niigata". In addition, our Japan's first incombustible pultrusion material (patent pending) has been registered with the Ministry of Land, Infrastructure, Transport and Tourism. This material can be applied to building reinforcements, which was previously not possible with FRP, and the factory has been working with a major construction firm on its development for practical use.

Mr. Kasuya  
Plastics Division, Engineering Department

Arisawa Sogyo Arai Factory

Pultrusion products  
Marker post snow clearing (Reference)



Management Policy

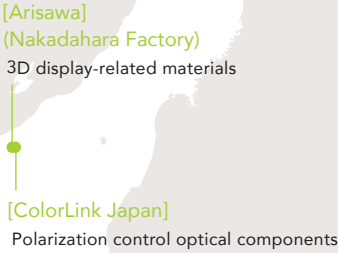
Strategy by segment

Display Material Segment

In the display material field, we have expanded our technological areas from front screen molding, UV molding, and thin film coating to 3D images. Xpol® is a 3D image display filter with fine polarizing elements arranged in order. Attaching this filter to a flat panel display, such as an LCD, allows 3D images to be viewable without flickering through polarized glasses. This filter has been used mainly for medical purposes, such as endoscope monitors.

We have developed an optical retardation element (wave plate) that can be a phase difference plate using a photo-alignment layer and a polymerizable liquid crystal and offered it as a product. We not only offer optical materials but also add a bit of contrivance to them to gain the trust of customers. One such example is lamination processing. Our advanced lamination technology has been developed through the experience of handling a wide range of optical materials and has been highly acclaimed. By reconsidering the properties of "light", we will work on further product development.

Business locations



Analysis of the present situations

SWOT analysis based on the present business environment is shown below:

S Strengths	W Weaknesses
-Xpol® brand value -In-house 3D optical design -Mass production factories available for in-house core processing -Flexibility for the production of many models in small quantities	-Energy costs required to operate mass production facilities (a higher processing cost percentage) -A lower level of compounding technology than molding technology
O Opportunities	T Threats
-Growth opportunities in the Asian markets -Spread of minimally-invasive treatment to the medical field -Spread of remote surgeries due to a shortage of doctors	-xEmergence of different types of 3D displays -Competition in costs with overseas competitors

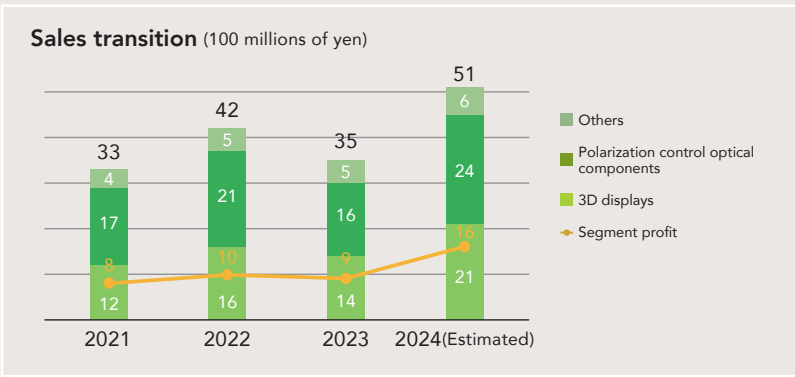
Business environment

Under circumstances where a shortage of doctors and the concentration of population in urban areas have occurred, the spread of fast communications allows remote surgeries and robotic arm surgeries, hopefully reducing the workload on doctors. As the demand for displays is also expected to rise in the education field due to the progress of digitization, we have developed highly functional products to meet these needs.



Business strategy

To enhance profitability according to the mid-term management plan, we work on "exploration of existing businesses" and "creation of new businesses".  
Regarding 3D displays, we aim to expand the sales channels in the medical field, which requires higher-definition products. As for polarization control optical components, we will expand the sales of new products utilizing our unique technologies, such as improving the quality in the AR/VR field and creating new businesses in the space observation field.



Business summary for FY2023 and measures and outlook for FY2024

Due to decreases in the sales of 3D-related materials and ColorLink Japan's sales of polarization control optical components, the total sales for FY2023 dropped from the previous year. Meanwhile, the demand for PSA (Pressure Sensitive Adhesive) sheets started growing.

Regarding 3D-related materials, we are working on reducing costs through process improvement and expanding their application to non-medical purposes. As for the application expansion, we narrowed down the target fields and started promotion using demonstration content. In FY2024, we aim to continue growth through the expansion of our businesses, mainly Xpol®, and the

development and sales of new products. Regarding 3D displays, we are planning to expand the sales channels for general industries (construction machinery, heavy machinery) while expanding the sales channels in the European and U.S. markets and penetrating the Chinese market for the medical field.

As for polarization control optical components, we aim to make higher-definition products in the AR/VR field and expand the supply of products to the space observation field.

By offering differentiated products, such as PSA (Pressure Sensitive Adhesive) sheets, and establishing global ties with our affiliates, we will boost our competitiveness.

	Exploration of existing businesses	Creation of new businesses
Business strategy	<b>Business enhancement in the medical high-definition display field</b> <ul style="list-style-type: none"><li>Expand the share of endoscopes and microscopes and tap into overseas markets</li><li>Expand the sales channels for telemedicine and robotics use</li><li>Meet the needs for a higher definition</li></ul>	<b>Commercialization in new fields</b> <ul style="list-style-type: none"><li>Expand 3D filter application into non-medical fields</li></ul>
Goals for FY2024	<b>Higher functionality and versatile application</b> <ul style="list-style-type: none"><li>3D display: Develop markets in China and expand the sales channels for robotics use</li><li>Polarization control optical components: Make higher-definition products for AR/VR</li></ul>	<b>Development in preparation for versatile application</b> <ul style="list-style-type: none"><li>3D display: Expand business into the industrial field and make a full-scale entry into the AR/VR market</li><li>Polarization control optical components: Expand application to the space observation field</li></ul>

TOPICS

ColorLink Japan Our polarization grating is used for the Subaru Telescope of the National Astronomical Observatory of Japan!

ColorLink Japan began joint development with Leiden University in the Netherlands in FY2023. The university is a leading authority in astronomy, having participated in Dutch astronomical institutes NOVA and SRON. One of the development themes is a polarization grating for the Subaru Telescope at the National Astronomical Observatory of Japan, which was delivered in October 2023. This product is an optical element using photo-alignment technology and a curable liquid crystal and generates interference fringes\*1 using diffraction caused by a fine pattern. Observations have already been conducted, and the product is expected to improve the accuracy of detecting and observing planets by blocking the light from fixed stars.  
Since its introduction to this project, our polarization grating has been adopted for astronomical telescopes in the TOLIMAN project\*2 and METIS project\*3. The company has been working on development with the aim of applying it to other astronomical telescopes.

\*1 Striped light and dark patterns generated by light diffraction \*2 An Australian project to observe extrasolar planets targeting Alpha Centauri  
\*3 A joint project by European astronomical institutes to observe protoplanetary disks and planet formation



Polarization grating samples NOVA members and ColorLink Japan employees (third from the left and at both ends of the photo)



Management Policy

Financial strategy

Aiming for further growth and corporate value improvement

Our consolidated financial results for FY2023 showed declines in both sales and profit, with net sales of ¥42.1 billion (a 1.4 % decrease year-on-year) and operating profit of ¥1.4 billion (a 33.4 % decrease year-on-year). This decline is attributed to the continued uncertainty in the global economy, driven by factors such as persistently high energy and raw material prices, ongoing global conflicts, global inflation leading to price surges, and a decline in demand in the Chinese market since the latter half of FY2022.

In FY2024, challenging external conditions such as persistently high energy prices and inflation are likely to continue. Despite these difficult business circumstances, we will focus on developing attractive, differentiated products and expanding their sales to further improve and improve profitability.

Our group established a new mid-term management plan in

2020, with FY2024 set as the target year. The plan focuses on a business strategy that explores existing businesses and creates new ones, targeting fields with strong future growth potential. Meanwhile, we have focused on effectively managing cash flow and the converting non-business assets into business assets from a financial strategic perspective to strengthen our revenue base.

Specifically, we actively and continuously return profits to our shareholders while managing the invested capital required for growth and maintaining a capital structure (with a capital adequacy ratio of approximately 50 % in the medium term), including the use of leverage to improve capital efficiency. Through these efforts, we aim to reduce the weighted average cost of capital (4.8 % as of March 31, 2024) and transform ourselves into a company with high capital efficiency.

Capital investment	Return to shareholders	Strategic investment
Exploration of existing businesses <ul style="list-style-type: none"><li>■ Maintain and expand the revenue base</li><li>■ Develop new applications</li></ul>	Active and continuous return <ul style="list-style-type: none"><li>■ Pay which is the greater of DOE of 6% or a total return ratio of 80 % or more</li><li>Flexible approach to share buybacks</li></ul>	M&A and new businesses <ul style="list-style-type: none"><li>■ Tap into new markets with a growth strategy</li><li>■ Capital efficiency improvement</li></ul>

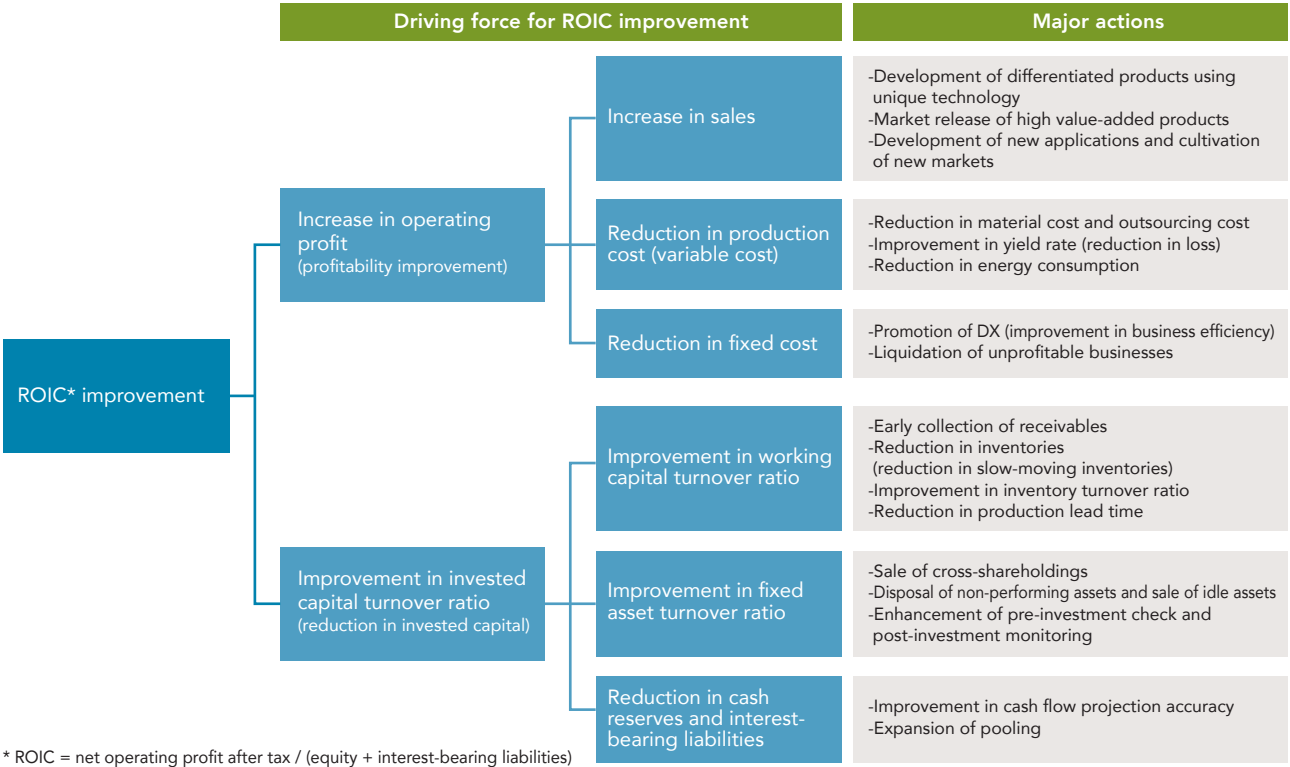
Capital efficiency improvement

Aggressive and defensive business management through the introduction and spread of ROIC management

Our group used to set a financial target with ROA (Return On Assets) as our KPI goal. To adapt to changes in expectations required in our business environment and by our stakeholders, however, we decided to adopt ROIC as our KPI goal toward the shift to capital cost and corporate value-conscious management based on the mid-term management plan formulated in FY2020. The set goal is 6 % or more, which is higher than our shareholders' cost of capital WACC of 5.9 % (as of the end of FY2022, calculated by us based on the value measured by a third-party organization).

We are currently investing in the mid- to long-term growth fields for future profitable growth and profitability improvement and developing and launching new differentiated products for competitiveness enhancement. Meanwhile, we have reduced non-business assets, specifically selling cross-shareholdings. We will continue to improve the working capital turnover ratio and expand pooling.

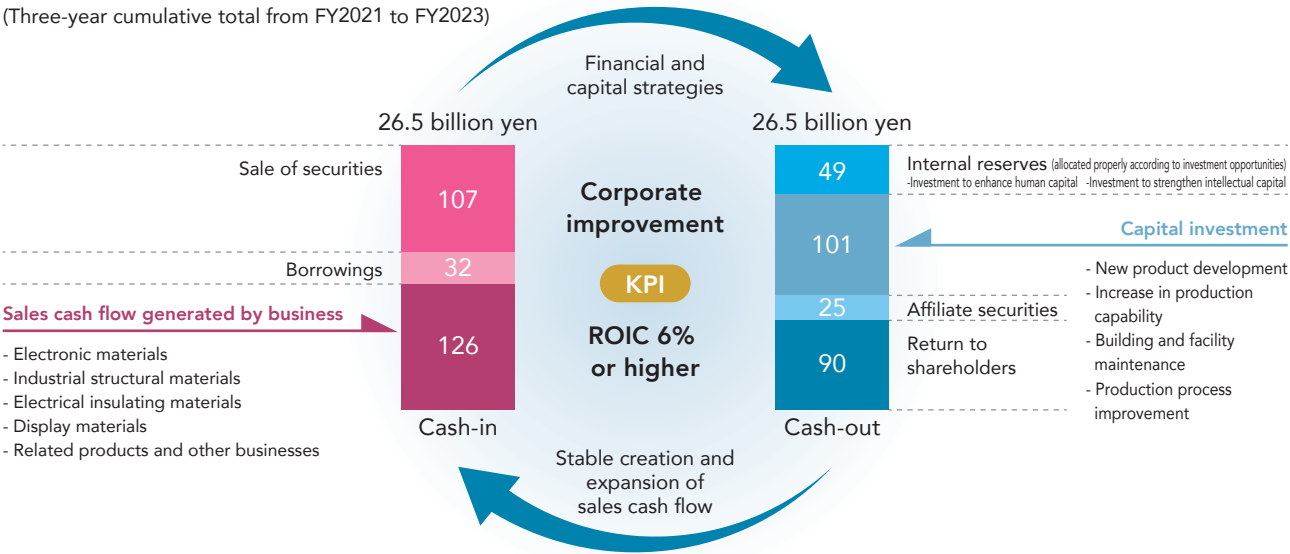
In addition, we use ROIC not only for management KPI but also as a judgment tool for investment in facilities.



Cash allocation

To enhance our corporate value, we allocate the capital generated from our business to investments and dividends, while ensuring financial stability. From FY2021 to FY2023, we have converted non-business assets into cash. From FY2024 onwards, we will invest in increasing production capacity and developing new

products through borrowings, while actively and continuously returning value to our shareholders. We will also allocate internal reserves effectively based on investment opportunities to strengthen our human capital and intellectual capital.





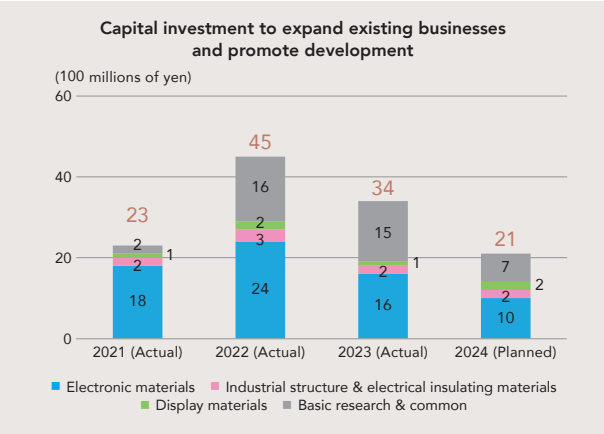
Management Policy

Financial strategy

Investment for growth

Our group allocates funds we have now and will gain during the current fiscal year to production capital expenditure to support the expansion of existing business areas and growth investment to create new business. We also spend capital on quality improvement, research and development, human resource development, and digitization to aim at strengthening the business foundation. Achieving continuous growth while maintaining our competitive advantages through these activities will lead to a virtuous cycle that allows reinvestment for further growth of our group.

The right graph shows the actual results from FY2021 to FY2023 and the transition of capital investment for FY2024 and beyond. From FY2022 to FY2024, we have invested in research and development from a mid- to long-term perspective.



Details of capital expenditure from FY2021 to FY2024

Planned (May 2022)	Actual (Estimated up to FY2024)
<div>Increase in production capability</div> <div>6.7 billion yen &gt;</div> <div><ul style="list-style-type: none"><li>- Production facilities for ThinFlex (expansion of sales in the Chinese market)</li><li>- Production facilities for insulating films for semiconductor boards (expansion of existing businesses)</li></ul></div>	<div>→ Installed</div> <div>→ Postponed (construction commencement date under review)</div> <div>&gt; 5.35 billion yen</div>
<div>New product development</div> <div>6.1 billion yen &gt;</div> <div><ul style="list-style-type: none"><li>- Innovation Center (establishment of an open innovation base)</li><li>- A small coating machine and testing facilities (expansion of existing businesses and creation of new businesses)</li></ul></div>	<div>→ Under construction (scheduled to be completed in July 2025)</div> <div>→ In operation</div> <div>&gt; 2.1 billion yen</div>
<div>Building and facility maintenance</div> <div>3.4 billion yen &gt;</div>	<div>&gt; 3.55 billion yen</div>
<div>Improvement in the production process</div> <div>1.2 billion yen &gt;</div> <div><ul style="list-style-type: none"><li>- A waste heat recovery system and onsite solar energy generation (promotion of carbon neutrality)</li><li>- A production management system and security measures (promotion of DX)</li></ul></div>	<div>→ Progressively installed</div> <div>→ In preparation for operations of the production management system</div> <div>&gt; 1.1 billion yen</div>

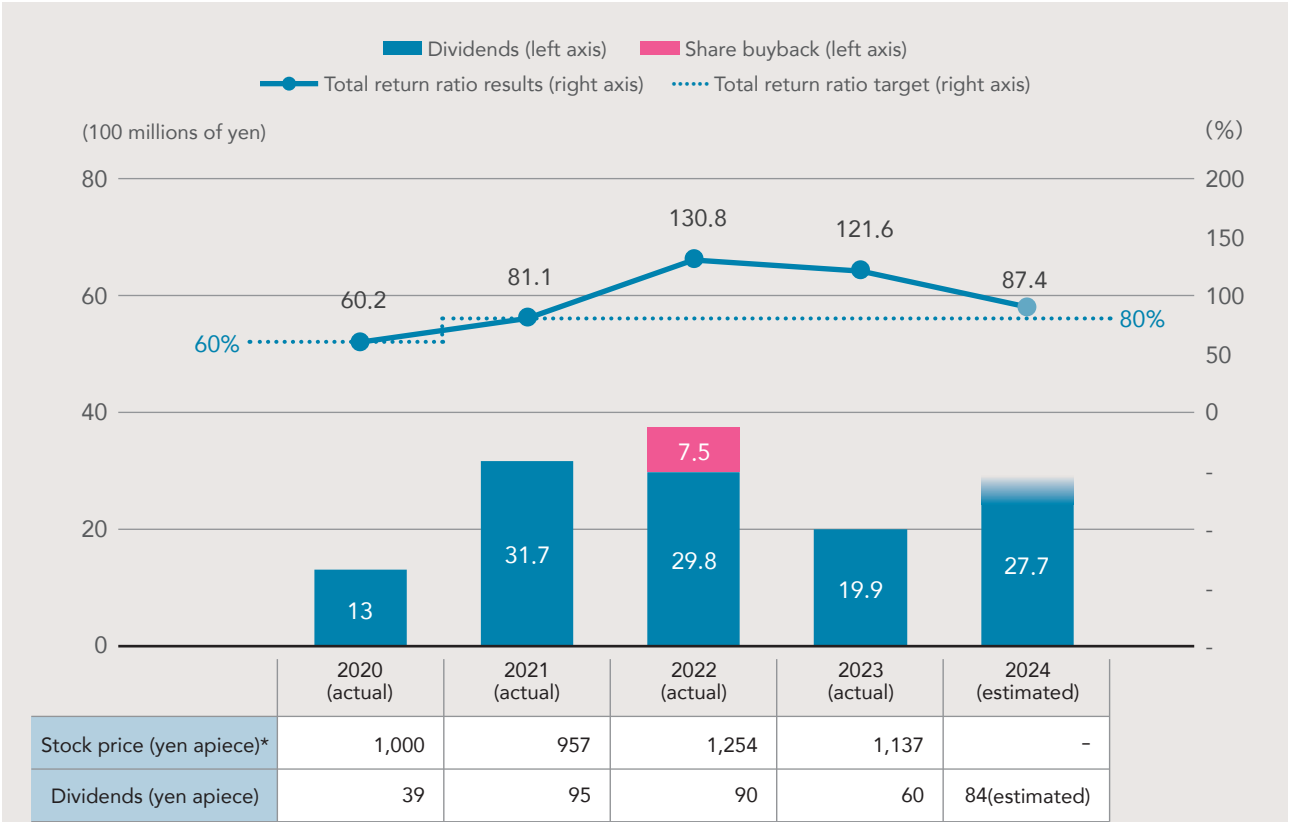
Policy of determination on dividends from surplus, etc.

We will invest the funds earned during the current fiscal year in the maintenance and expansion of our revenue base for existing businesses and the creation of new businesses and strive to enhance active and continuous returns to shareholders. Specifically, the company's basic dividend policy is to pay the greater of a

dividend on equity (DOE) of 6 % or a total return ratio of 80 % or more. Additionally, we will take a flexible approach to share buybacks, considering factors such as funds, financial conditions, etc. This policy shall be basically applied until a capital adequacy ratio of about 50 % is achieved.

Policy on return to shareholders

	Old policy	New policy (announced in April 2024)
Basic dividend policy	<ul style="list-style-type: none"><li>- Link to each term's business performance</li><li>- Active return</li></ul>	<ul style="list-style-type: none"><li>- Link to equity or each term's business performance</li><li>- Active and continuous return</li></ul>
Return to shareholders	<ul style="list-style-type: none"><li>- Total return ratio of 80 % or more</li><li>- Flexible repurchase of its own shares</li></ul>	<ul style="list-style-type: none"><li>- Which is the greater of a dividend on equity (DOE) of 6 % or a total return ratio of 80 % or more</li><li>- Flexible approach to share buybacks</li></ul>



\*各年度末の終値



Sustainability (E)

Environmental Management

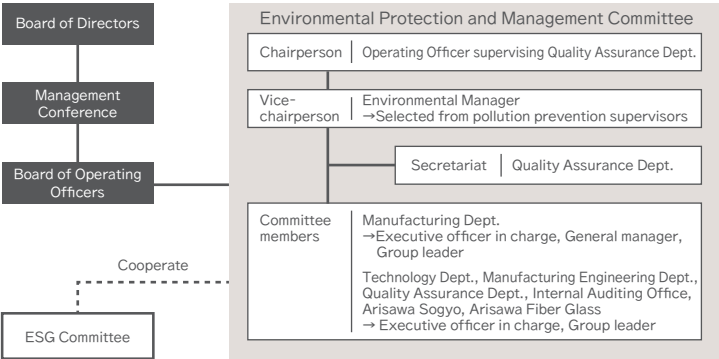
Environmental Policy

We strive to reduce environmental loads, promote environmental conservation, and help solve social and environmental issues in our whole business activities, from development and design to manufacturing of electronic materials, industrial structural materials, electrical insulating materials, and display materials, to achieve sustainable growth.

- (1) To strive towards the prevention of environmental pollution by accurately determining the environmental impact of our business activities, products and services.
- (2) To comply with environmental laws, regulations, agreements and other requirements to which we have agreed.
- (3) To establish and carry out "Environmental Goals" and review them periodically in promoting environmental activities.
- (4) To develop the products and technologies contributing to reducing environmental loads.
- (5) To strengthen the management of hazardous chemical substances which might have an impact on the environment.
- (6) To strengthen the management of air, water, and soil pollution and strive to maintain biodiversity.
- (7) To work toward resource saving, energy saving, industrial waste reduction and recycling promotion.
- (8) To contribute to reducing greenhouse gas and creating a recycle-based society by introducing renewable energy and recyclable resources.
- (9) To raise awareness of all employees through environmental education and enlighten them so that they will take responsible actions for a sustainable society.
- (10) To continually improve the environmental management system by performing periodic internal environmental audits and management reviews.

Promotion Structure of Environmental Protection

Environmental protection activities are promoted as a whole by the factories and affiliates on the premises at three sites (Minami-honcho, Nakadahara, and Nakadahara-nishi) in Joetsu City. The Environmental Protection and Management Committee uses the PDCA cycle and is engaged in the protection activities in cooperation with the ESG Committee.



Material Balance

Our group strives to reduce environmental loads by understanding the balance between energy and resource inputs in business activities and CO<sub>2</sub> and waste emissions generated as a result.

INPUT		FY2022	FY2023
Energy inputs			
Fuel	Sum (crude oil equivalent)	7,332 kL	7,071 kL
	City gas	6,307k Nm <sup>3</sup>	6,091k Nm <sup>3</sup>
	LPG	4.0 ton	4.0 ton
Electricity (crude oil equivalent)		8,100 kL	7,181 kL
	Electricity	32,327 MWh	32,213 MWh
Purchased items			
Sum		9,009 ton	8,737 ton
	Raw materials	8,078 ton	7,896 ton
	Incl. organic solvent	608 ton	572 ton
	Secondary materials	931 ton	841 ton
Water inputs			
Total inputs		307.9k m <sup>3</sup>	325.0k m <sup>3</sup>
	Surface water	136.9k m <sup>3</sup>	123.9k m <sup>3</sup>
	Underground water	171.0k m <sup>3</sup>	201.1k m <sup>3</sup>

OUTPUT		FY2022	FY2023
CO <sub>2</sub> emissions			
Sum		26,681 ton	22,996 ton
	Fuel	14,165 ton	12,742 ton
Electricity		12,516 ton	10,254 ton
	Organic solvent air emissions		
Substances subject to the PRTR system		135 ton	134 ton
	Industrial emissions		
Sum		1,643 ton	1,522 ton
	Recycled (reused)	1,596 ton	1,432 ton
Landfill disposal		47 ton	90 ton
	Chlorofluorocarbon emissions		
Emissions due to errors in CFC replacement work		1.12 ton	— ton
Period covered: FY2023 (April 2023 to March 2024) Business sites: Joetsu Head Office and Minami-honcho Factory (including Arisawa Fiber Glass Co., Ltd. and Arisawa Sogyo Co., Ltd. within the premises) Nakadahara Factory (including Arisawa Sogyo Co., Ltd. within the premises) Nakadahara Nishi Factory (including Arisawa Sogyo Co., Ltd. within the premises)			

Environmental Targets, Results, and Assessment for FY2023

We have established the environmental management system in accordance with ISO 14001, and we identify and evaluate important environmental risks and opportunities through its operation and determine how to address environmental issues.

No.	Environmental Targets	Target Values	Results	Evaluation
1	Develop the products and technologies contributing to reducing environmental loads	Continue development by each Technical Division group	Confirmed all groups have continued development	Achieved
2	1) Survey environmental hazardous materials of existing purchased specifications	Obtain SDS and non-containment certificates of purchased materials, 10 per month	277	Achieved
	2) Make the CSR procurement policy known to suppliers and urge them to make improvements if no effective efforts have been made	Send the CSR questionnaire again to companies that did not reply in FY2022 and analyze the questionnaire results	Analyzed for all 116 companies	Achieved
3	Neither cause new environmental pollution or health damage, nor commit the material violations of laws and regulations to sustain biodiversity	Commit no material violation of laws and regulations	0	Achieved
4	1) Save energy (reduce electricity and city gas)	Save energy at Minami-honcho Factory Reduce energy amount kL by 1% compared to the past results, or reduce energy amount kl/processing output by 1% compared to the previous year	Reduced by 16.1 % compared to the past results Increased by 0.5 % compared to the previous year	Achieved
		Save energy at Nakadahara Factory and Nakadahara Nishi Factory Reduce energy amount kL by 1% compared to the past results, or reduce energy amount kl/processing output by 1% compared to the previous year	Reduced by 23.1 % compared to the past results Decreased by 6.2 % compared to the previous year	Achieved
	2) Achieve zero emissions (development and manufacturing)	Maintain a recycling rate of 95 % or higher (recycling rate = amount of recycling / amount of industrial waste disposal)	95.4%	Achieved
5	3) Reduce industrial waste	Reduce industrial waste by 3 % compared to FY2020	Reduced by 14.8 % compared to FY2020	Achieved
	Reduce CO <sub>2</sub> emissions (achieve carbon neutrality by FY2030)	Reduce CO <sub>2</sub> emissions by 32 % compared to FY2020	Reduced by 44.5 % compared to FY2020	Achieved
6	1) Conduct a general education and training	Conduct once a year at each department	Conducted	Achieved
	2) Conduct training for employees engaged in specified work	Conduct once a year at a relevant department	Conducted	Achieved
	3) Conduct training for hired and transferred employees	Conduct at hiring or transferring	Conducted as required	Achieved
7	1) Conduct volunteer activities	Conduct once a year or mor	Conducted once	Achieved
	2) Issue an environmental report	Publish on our website in October	Issued in October	Achieved

Environmental Compliance

In FY2023, we received two complaints regarding noise from the construction of a new parking lot on the north side of the Nakadahara Nishi Factory, and one complaint about the scattering of a soil conditioner from the nearby area. Regarding the noise, we installed a sound insulation sheet and provided an explanation of the construction schedule once again. As for the scattering of the soil conditioner, we instructed the construction company to consider the wind direction and speed, and also reiterated the construction schedule. We received the neighborhood's approval for both cases. We will continue to respond promptly to complaints regarding environmental issues through communication with the concerned parties.



Employee Education on Environment

We conduct general education every year aimed at increasing employees' environmental awareness, including compliance with environmental laws and regulations related to our business activities, sharing of information with stakeholders, and spread of our environmental targets. In addition, we have established the procedures for preparing for and responding to emergency, including the prevention of environmental pollution due to disasters and accidents, and conduct education and training every year at the factories and research facilities at high environmental risks. No incidents occurred that could have a major impact on the surrounding environment in FY2023. Furthermore, we are implementing measures to expand specialized knowledge, such as training ISO 14001 internal auditors and educating employees engaged in specific tasks.

TOPICS

Aota River cleaning mission

We have been participating in an environmental beautification project conducted by "Aota Gawa wo Aisuru Kai," an environment conservation group in Joetsu City, as a corporate member since FY2007. The Aota River runs near the Minami-honcho Factory. This group plays an active role in conserving the natural environment, including maintaining scenic beauty and improving water quality.





Sustainability (E)

Responding to Climate Change

We support the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). We have also participated in the TCFD Consortium, a platform where supporting companies and financial institutions discuss. We consistently improve our environmental protection activities by promoting the reduction of electricity and gas consumption, hazardous chemical substances, and industrial waste, etc., in accordance with our Environmental Policy. These activities are discussed by the Environmental Protection and Management Committee.

Under the philosophy that the solution of environmental issues leads to value creation for society as well as the reduction of business risks, we publicized "Carbon Neutral Initiatives" on our website in June 2021 because we especially recognize climate change as a pressing issue. While the government has set a goal of achieving carbon neutrality by 2050, we\* are striving to achieve it by 2030.

\*Minami-honcho Factory, Nakadahara Factory, and Nakadahara Nishi Factory (including affiliates within the premises)

ESG Policy

In all aspects of our business activities, we actively address a variety of issues related to environment, society and governance and aim to achieve sustainable growth.

Governance (Promotion Structure)

We established the ESG Committee in December 2021 in order to take the lead in addressing climate change issues. At the committee, a director and senior managing operating officer serves as a chairperson, and operating officers and general managers of each division serve as members, promoting the organized activities. The ESG Committee deliberates four times a year on themes, such as responding to climate change, realizing a decarbonized society, respecting human rights, considering for working environment, and having fair and appropriate transactions with business partners, in addition to enlightening and promoting sustainability-conscious management. Important matters to be deliberated and the status of the activities, etc. are regularly reported to the Board of Operating Officers, the Management Conference and the Board of Directors, and the Board of Directors makes the final decision. For details on the ESG promotion organization, see page 23.

assessing the climate change-related risks, upon identifying climate change factors in businesses, we assume the changes of future regulations, and societal, technological and climate conditions for each 1.5 °C and 4 °C scenarios.

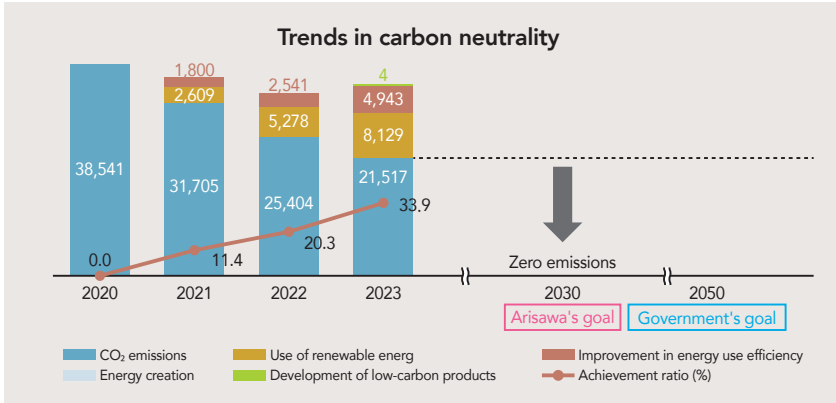
For details on the materiality and KGI, see page 24.

Risk Management

We recognize that climate change-related risks are important management issues. Therefore, the ESG Committee identifies and assesses the climate change-related risks, and reports to the Board of Operating Officers, the Management Conference and the Board of Directors, thereby defining key issues. We improve our risk management system by managing these risks. As for

Metrics and Goals

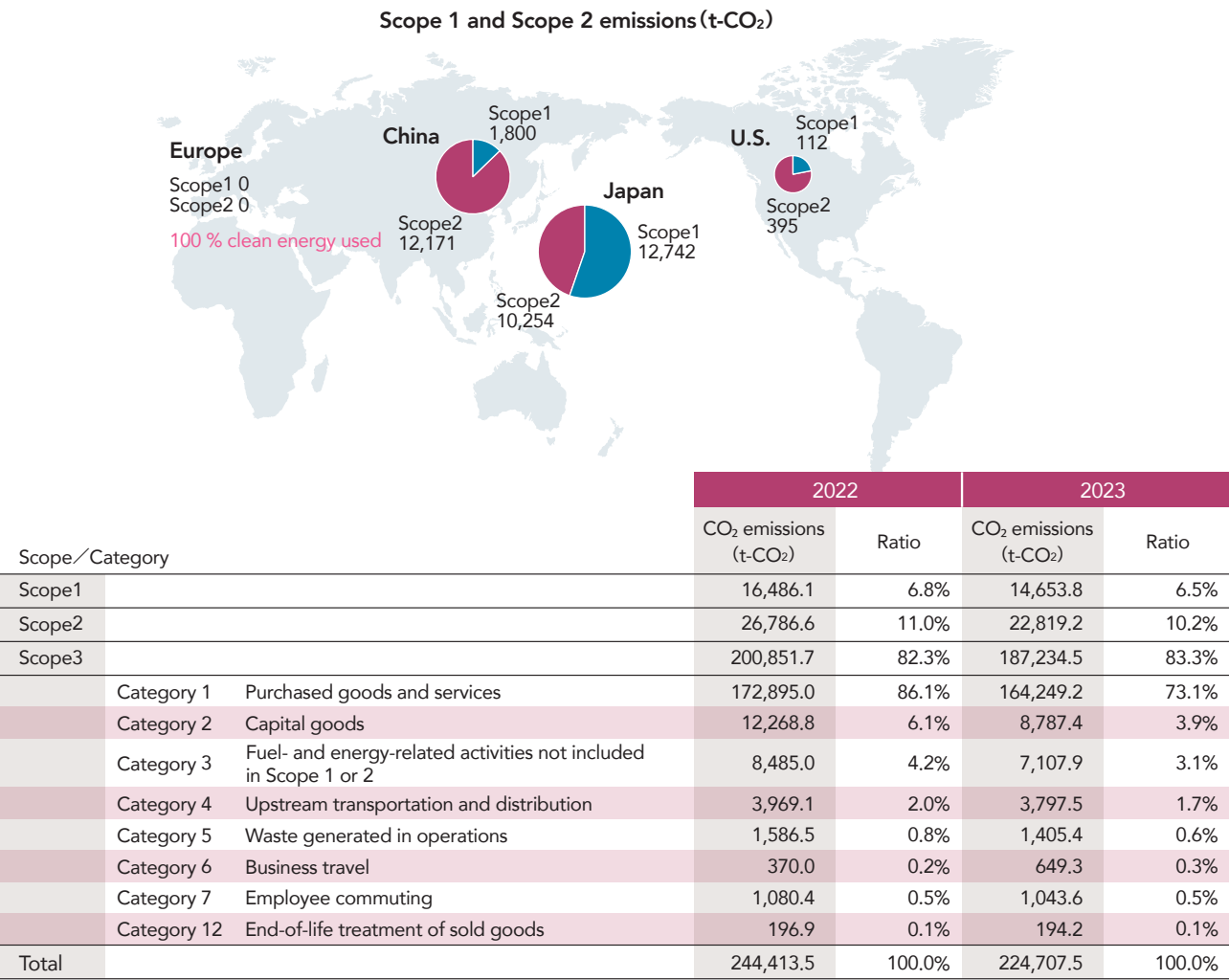
We have implemented various measures to improve energy use efficiency. From now on, we will not only expand the deployment of the measures, but also aim to achieve carbon neutrality in FY2030 (compared to CO<sub>2</sub> emissions in FY2020) in terms of direct emissions (Scope1) and indirect emissions (Scope2) by using renewable energy (purchasing renewable energy electricity and carbon neutral gas) and promoting the development of low-carbon products.



CN (carbon neutrality) achievement ratio = (Total of renewable energy, energy creation, low-carbon products, and energy use efficiency) / CO<sub>2</sub> emissions in FY2020  
Target sites: Minami-honcho Factory, Nakadahara Factory, and Nakadahara Nishi Factory (including affiliates within the premises)

Use of renewable energy (including energy creation)	Improvement in energy use efficiency	Development of low-carbon products
<b>Past initiatives</b> -Purchased renewable energy electricity and carbon neutral gas* (natural gas) since 2021 * First carbon neutrality gas introduced in Niigata  <b>Purchases in FY2023</b> Renewable energy electricity: 10.46 million kWh CN gas: 1.45 million m <sup>3</sup> - Introduced onsite PPA (solar energy generation) Launched in June 2024	<b>Past initiatives</b> - Upgraded the boiler at the Nakadahara Factory - Installed a waste heat recovery system on the coating machine (progressively) - Improved the efficiency of air-conditioners, air supply and exhaust fans, boilers, and compressors - Consolidated freezers and refrigerators - Consolidated production - Changed the production conditions (at lower drying temperatures and higher machining speeds)	<b>Basic concept</b> (1)Realization of lower energy in our production (low-temperature and high-speed machining, process reduction, etc.) (2)Realization of lower energy in clients' production (contribution to low-temperature and high-speed machining, process reduction, etc.) (3)Less-waste product design (including recycling) (Example: A coating machine without a separator, etc.) (4)Eco-friendly products (Example: EV, new energy, lightweight, etc.)
<b>Future issues for consideration</b> - Continuation and expansion of the above - Offsite PPA - Storage of electricity (energy)	<b>Future issues for consideration</b> - Continuation and expansion of the above - Completion of the Innovation Center (ZEB Ready) in 2025 - Eco-friendly factory (ZEF)	<b>Achievements in 2023</b> - Started mass production of new low-temperature and high-speed coating products made from electronic materials - Continued the development of eco-friendly products (Example: LED, hydrogen power generation, EV components, etc.)

Looking forward, the entire Arisawa Group understands Scope 3 emissions (indirect emissions from other than Scope 1 and Scope 2).





Sustainability (E)

Responding to Climate Change

Strategy

We analyzed the effects as of 2030 by using two scenarios, the 4 °C scenario\* and the 1.5 °C scenario\*, targeting at our whole supply chain from purchase, development, production to sales of products and services. Upon scenario analysis, the ESG Committee identified significant risks and opportunities related to climate change and assessed financial impacts that those would have.

\*Source: The Ministry of the Environment "Practical Guide for Scenario Analysis in line with TCFD Recommendations 3rd edition"

Risks				
Transition / Physical	Factors	Financial Impacts	Assessment	Responses
Transition Impact of transition to a decarbonized society	Carbon price (carbon taxes)	- Increase in operating costs due to the implementation of carbon taxes	[1.5 °C] Large	- Set targets for energy saving and CO <sub>2</sub> emissions reduction in the company-wide environmental targets
	Emissions trading	- Additional costs incurred for credit purchases, etc.	[1.5 °C] Large	- Set targets for achieving carbon neutrality by 2030
	Response to GHG emissions regulations	- Increase in costs for renewing equipment fixtures with high efficiency - Regulations on the use of chlorofluorocarbon	[1.5 °C] Large	- Save energy and purchase renewable energy
	Plastic regulations	- Increase in costs due to regulations on plastic packaging materials	[1.5 °C] Medium	- Set targets for a recycling rate
	Renewable energy policy	- Increase in energy costs due to higher renewable energy prices	[1.5 °C] Large	- Reduce energy consumption by productivity improvement
	Change in raw material costs	- Increase in procurement costs due to carbon taxes and other regulations - Increase in raw material costs due to soaring crude oil and copper prices	[1.5 °C] Large	- Consider renewing with energy-saving equipment in compliance with regulations
	Change in customer reputation	- Decrease in sales due to suspension in trading and market share loss when environmentally friendly corporate activities are not effectively carried out	[1.5 °C] Large	- Promote capital expenditure by introducing ICP
	Change in investor reputation	- Possible avoidance of investment and loan from financial institutions and investors when disclosing climate change-related information is delayed because environmental issues are not addressed	[1.5 °C] Large	- Reduce usage - Consider replacements - Recycle film winding shafts (plastic pipes)
Physical Impact of natural disasters	Increased severity of extreme weather events	- Increase in costs to deal with the suspension of operations and logistics functions - Delivery delay of procured materials - Increase in procurement (transportation) costs	[1.5 °C] Medium [4 °C] Large	- Set targets for energy saving and CO <sub>2</sub> emissions reduction in the company-wide environmental targets
	Rise in average temperature	- Increase in energy costs with increase in the frequency of the use of air-conditioners	[1.5 °C] Small [4 °C] Medium	- Promote investment in energy saving

Opportunities				
Transition / Physical	Factors	Financial Impacts	Assessment	Responses
Transition Impact of transition to a decarbonized society	Emissions trading	- Additional revenue when emission allowances are excess	[1.5 °C] Large	- Set targets for energy saving and CO <sub>2</sub> emissions reduction in the company-wide environmental targets
	Progress of low-carbon technologies	- Increase in sales of materials for electronic parts due to the increased demand for EV - Increase in sales of materials for fuel cell due to the increased demand for fuel-cell vehicles - Increase in sales of materials for hydrogen generation devices due to the increased demand for hydrogen energy - Increase in sales of carbon cloth prepregs and honeycomb materials due to the increased demand for the weight reduction of vehicles and aircraft	[1.5 °C] Large	- Set targets for achieving carbon neutrality by 2030
	Change in customer reputation	- Increase in market share by receiving a high reputation in markets when some results are achieved through environmentally friendly corporate activities	[1.5 °C] Large	- Save energy and purchase renewable energy
	Change in investor reputation	- Facilitate investment and loan from financial institutions and investors by reporting initiatives and achievements on environmental issues earlier than other companies	[1.5 °C] Large	- Set targets for a recycling rate
	Increased severity of extreme weather events	- Increase in sales of seawater desalination treatment devices due to the impact of water stress - Increase in demand for and sales of electronic devices due to lower human mobility	[1.5 °C] Large [4 °C] Large	- Reduce energy consumption by productivity improvement
Physical Impact of natural disasters				- Renew with energy-saving equipment in compliance with regulations
				- Promote capital expenditure by introducing ICP

Assessment (small, medium, large): Analyzing quantitatively and qualitatively, and assessing relative impacts.

TOPICS

### Awarded for its energy-saving activities at the Nakadahara Factory

The energy-saving activities at the Nakadahara Factory were recognized, and on February 22, 2024, Arisawa received the Chairman Award of 2023 Tohoku 7 Prefecture Electricity Effective Use Promotion Committee.

This award was granted for the Nakadahara Factory's investment of 278 million yen in energy saving initiatives for three years, from FY2020 to FY2022, which resulted in a reduction of 1,008 kL (crude oil conversion) of energy.



The roadmap to carbon neutrality will soon reach its halfway point. We will launch full-scale energy generation activities alongside our energy-saving efforts. Specifically, starting with small-scale solar energy generation, we will further expand solar energy production on our premises and accelerate initiatives such as transitioning to alternative fuels in place of city gas.



Mr. Tanabe  
(Operating Officer: Manufacturing Engineering Department)

Sustainability (E)

Promotion of Circular Economy

Emission Policy

In order to realize a sustainable society, it is required to make an early transition to an economic system with less environmental impact; it is required to break away from an economic system (linear economy) that uses a large amount of natural resources and fossil fuels, produces and consumes a large quantity of industrial products, and disposes of these products in mass quantities and make a shift to a circular economic system by treating as "resourc-

es" industrial products which are considered "waste" in the conventional economic system and circulate those by recycling (Recycle), reusing (Reuse) and reducing (Reduce).  
We have been working to reduce and reuse emissions and waste generated by our business activities through the business activities. To strengthen this initiative, the Emission Subcommittee leads the activities.

Long Term Targets for the Emission Subcommittee

- [1] Reduce industrial waste emissions by 30 % compared to FY2020 by 2050.
- [2] Achieve the zero emissions of industrial waste related to development and manufacturing by 2050.

Toward these targets, we will continue to reduce waste and recycle industrial waste that is not currently recycled. This will curb global warming, natural resource depletion, and biodiversity loss, leading to a contribution to society.

Outsourcing Disposal of Hazardous Industrial Waste

We outsource the disposal of industrial waste to disposal operators. In compliance with laws and regulations, such as the "Act on Waste Management and Public Cleansing", we properly issue an industrial waste control documentation (manifest) and check the process up to the final disposal destinations. We also conduct on-site inspections (including document examinations) of disposal operators as needed to confirm that our emissions are disposed of properly.

Green Purchasing

We promote green purchasing\* to achieve environmentally friendly economic activities. The green purchasing ratio for paper, stationery, and office appliances in FY2023 was 89.9 % in value terms.i  
  
\*Products in compliance with the Act on Promoting Green Purchasing, labeled with the Eco Mark, Green Mark, or R Mark, or listed in the GPN database

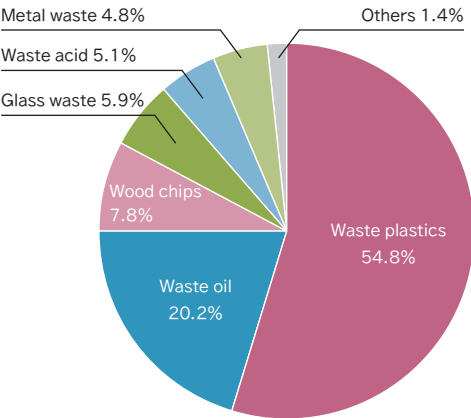
Activity Results

Regarding the reduction of industrial waste emissions, we conduct monthly waste patrols in our factories to identify items that may be subject to reduction. Regarding zero emissions, we investigate whether any new materials are available for recycling, and work toward a goal of achieving a recycling rate of 95 % or higher for a single year.

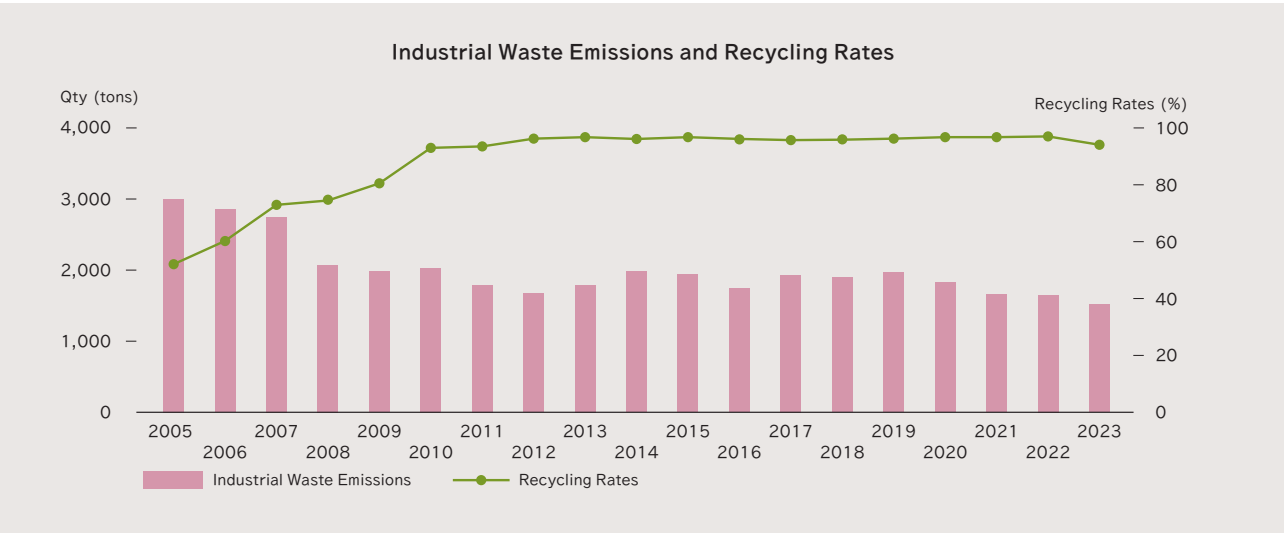
As a result, we started recycling PVC pipes and PVC cutting waste in FY2023. In FY2024, we have worked on recycling glass waste and FRP as one of our priorities.

Industrial Waste and Recycling Rate

Industrial waste emissions were 1,522 tons. The breakdown of the emissions is 54.8 % for waste plastic, 20.2 % for waste oil, 7.8 % for wood chips, 5.9 % for glass waste, 5.1 % for waste acid, 4.8 % for metal waste, and 1.4 % for others.  
Waste plastic emissions were reduced by 6.4 % from the previous year.  
In order to achieve the zero emissions of industrial waste related to development and manufacturing by 2050, we are continuing to promote active recycling (thermal recycling or material recycling), and the recycling rate in FY2023 was 94.1 %.



Types and Ratio of Industrial Waste



TOPICS

Made used book-based donations to universities in Niigata

Arisawa continues providing support to universities in Niigata. In FY2023, we made donations to Kishapon, a used book-based donation company (a donation system where recyclable books and DVDs are collected, appraised, and the value is donated). The donations will be used to strengthen education and research activities, as well as support student learning.



Donated small electronic devices and home appliances (unwanted items) to welfare facilities

Sakuraen Social Welfare Corporation in Joetsu City disassembles and sorts small electronic devices and home appliances donated by households to recycle them as resources. In support of this initiative, we donated electronic devices that reached their replacement period.





Sustainability (S)

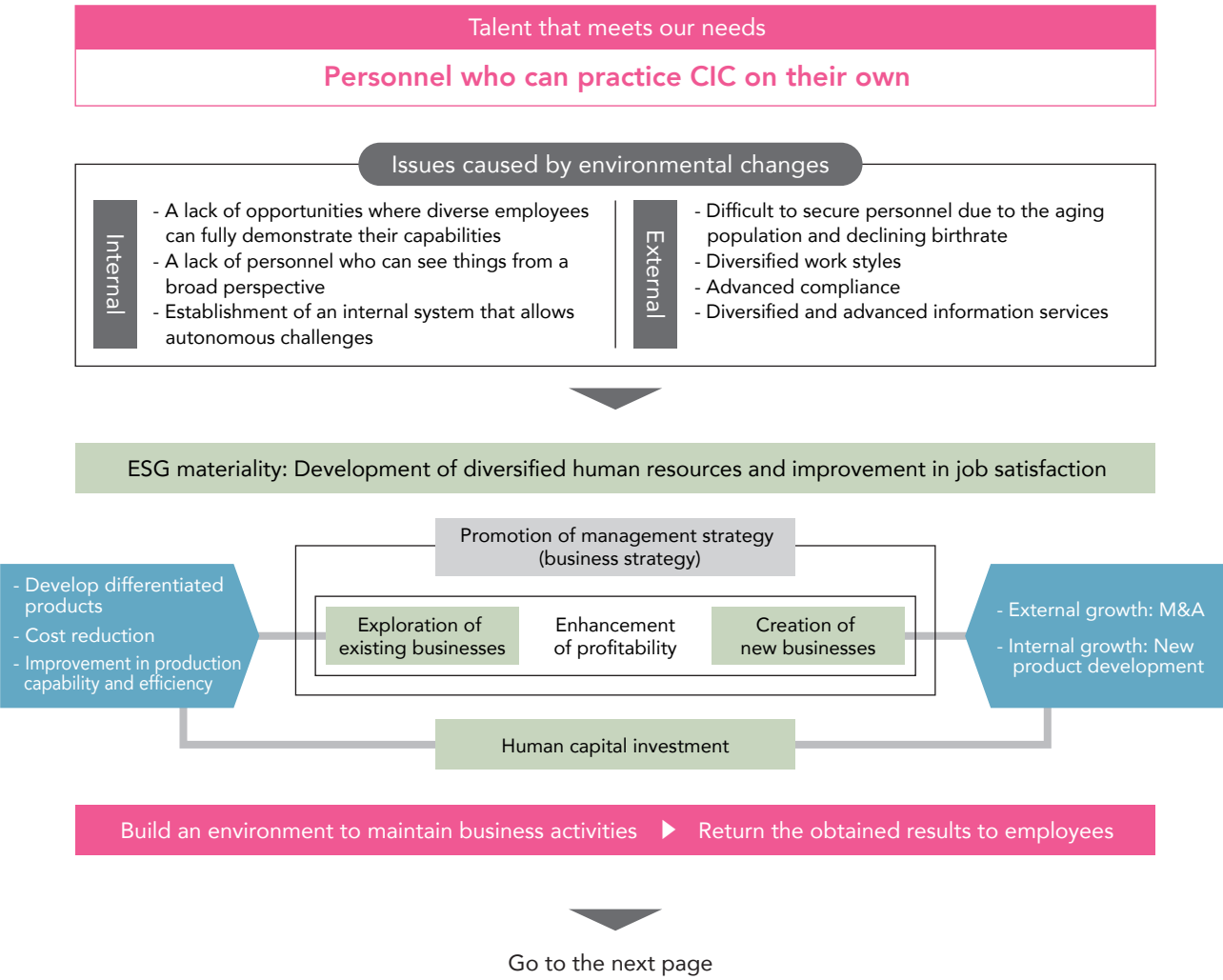
Human Resource Management

Human resources are the source of value creation and the driving force to achieve sustainable growth and development for our group. With growing attention to diversity, collaboration, and health management, we will continue to improve the working environment and update human resource development plans to create workplaces that we can be proud of and feel comfortable and are eager to work in. To further enhance our corporate value, we are focusing on attracting and developing diverse human resources, including creative and flexible leaders and human resources for DX.

Link to Management Strategy

Our mid-term management plan's policy is that "we aim to maximize our corporate value with both business strategy and financial strategy". To promote our business strategy, the talent that meets our needs is personnel who can practice CIC on their own. We have worked on nurturing human resources through

discussions with the Human Capital Subcommittee and have set basic conditions for new graduate and mid-career recruiting. We hope this will achieve a virtuous cycle in which our corporate value is increased, the obtained results are returned to each of our employees, and further value is created.



Major actions for solving issues and filling the gap to the talent that meets our needs and KPIs

Actions	KPI	Achievements in FY2023
Diversity and inclusion	Goals by the end of FY2024 Percentage of women in managerial positions: 20 % Ratio of gender wage gaps between men and women: 85 %	- Diversity training - Diversity conference with Senior Managing Operating Officer Takeshi Masuda, Outside Directors Hirotooshi Takada and Makiko Horie, and department managers - Female training and lunchtime training by external instructors - Mid-career recruitment - Expansion of the range of roles played by people with disabilities and their employment support
Evaluation and compensation Life-work balance	Goals by the end of FY2024 Ratio of male employees taking childcare leave: 60 % Percentage of annual paid leave taken: 75 %	- Review of allowances - Review of the teleworking system - Give company logo aprons to employees who have had a newborn baby or are on childcare/caregiver leave
Career development	Support for more autonomous career development in FY2024 (visualization of career development and establishment of a system to support human resource development)	- Level-based training by external instructors (mindset, self-understanding) - Training courses for department managers - Foreign language training (online English and Chinese lessons) (English writing seminar by Outside Director Kazuo Abiko) - Meeting among President Yuta Arisawa, Outside Directors Hirotooshi Takada and Makiko Horie, and female employees
Human resource portfolio	Goals by the end of FY2024 Determination of the portfolio direction (initiatives to increase knowledge from experience and personal communication)	- Identification of career path and issues to solve - Future vision by division and an action plan to fill the gap - Implementation of an internal internship
Engagement	Goals by the end of FY2024 Establishment of a policy based on the analysis results of an awareness survey	- Launch of an employee recognition survey (quantitative understanding of the "As is - To be" gap) - Issuance of a brand book - External publication through a rebranding project - Extension of enrollment age for defined contribution plans

Initiatives on Recruitment and Enhancing Diversity

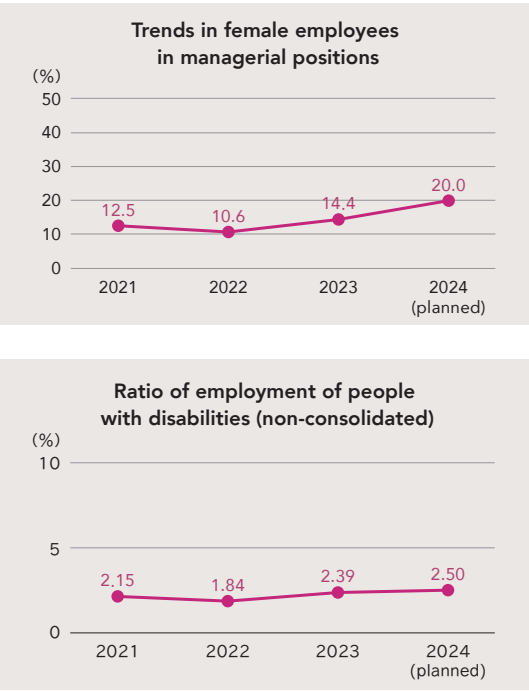
Our basic policy in recruitment is to enhance diversity, realize appropriate matching, and provide education that allows employees to clearly experience self-fulfillment. As a result, a diverse range of people can demonstrate their capabilities in our company, and the turnover ratio is also low.

The first female director was appointed in June 2021, and two of the directors are female as of June 2023 through the implementation of various development plans and efforts to promote the active participation of women. In addition, the first female operating officer was appointed in June 2022 through internal promotion, and the number increased to two in June 2024.

Additionally, in order to respond to environmental changes and take on new business challenges speedily, we also place emphasis on the mid-career hiring of professionals with advanced knowledge and experience in specialized fields. The number of mid-career hires is increasing every year, and they have breathed new life into their workplaces by leveraging their experiences and skills.

We believe that new ideas and solutions are created by people with different backgrounds and experiences getting together and thinking about things from each perspective, which will lead to an increased corporate value. Regarding diversity enhancement as an important management issue, we will continue to promote it.

We provide people with disabilities opportunities to work by leveraging their abilities, ensuring their job security and financial independence. By utilizing a service to support the employment of people with disabilities, we will increase the employment ratio of people with disabilities.



Sustainability (S)

Human Resource Management

Human Resource Development

We aim to enhance job satisfaction for each and every employee and improve organizational power by striving to provide a wide range of opportunities for skill development, including improvement of basic skills with position-based training, external training, and self-development with e-learning. New employees receive one-on-one guidance from an individually assigned trainer and learn their tasks in accordance with a new employee development plan. We develop personnel who can practice CIC on their own and future leader candidates and assign the right people to the right positions through consultation by a career consultant or

industrial counselor and conversations with executives and junior employees.

In FY2023, we created many opportunities for our employees to learn firsthand from instructors, including a woman who transitioned from being a full-time homemaker to becoming the president of a local factory. We also provided opportunities for discussions on diversity and mindset change between the President and female employees, as well as between outside directors and executives, with the aim of instilling the corporate philosophy and developing role models.



President Yuta Arisawa and participants



Training session conducted by Outside Director Makiko Horie



Diversity conference among Outside Directors Hirotohi Takada and Makiko Horie and department managers

TOPICS

Internal internship

aWe held a one-day work experience program before implementing a system that allows temporarily transfer to employees' desired departments where they can experience different tasks for their autonomous career development. A total of 32 employees participated in this program, gaining valuable experience in departments such as the Development Department, Manufacturing Engineering Department, and Analysis Center.

The purpose of the internal internship is to help employees who are interested in the tasks of other departments deepen their understanding and expand their internal network for future career development. We also expect a synergistic effect; participants in this internship program can gain experience that is useful for their original tasks, while employees hosting the interns can gain new perspectives and insights. We are currently working on establishing a full-scale internship program.



Evaluation sample preparation



Explanation of the production facility



Analysis sample preparation

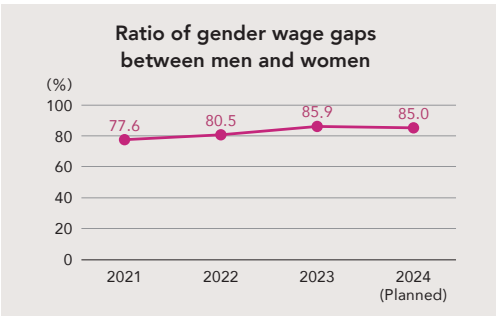


Explanation of the production system

Fair Evaluation and Treatment

We adhere to an ability-based grade system regardless of age, gender, or career in recruiting, promoting and appointing, and have introduced a system to encourage the growth of employees through multidimensional evaluation and feedback based on the management by objectives (MBO).

We also aim to build a strong organization through salary increases based on evaluations and an incentive system based on job responsibilities. Examples of the incentive system for employees include an employee stock ownership plan for employees in management positions, the allocation of bonuses based on performance evaluations, awards to employees for long service, excellent work efficiency, contributions to improving the company's performance, and a reward system for proposals that contribute to development of new technologies or new products (including eco-friendly products), and proposals for improvement in productivity.



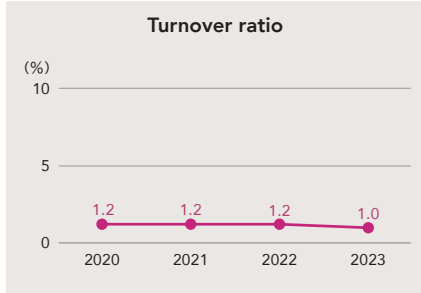
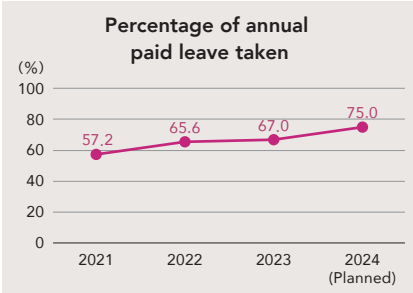
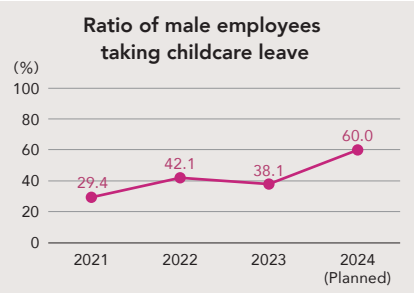
Promotion of Work-life Balance

We have adopted various systems, such as flextime, teleworking, and staggered working hours. Through seminars and individual consultations, the number of male employees taking childcare leave and the percentage of annual paid leave taken are on the rise. We continue to create an atmosphere that makes it easy for employees to take days off to improve the percentage.

We also support employee asset building through employee

shareholding associations and selective defined contribution plans.

It is a company's obligation to provide a comfortable work environment for its employees, and this contributes to high employee retention rates by making it easier to maintain work-life balance and improving operational efficiency.



Corporate Culture

We encourage employees to address each other as "●● san" (san is a Japanese honorific added to a person's name) within the company, rather than using titles that imply a hierarchical relationship, such as "boss" and "subordinate". We believe that this will

protect the health of our employees, create a comfortable workplace, and ultimately improve productivity and foster innovation, which will in turn increase corporate value.

TOPICS

New menu options available in the cafeteria

To promote health and improve work efficiency, the company cafeteria started offering a rotating weekly menu, such as healthy options, hearty options, and local ramen noodles. We've received favorable comments about these new menus.



Healthy meal



Hearty meal

Gives an apron to employees who are on childcare or caregiver leave

To encourage employees who are on childcare or caregiver leave for a certain period, we give company logo aprons as gifts. Their supervisors give them an apron along with a message to encourage them. Arisawa will support all employees who strive to achieve a good balance between work and personal life.



Arisawa Family Day

We want to give children the opportunity to see their fathers and mothers working with pride and dedication. With that in mind, we held a Family Day.

We invited elementary school children, and the event included 3D activities as well as tours of the factory and cold storage warehouse. We received positive comments such as, "It was so much fun! Hope to go there again!" and "When I grow up, I want to join Arisawa".





Sustainability (S)

Occupational Health and Safety

Under the "Safety Declaration" and "Our Action Guideline", all of our employees and the employees of our subcontractors who work with us participate in promoting safety activities with the aim of achieving zero accidents.

Safety Declaration	Our Action Guideline	Priority Goals of Occupational Health and Safety for FY2023
<div>1. We will aim to be a good company that places safety first, live up to the trust of our customers, and fulfill social responsibilities.</div> <div>2. We will build a safe and comfortable workplace through a zero accident campaign in which all employees participate, always keeping safety awareness in mind.</div> <div>3. We will not do or let anyone do risky behavior. We will build a disciplined workplace that follows standard work and rules.</div>	<div>We give the highest priority to safety, and fulfill our own roles and responsibilities for zero accidents.</div>	<div>1. Visualize unseen danger verbally and share insights to prevent accidents.</div> <div>2. Thinking "This could be fine" is a big mistake. Comply with the standards to protect yourself.</div> <div>3. Safety greetings and pointing and calling are carried out by all.</div>

Promotion System of Occupational Health and Safety

At each workplace, group leaders take the lead in carrying out decisions as a workplace safety and health promoter. A director and general manager acts as a general occupational health and safety manager, who reports on important matters to and is monitored and supervised by the Board of Directors.

In addition, under the management policy of labor-management cooperation, we hold regular meetings with the union on occupational health and safety and outsourcing safety meetings to raise the safety awareness of all employees.

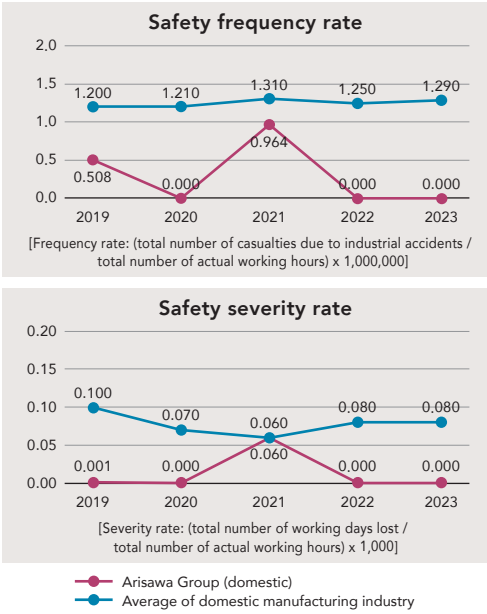
Occupational Health and Safety Initiatives

To achieve the goal of "no accidents", we continue to engage in daily safety activities, such as safety patrols, safety education and training, and occupational health and safety risk assessments as well as report on near-miss (hiyari-hatto) incidents at each workplace, hazard prediction training, 4S activities (4S stands for Seiri, Seiton, Seisou, and Seiketsu, or Sorting, Setting-in-Order, Shining, and Standardizing), and rotational safety announcements.

In order to prevent accidents and disasters, it is important to ensure the safety of manufacturing processes and the soundness of facilities and to continue stable operations. At each factory, we make plans to inspect and renew facilities, prioritize them according to risk and importance, and carry out inspections, repairs, and renewals in sequence. In addition, we are proceeding with risk assessments when installing facilities as a measure to prevent similar accidents from happening again, besides confirming the effectiveness of countermeasures using past accident cases. Regarding consecutive days with zero accidents, departments and group companies (in Joetsu City) are awarded according to the number of days achieved.

As a response to emergencies, we have in place a disaster prevention system for self-protection at each business facility and conduct various disaster prevention drills in accordance with the annual plan in case an accident occurs. Specifically, we conduct company-wide fire drills, joint fire drills with a fire department, and company-wide earthquake drills (BCP activation drills).

Since FY2024, we have also promoted exchanges among Arisawa and our domestic group companies to share information and applied safety and other measures to them.



TOPICS

Introduced a VR safety material

Now that the number of work-related accidents has decreased due to the improvement in facilities, environments, and work procedures at work sites, we rarely experience real accidents. It is getting difficult even for workers to see what is dangerous and what causes danger. That is why we purchased 2 VR terminals for safety education. This is a safety material that gives users a new

experience through various content and 360-degree video. We previously provided experience-based training, such as accidents of getting caught in a roll or getting an electric shock. However, this material can simulate accidents, such as a machine operation accident and flammable solvent fire, so that workers can experience them anywhere.



Supply Chain Management

In 2022, we established the Procurement Subcommittee and announced the CSR Procurement Policy with the aim of procuring environmentally friendly products and services and building a supply chain free of social issues related to human rights, health, ethics and so forth. We will actively promote CSR activities in order to fulfill social responsibilities through business activities. Through those activities, we will work to address a variety of issues and aim at sustainable growth in continuing our business activities.

CSR Procurement Policy

- 1. Establishing a Company Structure to Facilitate CSR (Corporate Social Responsibility)**

  - Develop management policies and action guidelines on CSR.
  - Establish an organizational structure which promotes CSR.
- 2. Fair Trade**

  - Prohibit the offering and receiving of inappropriate profits and advantages.
  - Conduct trading through fair and free competition.
- 3. Human Rights, Ethics, and Legal Compliance**

  - Prohibit human rights abuses (harassment, discrimination, abuse, and corporal punishment) and respect human rights.
  - Prohibit forced labor and overwork, and appropriately manage working hours and days off.
  - Have no relationships with anti-social forces (individuals and groups) and do not engage in transactions with such forces.
  - Identify and comply with laws, regulations and rules applicable to business activities.
- 4. Ensuring Quality and Safety**

  - Establish and implement a quality management system, and promote quality assurance activities.
  - Comply with laws and ensure sufficient product safety regarding internally designed products.
  - Identify risks, such as potential accidents, earthquakes, fires and flood damage, and establish a safe working environment.

- 5. Environmental Consciousness**

  - Acquire a certification, such as the one of Environmental Management Systems (EMS), and promote environmental activities systematically.
  - Comply with laws and regulations related to environmental protection pertaining to air, water quality, soil, and chemical substance.
  - Work on environmental load reduction in our business activities (biodiversity conservation, and resource saving and energy saving).
  - Appropriately manage and dispose of waste generated in operations in accordance with laws and regulations. Promote recycling and set a continuous reduction goal.
- 6. Information Management and Contribution to Society**

  - Establish and appropriately manage an information security system.
  - Take measures against internal and external threats, such as computer virus.
  - Actively participate in social contribution activities.
- 7. Business Continuity Plans (BCP)**

  - Establish BCP, and build and raise awareness about a risk management system to prepare for unforeseen situations.
  - Promote BCP initiatives to suppliers.
- 8. Responsible Mineral Procurement**

  - Prohibit and monitor the use of minerals which might serve as a source of funds for groups involved in internal conflicts and disputes.

Procurement Initiatives

Based on the CSR procurement policy, we conduct a supplier survey using a questionnaire. We ask our major existing suppliers to complete a survey once every five years, and new suppliers, in principle, to complete a survey before starting business. Of the approximately 300 suppliers of our raw materials, we conducted a questionnaire survey of approximately 150 suppliers and received responses from 116 companies (which accounts for about 70 % of the purchase amount in FY2023). As a result of totalizing the self-diagnosis, the average score was 87 (on a scale of 100), and there were no suppliers that needed to be improved promptly in matters such as human rights.

In FY2024, we are conducting follow-up, such as adding requirements for improvement.

Category	Number of questions	Question example
CSR promotion	7	Presence of a CSR policy, promotion system, employee education, whistleblower protection, request for suppliers to establish a CSR system, etc.
Trading principles	10	Policy on fair and transparent trading, management, problem reporting, prohibition of trading by abusing a superior bargaining position, prohibition of inappropriate provision and receipt of benefits, etc.
Law observance and ethics	21	Understanding of and compliance with laws and regulations, export and import in compliance with legal regulations of each country, respect for and protection of intellectual property, presence of a policy on respect for fundamental human rights, prohibition of forced and child labor, working hours, holidays, prohibition of connection with antisocial forces, whistleblower system, etc.
Safety and health	15	Promotion system, persons in charge, employee education, periodic safety and health patrols, safety screening for introduced equipment, equipment and device maintenance, medical checkups, etc.
Information management	7	Acquisition of JIS Q 27001 certification, information security rules, confidential information handling, employee education, problem recovery procedure and system, etc.
BCP	13	Presence of BCP, recovery manual, backup production site in times of emergency, information data backup, means of communication with clients and media in times of disaster, etc.
Social contribution	1	Presence of activities that contribute to the development of society and regions and solving environmental issues
Total	74	

Human Rights Policy

Our group formulated an action guideline, a quality policy, and an ESG policy based on the management policy with the motto of "Create, Innovate, and Challenge".

We also understand that our group's business may impact human rights in all business activity fields, from raw material procurement to product development, production, distribution, consumption, disposal, and recycling. To contribute to a sustainable society and improve the corporate value of our group, it is essential for us to prevent and mitigate negative impacts on human rights that could be brought about by business activities and promote business activities that respect human rights.

To understand the human rights of all people and fulfill our responsibility to respect human rights, we established the "Human Rights Policy of Arisawa Group" on May 23, 2024. For details on the "Human Rights Policy of Arisawa Group", visit the following URL.

<https://www.arisawa.co.jp/jp/csr/sustainability.html#human-rights>

Respect for Human Rights

The CSR questionnaire includes questions on the reporting system for violations of basic human rights and legal and ethical violations, the consultation service, and the disciplinary policy and procedure. In the FY2023 survey, there were no negative responses regarding human rights due diligence, so we did not request any measures to prevent, mitigate, or suspend such issues. Furthermore, we believe that conducting surveys and interviews with individual employees of the suppliers will be one of our future tasks.

Regarding the working environment of the suppliers, we conduct fact-finding surveys on the production environment at the time of quality audits.

Sustainability (S)

Quality Improvement Initiatives

Quality Policy

Under our quality policy "Arisawa pledges to supply the high quality product that meets the reliability and needs of the customer by standing in the customer's viewpoint", we will implement the following activity guidelines. We believe that for a company to survive and develop sustainably, it is absolutely necessary to comply with laws and regulations and provide products of the quality that customers expect. In order to ensure thorough quality compliance, we will promote measures, such as enhancing education and strengthening quality fraud checking functions.

Activity Guidelines

1. We will regularly review our quality management system and continually improve its effectiveness in order to meet the requirements of ISO 9001/JIS Q 9100.

2. We will monitor our manufacturing processes and strengthen control through our quality management system to ensure that the products we provide meet the needs of our customers and society and increase customer satisfaction.

3. We will set the following quality targets and do our best in order to achieve the quality policy.

(1) Reduction of complaints that are caused by the company

(2) Reduction of internal percent defective

(3) Proper operation and management of measuring instruments

4. We will set quality targets on a yearly basis and review them as necessary.

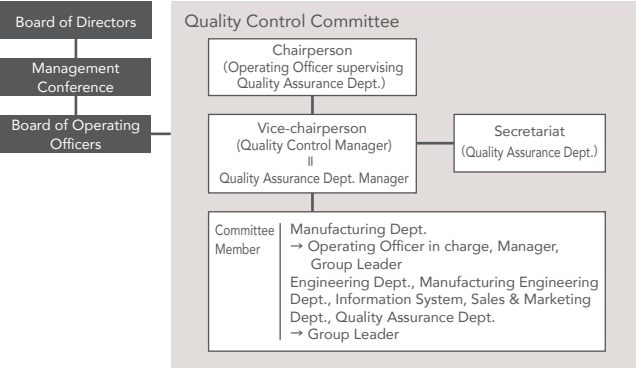
5. We will conduct internal audits to confirm the effectiveness of our quality management system, and strive to maintain and improve it.

6. We will provide education and training to all employees to ensure that they are fully aware of our quality policy in order to effectively utilize our quality management system.

Quality Control System

We have acquired ISO 9001 (target sites: Arisawa Mfg. Co. and Arisawa Fiberglass) and JIS Q 9100 (target products: aircraft materials). Based on the quality assurance system we have established, we will work to improve the quality of our products and services.

In addition to the Company-wide Quality Control Committee (once a year), Factory Quality Control Committee (once a year), and Line Quality Committee (twice a year), which are held regularly, the Individual Quality Control Committee deliberates individual cases. The structure of the Company-wide Quality Control Committee is shown in the figure on the right.



Quality Control Initiatives

In the mass production of new products, the Quality Assurance Department and other related departments are involved from the design and development stages, conducting risk assessments and accompanying process risk patrols prior to the transfer of production. For existing products, the Quality Assurance Department and the Manufacturing Department jointly conduct the quality patrols of each process to identify potential risks and thereby prevent complaints.

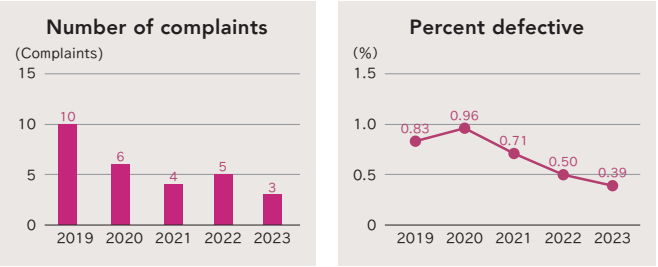
In order to incorporate customer needs and improve customer satisfaction, we make improvements by reflecting evaluations and complaints from stakeholders in each process. This cycle enables us to improve our quality management system. Additionally, in order to maintain and improve the quality management system, we conduct internal audits twice a year to check the operational status.

Targets and Results of Initiatives for FY2023

(1) Zero complaints that are caused by the company

By identifying potential risks and taking countermeasures with the use of FMEA\* and risk assessment, we not only reduce the risk of complaints, but also strive to raise the quality awareness of each and every employee and reduce human errors, such as careless mistakes, through quality education. In addition to complaints, we also took seriously and examined carefully the points raised by our customers and have worked to correct them and prevent their recurrence in the same way as complaints.

\*Failure Mode and Effects Analysis



(2) Reduction of Internal Percent Defective

Each manufacturing group set targets for major products and worked to reduce percent defective. Specifically, through interviews during the process patrols, we identified quality risks that operators and inspectors perceived on a daily basis from the bottom up, and prevented defects from occurring.

(3) Collaboration with Suppliers

We regularly evaluate suppliers for quality-related nonconformities and their responses on a regular basis and conduct supplier audits as necessary. We also hold regular quality meetings with the suppliers of major raw materials and raw materials used in important products to share customer and company requirements, and are promoting quality improvement initiatives.

(4) Customer Satisfaction Survey

We conduct customer satisfaction surveys twice a year to check requirements for us regarding technical support, delivery schedules and so forth, and are working to improve customer satisfaction from various aspects.

(5) Proper Operation and Management of Measuring Instruments

We keep our measuring instruments in proper condition at all times by sounding an alarm at each calibration cycle through the operation of the instrument management system.

(6) Management and Promotion of Quality Plans

We achieved 100 % of the company-wide quality target for FY2023. To handle quality defects more from the standpoint of clients, we reviewed the definition of complaints and established a system to regard any small quality defect as a complaint. We have used this system since FY2024 to further improve customer satisfaction. Standards are kept up-to-date and can be viewed by each department through the document management system.

(7) Quality Education

We conduct general education every year to disseminate company-wide and group-wide quality targets. Additionally, we conduct "education to provide products with higher quality" aimed at fostering quality awareness among all employees in the Manufacturing Department, as well as product safety and counterfeit product prevention training in departments subject to JIS Q 9100.

We strive to improve and strengthen our quality management system through close exchange of opinions with stakeholders, and by promoting employee education, we aim to instill in all employees an awareness of emphasizing quality from the perspective of stakeholders.



Sustainability (G)

Corporate Governance

Basic Concept of Corporate Governance

We have a corporate governance system in place to increase corporate value through sustainable growth and to maintain social credibility and are also making efforts to secure efficient and equitable management and to enhance management transparency through proactive disclosure.

In terms of management efficiency, to ensure expeditious decision making, we aim at management by a selected few and restrict the number of directors to the requisite minimum. We also employ the operating officer system to ensure speedy execution of operations and collect highly accurate information under the decisions of the Board of Directors, where outside directors and outside corporate auditors attend.

In terms of equitable management, in line with the basic policy concerning the improvement of the internal control system, we improve organizations and systems for the purpose of ensuring legal compliance.

In order to enhance transparency, we promote communication with our shareholders and general investors through IR activities, etc., and conduct disclosure practices as actively and promptly as possible.

Changes in Enhancement of Corporate Governance System

Although we are a company with a board of company auditors, we have in place the Nomination and Compensation Advisory Committee, which is voluntary, that deliberates matters related to the appointment and dismissal of directors, appointment and removal of representative directors and directors responsible for business execution, succession plan and director remuneration, and reports to the Board of Directors.

The company's Board of Directors currently consists of four internal directors and five outside directors (including two female directors) for a total of nine directors. The evaluation of the effectiveness of the Board of Directors is conducted by a third-party organization to ensure fairness.

FY	Items	Board of Directors			Board of Corporate Auditors		Operating Officers		
		Inside		Outside	Inside	Outside	Inside	Outside	Served as directors
		Male	Male	Female	Male	Male	Male	Female	
2015	- Issuance of corporate governance report	5	2		1	2	11		5
2016	- Self-assessment of the effectiveness of the Board of Directors	5	2		1	2	11		5
2017		5	2		1	2	11		5
2018		5	2		1	2	11		5
2019	- Non-renewal of the anti-takeover measures - Establishment of the Nomination and Compensation Advisory Committee (voluntary advisory body)	4	2		1	2	11		4
2020	- Assessment of the effectiveness of the Board of Directors by a third party organization - Introduction of exercising voting rights by an electromagnetic method	4	3		1	2	11		4
2021	- Change of stock-based compensation for directors from stock options to restricted stocks	4	4	1	1	2	11		4
2022		4	4	1	1	2	11	1	4
2023		4	3	2	1	2	10	1	4
2024		4	3	2	1	2	11	2	4

Outline of Corporate Governance System

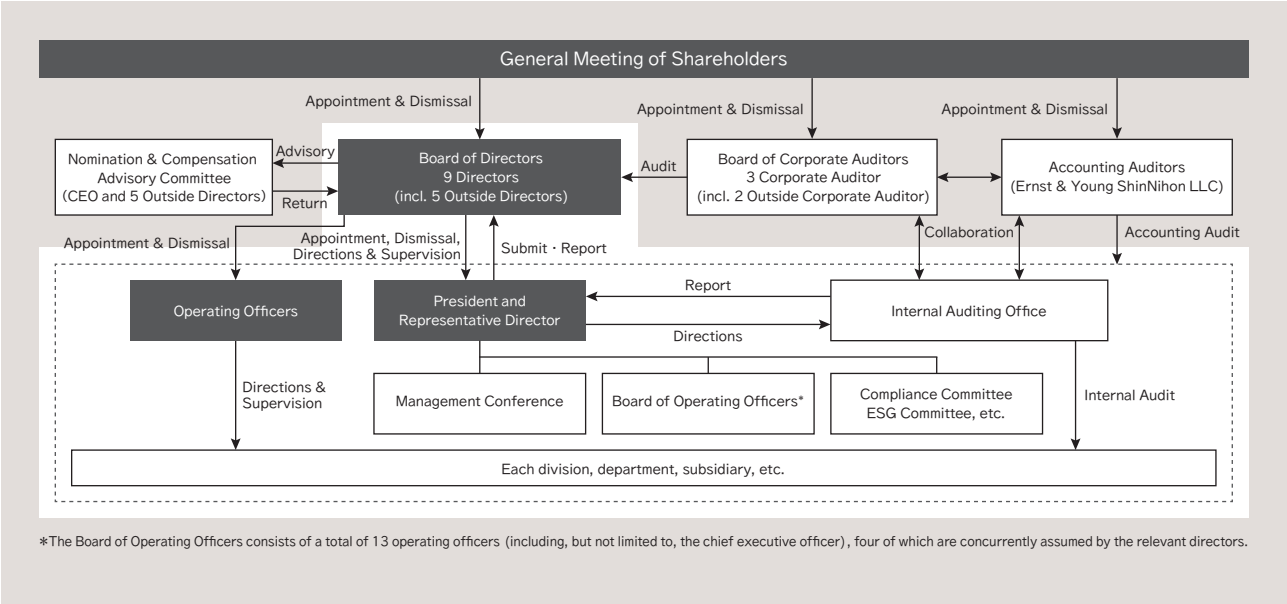
As for execution of operations, to ensure speedy execution and control of the management policy and management plans determined at the regular meetings of the Board of Directors, the Board of Operating Officers (comprising one chief executive officer and 12 operating officers for a total of 13 members) is in place in pursuit of management proactively and accurately.

Each operating officer plans and promotes operations under his or her supervision upon approval at the Board of Directors as well as the regular meeting of Management Conference (a meeting to deliberate and coordinate basic management policies based on decisions of the Board of Directors, other important matters related to management, and to conduct preliminary deliberations on matters to be discussed at the Board of Directors meetings) or the Board of Operating Officers and strives for efficient and speedy execution of their duties pursuant to the Regulations for the Segregation of Duties and Official Authority, etc.

As an internal audit division, three full-time employees are assigned to the Internal Auditing Office, which is independent of other organizations of the company and conducts scheduled audits and special audits as appropriate. As for the scheduled audits, an audit plan is made for each term pursuant to the relevant internal regulations, and audits are conducted after the final decision by the chief executive officer. Audit results are notified to the relevant departments along with specific advice and recommendations, while reporting to, and opinion exchanges with, the corporate auditors are also made.

The certified public accountants who conduct the accounting audit of the company are two members of Ernst & Young ShinNihon LLC, and the composition of assistants involved in the accounting audit work of the company is determined in accordance with the selection standards of the audit corporation and specifically includes eight certified public accountants and ten others.

The results of auditing by the internal audit division and the details of accounting audits by the accounting auditors are reported to the Board of Corporate Auditors, and the corporate auditors share in the recognition of such results in the course of their auditing to enhance their collective audit function.



Number of meetings held and main agenda items in FY2023

	Board of Directors	Board of Operating Officers	Nomination & Compensation Advisory Committee	Board of Corporate Auditors
Chairperson	CEO	CEO	Outside Director	Full-time Corporate Auditor
Attendee	Director (including outside directors), Corporate Auditor (including outside directors)	Operating Officers, Corporate Auditor (full-time only)	CEO and Outside Director	Outside Corporate Auditor
Number of Meetings	11 times	12times	3times	10times
Deliberation Items	Quarterly financial results and performance forecasts, annual management strategy, medium-term business plan, governance, general meetings of shareholders, etc.	Quarterly financial results and performance forecasts, capital investments, annual management strategy, monthly business reports, etc.	Appointment and dismissal of directors, Remuneration of directors, etc.	Advice to internal audits, validation of accounting audit results, etc.

Sustainability (G)

Board of Directors

Approach to the Board of Directors' Diversity

The company's basic approach is to have the Board of Directors composed of individuals with a wealth of experience, deep insight, and a high level of expertise, within the limits of 15 directors and four corporate auditors set forth in the Articles of Incorporation, while taking into consideration their balance of

knowledge, experience, and abilities related to each business and operation. Regarding diversity, we have appointed multiple directors who have extensive experience in international business and who have experience as managers at other companies. The composition also takes gender and age into consideration.

Skill Matrix

In the medium-term business plan, we set the goal of aiming to maximize corporate value by executing a cycle of business strategies and financial strategies. We will pursue the business strategies to strengthen profitability by exploring existing businesses and creating new businesses and the financial

strategies to improve capital efficiency by converting non-business assets into business assets and returning profits to shareholders. The Board of Directors is comprised of individuals with the skills and insight necessary to achieve these goals.

Name	Corporate Management	Business strategy / marketing	R&D/ technological strategies	Finance / accounting / financial market	HR / labor / HR development	Legal / risk management	International experience
Representative Director Yuta Arisawa	○	○	○	○			○
Director Takeshi Masuda				○	○	○	
Director Osamu Nakajima		○	○				○
Director Makoto Tai		○	○				
Outside Director Koji Nakamura	○	○					○
Outside Director Kazuo Abiko	○				○		○
Outside Director Hirotooshi Takada	○	○					○
Outside Director Miho Numata	○				○	○	
Outside Director Makiko Horie				○			○
Corporate Auditor Hisashi Masumura				○	○	○	
Outside Corporate Auditor Koichiro Tanaka	○			○			○
Outside Corporate Auditor Koichi Yokota	○			○			

Policy on Appointment and Dismissal of Directors

In nominating candidates for executive managers and directors and corporate auditors, we select those who have extensive experience, deep insight, and a high level of expertise, suitable for executive managers or directors or corporate auditors in the company. The Board of Directors determines the nomination of candidates for directors based on the report of the Nomination and Compensation Advisory Committee, and candidates for corporate auditors by getting consent of the Board of Corporate Auditors.

Dismissal will occur in the event that any of the following cases is applicable: (1) a relationship with antisocial forces is found, (2) laws, regulations, or articles of incorporation are violated, causing a significant loss to our group, (3) the execution of duties is significantly impeded, or (4) it becomes clear that the requirements of the appointment criteria are not met. In that case, after deliberation by the Board of Directors, a decision is made to dismiss a position or to submit a proposal for dismissal to the general meeting of shareholders.

Outside Directors

A majority of five members out of the nine directors is independent outside directors as defined by the Tokyo Stock Exchange and the Board of Directors is engaged in constructive discussions, including their objective opinions from an independent standpoint. The outside directors, who have a wealth of experience and a wide range of insight, also provide advice and recommendations to ensure the appropriateness and legitimacy of the Board of Directors' decision-making.  
On the other hand, we support outside directors in the performance of their duties by collecting and providing them with

information on economic conditions, industry trends, relevant laws and regulations, corporate governance, financial accounting, and other matters necessary for them to fulfill their roles and responsibilities. Specifically, we arrange seminars for outside directors provided by external organizations, where our operating officers in charge regularly provide explanations on business plans and strategies, the status of various businesses, business environment, and management issues, while arranging inspection tours of product manufacturing processes.

Name	Reasons for Appointment and Expected Role	Attendance Rate
Koji Nakamura	Koji Nakamura, an Outside Director, has been involved in corporate management in Japan and overseas for many years, having served as Senior Executive Managing Officer of Mitsui & Co., Ltd. and as Director at Sanko Gosei Ltd. The Company has appointed him because we deem that he has extensive insight and knowledge regarding global management from his experience as a managing officer at a global company and that he will deliver opinions from an outside perspective with regard to the overall management of the Company, particularly in the area of business strategy, and increase the rationality and transparency of the Company's management.	100%
Kazuo Abiko	Kazuo Abiko, an Outside Director, who graduated from Graduate School of California State University, was appointed the General Manager of Tokyo Studio and General Manager for Northeast Asia at Associated Press while also working as the President of Foreign Correspondents' Club of Japan. The Company has appointed him because we deem that he will deliver opinions from an outside perspective and increase the rationality and transparency of the Company's management by leveraging his knowledge of international communication and standards and ethics of journalism, including his work as a part-time lecturer at Tokyo University of Foreign Studies and Sophia University thereafter.	100%
Hirotooshi Takada	Hirotooshi Takada, an Outside Director, has served the Representative Director of NIPPON SEIKI CO., LTD. and as Chairman, etc. of overseas subsidiaries, has been engaged over many years in sales and product planning, etc. in the automobile industry; has a deep knowledge of that industry. The Company has appointed him because we deem that he will deliver opinions from an outside perspective and increase the rationality and transparency of the Company by leveraging his abundant experience and broad knowledge as a manager of a global company in the manufacturing industry.	100%
Miho Numata	Miho Numata, an Outside Director, is Representative of NUMATA LAW OFFICE, and by serving as Civil Conciliation Commissioner of Tokyo Summary Court and as Outside Corporate Auditor of Tokyo Boeki Holdings Corporation, while managing the law office, she has a well-balanced career. The Company has appointed her because we deem that she will deliver opinions from an outside perspective and increase the rationality and transparency of the Company by using her in-depth knowledge and experience as a legal expert who has worked as an attorney at law for many years, and her sophisticated knowledge relating to governance and compliance, etc.	100%
Makiko Horie	Makiko Horie, an Outside Director, was engaged in sales to institutional investors, company surveys, and operation related to the Japanese stock market at a global financial institution, and also involved in management consultation and launching of start-ups. The Company has appointed her because we deem that she can reflect on management strategies the status of the Company that investors expect by leveraging her experience and increase the rationality and transparency of the Company.	100%

Evaluation of the Effectiveness of the Board of Directors

We self-evaluate and analyze the effectiveness of the Board of Directors with the aim of raising our corporate value by improving its functioning.  
In January 2024, we conducted a questionnaire survey (a total of 28 questions, seven of which are comment-based answers) to all directors and corporate auditors, which are members of the Board of Directors. To ensure anonymity, questions were answered directly to an external organization. Based on the report by the external organization, we analyzed, discussed, and evaluated the survey results at the Board of Directors meeting held in May 2024. The summary of the results is as follows.  
The questionnaire results (an average of 4.3 out of 5) show broadly positive reviews of our Board of Directors. Respondents noted that discussions at the meetings were not formal but open and constructive, which leads us to recognize that the effectiveness of the entire Board of Directors is ensured. In light of the previous effectiveness evaluation, which highlighted issues such as

discussions on group company management, we have begun focusing on discussing measures to prevent misconduct from reoccurring and improving the reporting of the status of internal controls for group companies. These efforts have steadily yielded results.  
The expressed opinions are as follows: There is ample room for improvement in the approach to important group companies, and further efforts are required. Additionally, there is room for improvement in the frequency of meetings of the Nomination and Compensation Advisory Committee, as well as how discussions at the committee are shared with the Board of Directors. We also discussed ways to further improve the functioning of the Board of Directors and energize discussions.  
Based on this effectiveness evaluation, we will carefully consider the issues and address them promptly at the Board of Directors meeting in order to continue our initiatives to improve the functioning of the Board of Directors.



Sustainability (G)

Board of Directors

Policy on Determination of Amount of Remuneration for Directors

We have in place the Nomination and Compensation Advisory Committee consisting of five outside directors and the President for a total of six members and chaired by an independent outside director in order to improve the independence, objectivity and transparency of the procedures for determining the remuneration of directors and to enhance corporate governance. A decision policy of individual remuneration for directors is determined at the Board of Directors meeting based on deliberations and reports by the Nomination and Compensation Advisory Committee.

Basic Guidelines for Remuneration System for Directors

- The system should encourage the executive directors to improve their performance through associating the performance with remuneration and to exercise their solid entrepreneurship for sustainable development of the company.
- The system should reflect not only financial performance but also appreciation for proactive initiative for taking on challenges with the corporate philosophy "CIC Better today than yesterday better tomorrow than today".
- The system should attract excellent human resources for management who can contribute to sustainable development and enhancement of corporate value of the company.

Remuneration Structure

In the case of 100 % achievement of KPI, the ratio of remuneration to executive directors is as follows.



Stock-based remuneration is provided in the form of restricted stock-based remuneration (programmed to lift restrictions of transfer upon retirement) for the purpose of sharing interests with shareholders.

Outside directors are paid only basic remuneration in consideration of their role of supervisory function that they play.

Details, Selection Reasons, and Calculation Method of the Key Performance Indicators (KPI) for Performance-Based Remuneration and Results

Consolidated operating profit for the previous single fiscal year is adopted as the Key Performance Indicators for performance-based remuneration, and such remuneration is paid according to the degree of achievement of target values. The reasons for selecting the Indicator are that i) it is a financial indicator which represents the results of the primary business activities of companies, ii) it is net operating profit less adjusted taxes (NOPLAT) to calculate ROIC which is a target figure to be achieved of the medium-term business plan, and iii) it is a financial index used in the bonus system for employees. The results were 2.228 billion yen.

Out of amount of carbon dioxide emission reduction held up in our Carbon Neutral Project, the company added goal attainment levels with respect to reduced usage resulted from improving energy use efficiency to the Performance Indicators. The results were 2,541 t-CO<sup>2</sup> (target: 2,441 t-CO<sup>2</sup>, achievement ratio: 104.10 %).

Matters Concerning Determination of Individual Remuneration for Directors

The Nomination and Compensation Advisory Committee is consulted on individual remuneration for directors based on a consultation with the Board of Directors. The details of the consultation include basic remuneration amounts for each director and the evaluation allocation based on the performance of a division of which each director is in charge of the performance-based remuneration. Then, reports are submitted to the Board of Directors. The Board of Directors determines remuneration for each director pursuant to the report of the Nomination and Compensation Advisory Committee.

Stock compensation for each director, including the number of allotted shares, is also determined by the Board of Directors meeting based on the report of the Nomination and Compensation Advisory Committee.

Verification of Reasonableness and Validity of Individual Remuneration of Directors

The Nomination and Compensation Advisory Committee confirms that the individual remuneration of directors is calculated in accordance with the above policy, verifies its validity, and submits reports to the Board of Directors. The Board of Directors verifies the reasonableness and validity of the reports and decides the remuneration.

The Nomination and Compensation Advisory Committee uses an objective and multifaceted benchmark analysis of remuneration based on the "Management Remuneration Database" run by an outside remuneration consultant, Willis Towers Watson (WTW).

Remuneration of Corporate Auditors

The company's basic policy is to pay an appropriate level of remuneration to each corporate auditor for the performance of his or her duties.

The remuneration for corporate auditors is determined through discussions among the corporate auditors, taking into consideration whether they work full-time or part-time and the division of audit work. The remuneration for corporate auditors is fixed remuneration only, which is paid on a monthly basis, with an emphasis on strengthening their independence from management.

The aggregate amount of remuneration, etc. of each category of directors and corporate auditors, the breakdown of such aggregate amount by the type of remuneration, etc., and the number of directors and corporate auditors covered

Category of directors and corporate auditors	Aggregate amount of remuneration, etc.	Breakdown by the type of remuneration, etc.			Number of directors or corporate auditors covered
		Fixed remuneration	Performance-based remuneration	Non-monetary remuneration, etc.	
Directors (excluding Outside Directors)	199.26 million yen	107.00 million yen	47.26 million yen	45.00 million yen	5
Corporate Auditors (excluding Outside Corporate Auditors)	13.01 million yen	13.01 million yen	—	—	1
Outside Directors and Outside Corporate Auditors	31.00 million yen	31.00 million yen	—	—	8

Cross-shareholdings

Method of Verifying the Reasonableness of Shareholding

Regarding cross-shareholdings, the Board of Directors yearly gives comprehensive consideration to quantitative analysis of transaction performances and returns, etc., qualitative analysis of status of business, business strategies, background of acquisition, etc., as well as risk of shareholding, and then verifies and evaluates the propriety of such shareholdings.

Following items are verified through the quantitative analysis:

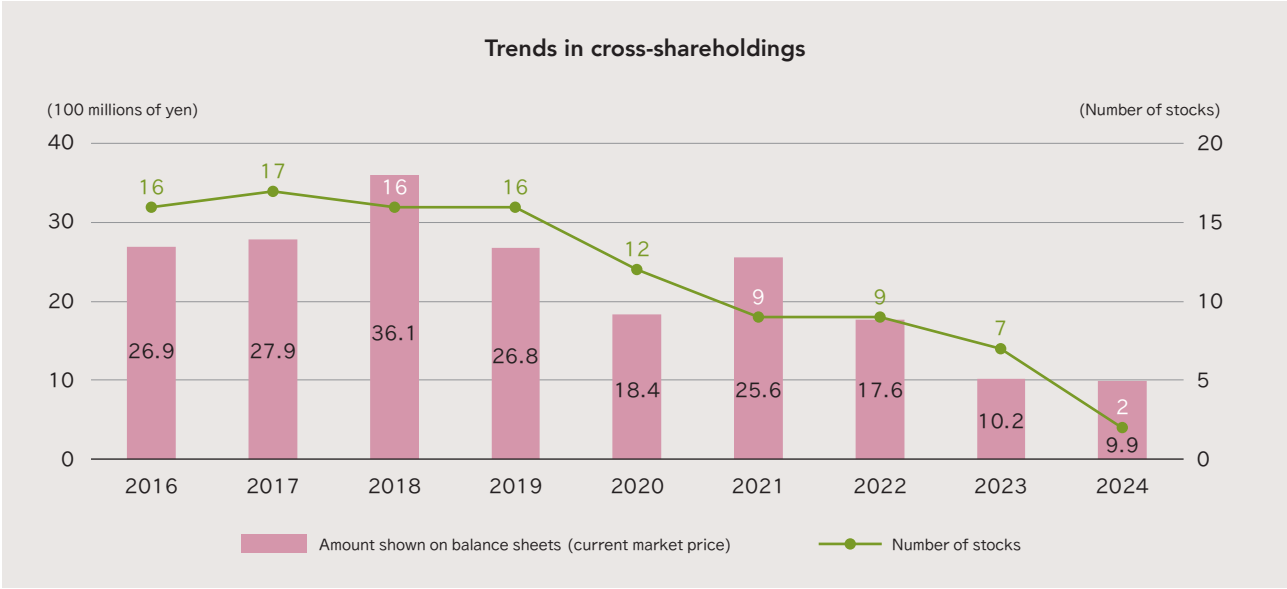
- 1  
Balance of dividend earning rate and capital cost
- 2  
Annual amount of transaction and amount of profits
- 3  
Profit or loss from valuation of stock

Reduction of Cross-shareholdings

Regarding cross-shareholdings, the company passed a resolution at the Board of Directors held on May 12, 2023, to progressively sell off and reduce the stocks with a reduced need to be held to maintain business relations.

Specifically, at the fiscal year ended on March 31, 2024, the company sold off six stocks out of seven held at the end of March 2023. We will continue to scrutinize the need to hold the stocks and sell off and reduce the stocks with a reduced need to be held.

Due to selling off some of the stocks held as ones of subsidiaries and affiliates at the end of March 2024, their category changed from stocks of subsidiaries and affiliates to investment securities. Therefore, the number of stocks we hold increased by one to two.



Directors and Officers

Directors



**CAREER HISTORY**

Apr. 1992 Joined Mitsubishi Electric Corporation  
Feb. 2002 Joined JPMorgan Securities Japan Co., Ltd.  
Aug. 2003 Joined the Company  
Apr. 2007 Assistant General Manager, Manufacturing Dept.  
Apr. 2009 Operating Officer of the Company  
Jun. 2010 Director and Senior Operating Officer of the Company  
Jun. 2011 Director and Senior Managing Operating Officer of the Company  
Jun. 2014 President, Representative Director of the Company (current)  
Jun. 2015 Chief Operating Officer (COO) of the Company  
Jun. 2017 Chief Executive Officer (CEO) of the Company (current)



**CAREER HISTORY**

Apr. 1986 Joined Alps Electric Co., Ltd. (currently Alps Alpine Co., Ltd.)  
Oct. 1990 Joined the Company  
Nov. 2003 Group Leader, Administration Planning Group  
Jul. 2008 Assistant General Manager, Manufacturing Dept.  
Oct. 2010 General Manager, Corporate Planning Dept.  
Jun. 2011 Operating Officer of the Company supervising Corporate Planning Dept.  
Jun. 2015 Operating Officer  
Jun. 2021 Director and Senior Operating Officer of the Company  
Jun. 2023 Director and Senior Managing Operating Officer of the Company (current)



**CAREER HISTORY**

Apr. 1989 Joined Mitsui & Co., Ltd.  
May 2011 Department Manager, Solar Business Div., Functional Chemicals Business Unit of Mitsui & Co., Ltd.  
Apr. 2013 Department Manager, Advanced Materials Div., Functional Chemicals Business Unit of Mitsui & Co., Ltd.  
Jul. 2014 Department Manager, Business Development Div., Basic Chemicals Business Unit of Mitsui & Co., Ltd.  
Oct. 2015 Joined the Company as Operating Officer of the Company supervising Electronic Materials Sales & Marketing Dept.  
Jun. 2016 Director and Senior Operating Officer of the Company (current)



**CAREER HISTORY**

Apr. 1988 Joined Daiichi Denko Co., Ltd. (currently Sumitomo Electric Wintec, Inc.)  
Mar. 2002 Joined the Company  
Jul. 2006 Group Leader, Electronic Materials Group, Research & Development Dept.  
Apr. 2010 Assistant General Manager, Electronic Materials Dept.  
Apr. 2012 General Manager, Research & Development Dept.  
Jun. 2015 Operating Officer of the Company supervising Electronic Materials Research & Development Dept.  
Jun. 2019 Operating Officer  
Jun. 2023 Director and Senior Operating Officer of the Company (current)



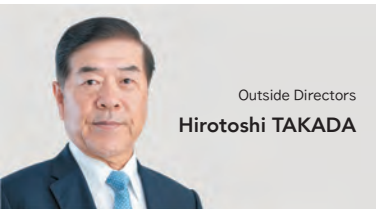
**CAREER HISTORY**

Apr. 1973 Joined Mitsui & Co., Ltd.  
Apr. 2004 Managing Officer; Chief Operating Officer of Synthetic Resins and Inorganic Chemicals Business Unit  
Apr. 2006 Executive Managing Officer; Chief Operating Officer of Chemicals Business Unit II  
Apr. 2009 Senior Executive Managing Officer; Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit  
Mar. 2011 Retired as Senior Executive Managing Officer  
Aug. 2011 Corporate Auditor, SANKO Co., Ltd. (current)  
Aug. 2016 Outside Director, Sanko Gosei Ltd. (current)  
Jun. 2020 Director of the Company (current)



**CAREER HISTORY**

Nov. 1978 Joined Associated Press  
May 1985 Deputy General Manager of Tokyo Studio  
Jul. 2001 President, Foreign Correspondents' Club of Japan  
Apr. 2004 General Manager of Tokyo Bureau, Associated Press  
Jul. 2004 General Manager for Northeast Asia  
Feb. 2010 Advisor  
Sep. 2010 Part-time lecturer at Tokyo University of Foreign Studies  
Sep. 2011 Part-time lecturer at Sophia University  
Apr. 2015 Visiting Professor at Kanda University of International Studies  
Jul. 2018 Auditor, Foreign Correspondents' Club of Japan  
Jun. 2020 Director of the Company (current)



**CAREER HISTORY**

Mar. 1977 Joined NIPPON SEIKI CO., LTD.  
Apr. 2003 Director and President, UK-NSI Co., Ltd.  
Jun. 2005 Director, NIPPON SEIKI CO., LTD.  
Jun. 2008 Managing Director  
Apr. 2011 Representative Senior Managing Director  
Apr. 2011 General Manager, Sales Division  
Jun. 2011 Chairman, Wuhan Nissei Display System Co., Ltd.  
Mar. 2012 Chairman, Nissei Display Sales and Development Co., Ltd. (Shanghai)  
Mar. 2013 President and Representative Director, NIPPON SEIKI CO., LTD.  
Mar. 2014 Chairman, Dongguan Nissei Electronics Co., Ltd.  
Apr. 2014 Chairman, Hong Kong Nippon Seiki Co., Ltd.  
Jun. 2015 President and Representative Director, Executive Officer, NIPPON SEIKI CO., LTD.  
Jul. 2015 Chairman, Hong Kong Ek Chor Nissei Co., Ltd.  
Jul. 2015 Chairman, Shanghai Nissei Display System Co., Ltd.  
Mar. 2016 Chairman and Director, Thai Nippon Seiki Co., Ltd.  
Jun. 2017 Vice Chairman and Director, Executive Officer, NIPPON SEIKI CO., LTD.  
Jun. 2021 Director of the Company (current)



**CAREER HISTORY**

Dec. 2009 Registered as an attorney at law and joined NUMATA LAW OFFICE  
Jun. 2016 Representative (current)  
Apr. 2018 Civil Conciliation Commissioner, Tokyo Summary Court (current)  
Jun. 2020 Outside Corporate Auditor, Tokyo Book Holdings Corporation (current)  
Jun. 2021 Director of the Company (current)



**CAREER HISTORY**

Apr. 1990 Joined Nomura Securities Co., Ltd.  
May 1995 Joined Merrill Lynch Investment Managers Ltd. (currently BlackRock Japan Company, Ltd.)  
May 2016 Joined Value Create Inc.; Partner  
Oct. 2021 Joined SDG Impact Japan Inc.; Partner (current)  
Jun. 2023 Director of the Company (current)

Corporate Auditors



**CAREER HISTORY**

Nov. 1985 Joined Tanabe Engineering Corporation  
Nov. 1987 Joined the Company  
Jul. 2005 Group Leader, Human Resources Group, Human Resources Dept.  
Jul. 2008 Group Leader, Administration Planning Group, Corporate Planning Dept.  
Oct. 2010 Assistant General Manager, Manufacturing Dept.  
Apr. 2012 General Manager of Human Resources Dept.  
Apr. 2018 General Manager of Human Resources Dept. and General Affairs Dept.  
Oct. 2020 General Manager, General Affairs Dept.  
Jun. 2022 Full-time Corporate Auditor of the Company (current)



**CAREER HISTORY**

Oct. 1987 Joined Tohmatsu Aoki & Sanwa (presently Deloitte Touche Tohmatsu LLC)  
Mar. 1991 Registered as Certified Public Accountant  
Aug. 1998 Resident Representative of Dalian Office, U.S. Deloitte Touche Tohmatsu (Office Head)  
Sep. 2002 Managing Director of the Japanese Operations Dept. in South China of Shenzhen Office in China, Deloitte Touche Tohmatsu Limited  
Jun. 2003 Partner  
Sep. 2003 Returned to Auditing Department of Tokyo Office, Deloitte Touche Tohmatsu LLC  
Dec. 2003 Director and Executive Officer; Partner supervising China Business and in charge of Public Communication, Corporate Finance Dept. of Deloitte Touche Tohmatsu (presently Deloitte Tohmatsu Financial Advisory LLC)  
May. 2005 Registered as Tax Accountant  
Jul. 2014 Established Tanaka Sogo Accountant Office, Representative Director (current)  
Mar. 2017 Outside Corporate Auditor, ODAWARA ENGINEERING CO., LTD. (current)  
Jun. 2018 Auditor, Japan Automobile Research Institute (current)  
Jun. 2020 Corporate Auditor of the Company (current)  
Jun. 2023 Outside Corporate Auditor, Ten Allied Co., Ltd. (current)



**CAREER HISTORY**

Nov. 1996 Registered as Certified Public Tax Accountant  
Apr. 2003 Director, Takada Branch of Kanto-Shinetsu Certified Public Tax Accountant's Association  
Jan. 2004 Head, Yokota Accountant Office (current)  
Apr. 2019 General Manager, Takada Branch of Kanto-Shinetsu Certified Public Tax Accountant's Association  
Jun. 2020 Corporate Auditor of the Company (current)  
Apr. 2021 Managing Director, Niigata Prefecture Branch Federation of Kanto-Shinetsu Certified Public Tax Accountant's Association (current)

Operating Officer (excluding those serving concurrently as directors)

<b>Yoshifumi ARA</b>  Senior Operating Officer supervising Performance Materials Sales & Marketing Dept.; Deputy Division Chief, Business Promotion Div.	<b>Takeshi AIZAWA</b>  Senior Operating Officer supervising Procurement Dept. and Quality Assurance Dept.; Deputy Division Chief, Administration Div.	<b>Shuichi FUJITA</b>  Senior Operating Officer supervising Functional Films Development Dept., Laminate Materials Development Dept., Molding Materials Development Dept. and Process Technology Dept.; Deputy Division Chief, Innovation Promotion Div.
<b>Takao MOCHIZUKI</b>  Senior Operating Officer supervising Manufacturing Dept. (principal) and Innovation Center Preparatory Office (sub); Deputy Division Chief, Manufacturing Div.	<b>Shuichi KUBOTA</b>  Operating Officer supervising Corporate Strategy Dept.; Deputy Division Chief, Administration Div.	<b>Takahito TANABE</b>  Operating Officer supervising Manufacturing Engineering Dept. and Manufacturing Dept. (sub); Deputy Division Chief, Manufacturing Div.
<b>Kazumi IKEDA</b>  Operating Officer supervising General Affairs Dept.; Deputy Division Chief, Administration Div.	<b>Kenji TADA</b>  Operating Officer supervising Business Promotion Div.; Deputy Division Chief, Electronic Materials Sales & Marketing Dept.	<b>Kiyoko AKUTAGAWA</b>  Operating Officer supervising General Affairs Dept.; Deputy Division Chief, Human Resources Dept.



## Financial Data

### Business Performance Overview for the Past 10 Years

(Millions of yen)											
	2014	2015	2016		2017	2018	2019	2020	2021	2022	2023
<b>Operating results</b>											
Net sales	37,589	37,228	34,451		40,909	44,728	45,970	46,439	43,089	42,722	42,114
Operating profit	2,935	2,957	1,790		3,627	3,119	2,762	3,118	3,320	2,228	1,483
Ordinary profit	4,503	3,510	2,690		4,044	4,297	2,783	3,578	4,204	2,717	1,488
Profit attributable to owners of parent	4,821	2,702	2,037		3,453	2,861	212	2,160	3,911	2,856	1,639
<b>By segments</b>											
Electronic materials	Net sales	23,813	22,417	20,306		26,758	28,770	29,765	31,650	29,768	26,543
	Segment profit	3,147	2,393	1,850		3,116	2,620	2,331	2,981	2,907	1,223
Industrial application structural materials	Net sales	7,386	8,100	7,319		7,220	8,395	8,974	8,842	7,053	10,601
	Segment profit	696	1,193	568		1,109	1,393	1,475	939	872	1,315
Electrical insulating materials	Net sales	3,292	3,187	3,117		3,228	3,127	2,984	2,340	2,604	2,532
	Segment profit	486	558	570		608	430	366	192	303	184
Display materials	Net sales	2,049	2,498	2,802		2,988	3,699	3,427	2,820	3,253	4,162
	Segment profit	(377)	(174)	(172)		(55)	114	235	221	815	1,024
<b>Financial position</b>											
Total assets	65,766	60,983	63,808		72,382	73,096	71,709	67,257	68,689	67,659	68,816
Net assets	48,147	47,602	48,551		52,493	53,462	49,018	47,444	47,965	47,107	46,246
Equity ratio (%)	69.1%	73.8%	72.2%		68.6%	69.3%	64.3%	68.8%	69.6%	69.5%	67.2%
Return on equity (%)	11.1%	6.0%	4.5%		7.2%	5.7%	0.4%	4.7%	8.3%	6.0%	3.5%
Interest-bearing liabilities	5,871	3,836	5,191		6,913	7,905	8,356	8,273	9,073	10,240	10,888
Return on invested capital (%)	1.7%	1.8%	2.2%		4.9%	3.9%	3.6%	4.2%	4.4%	2.8%	1.9%
<b>Cash flows</b>											
Cash flows from operating activities	2,293	4,548	3,419		2,181	2,893	4,837	610	5,901	3,471	3,219
Cash flows from investing activities	(5,579)	(1,771)	(1,671)		(471)	(3,304)	6,580	1,567	2,869	508	(1,061)
Cash flows from financing activities	(188)	(3,540)	419		(59)	(576)	(4,431)	(5,703)	(4,042)	(2,572)	(3,415)
Cash and cash equivalents at the end of period	6,021	4,901	7,026		8,829	7,718	14,725	11,488	16,893	18,535	17,700
<b>Per-share indication</b>											
Basic earnings or loss per share (Yen)	136.77	76.02	57.20		96.35	79.15	6.14	64.94	117.40	86.46	49.51
Net assets per share (Yen)	1,280.69	1,263.29	1,290.93		1,378.16	1,397.78	1,387.76	1,388.50	1,434.46	1,422.43	1,394.08
Price earnings ratio (Times)	7.5	7.6	13.7		10.2	10.0	130.7	15.4	8.2	14.5	23.0
Dividend per share (Yen)	35.00	23.00	20.00		34.00	30.00	30.00	39.00	95.00	90.00	60.00
Consolidated dividend payout ratio (%)	25.6%	30.3%	35.0%		35.3%	37.9%	488.6%	60.1%	80.9%	104.1%	121.2%
Number of shares issued and outstanding (Thousands of shares)	35,485	35,611	35,679		36,024	36,226	36,381	34,470	33,614	33,541	33,566
<b>Other</b>											
Capital expenditure	1,219	1,934	1,601		1,223	2,543	2,273	2,220	2,368	4,537	3,449
Depreciation	1,574	1,724	1,678		1,712	1,901	1,982	2,107	2,170	2,290	2,206
Research and development expenses	1,627	1,739	1,756		1,971	2,001	2,074	1,905	1,926	1,991	2,033
Consolidated number of employees	1,253	1,285	1,305		1,426	1,432	1,454	1,433	1,425	1,458	1,468

Note: The Accounting Standard for Revenue Recognition, etc. are applied to the figures from FY2021.

Company Overview

Company profile

(As of March 31, 2024)			
Company Name	Arisawa Mfg. Co., Ltd.		
Head Office	Minami-honcho 1-5-5, Joetsu-shi, Niigata-ken		
Inauguration	April 8, 1909		
Establishment	July 1, 1949		
Lines of Business	Manufacture and sales of electronic materials, industrial structural materials, electrical insulating materials, display materials, and so forth.		
Capital	7.8 billion yen		
Number of Employees	1,468 (Non-Consolidated: 607)		
Fiscal Year-end (Business year)	April 1 to March 31 of the following year each year		
Securities Code	5208		
Market Division	Listed on Prime Market of Tokyo Stock Exchange		
Ordinary General Meeting of Shareholders	To be held in June each year		
Independent Audit Corporation	Ernst & Young ShinNihon LLC		
Transfer agent	Sumitomo Mitsui Trust Bank, Limited (1-4-1, Marunouchi, Chiyoda-ku, Tokyo)		
Major Shareholders and Number of Stocks Held	Full name or corporate name	Number of shares held	Shareholding ratios (%)
	The Master Trust Bank of Japan, Ltd. (Trust account)	4,324,500	13.01
	INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLE Y IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	3,884,700	11.68
	Mitsubishi Gas Chemical Company, Inc.	1,472,166	4.42
	Custody Bank of Japan, Ltd. (Trust account)	1,353,100	4.07
	Daishi Hokuetsu Bank, Ltd.	743,903	2.23
	The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account and Mitsubishi Electric Corporation account)	530,536	1.59
	Arisawa Kenko Ltd.	504,338	1.51
	Sanji Arisawa	451,069	1.35
	Nippon Life Insurance Company	388,822	1.16
	Yoko Mori	376,024	1.13

Arisawa Mfg. Co., Ltd. official website

https://www.arisawa.co.jp/index.html



Company

https://www.arisawa.co.jp/jp/co\_profile/index.html

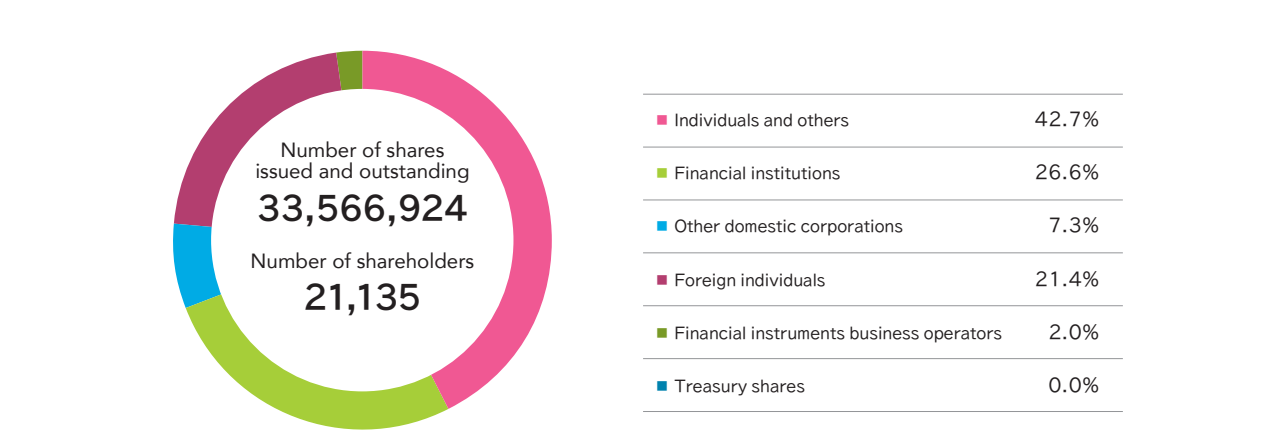
Sustainability

https://www.arisawa.co.jp/jp/csr/environment.html

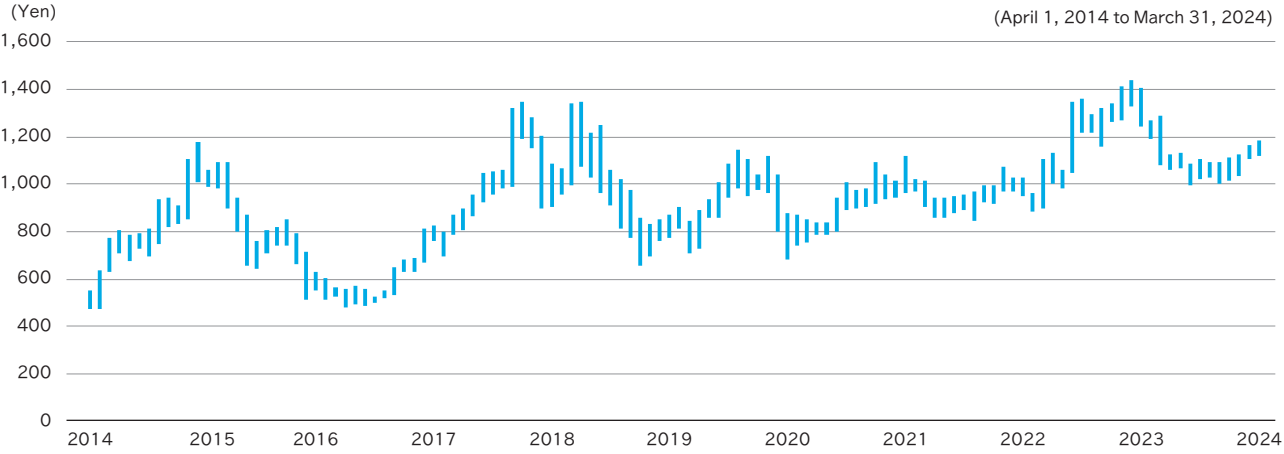
IR/Financial

https://www.arisawa.co.jp/jp/ir/index.html

Stock Status (As of March 31, 2024)



Trends in Stock Price and Dividend



		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Basic earnings per share (yen)		137.85	76.40	57.20	96.35	79.15	6.14	64.94	117.40	86.46	49.51
Dividend per share (yen)		35.00	23.00	20.00	34.00	30.00	30.00	39.00	95.00	90.00	60.00
Total return ratio(%)		25.8	30.3	35.0	35.5	38.0	468.7	60.2	81.1	130.8	121.6
Share price (yen)	Highest	1,178	1,095	827	1,349	1,350	1,148	1,118	1,072	1,438	1,289
	Lowest	473	511	482	695	655	680	738	858	885	995
	Fiscal year-end	1,030	575	782	986	793	802	1,000	957	1,254	1,137
Dividend yield (%)※		3.4	4.0	2.6	3.4	3.8	3.7	3.9	9.9	7.2	5.3

※Dividend yield = dividend amount per share / stock price at the end of fiscal year





# Where Future Pieces Arise

**Arisawa Mfg. Co., Ltd.**

Minami-honcho 1-5-5, Joetsu-shi, Niigata-ken, 943-8610

<https://www.arisawa.co.jp/>