

FY2024 Overview for the First Half



Arisawa Mfg. Co., Ltd.

November 7, 2024

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- FY2024 1H Review on a Consolidated Basis
- FY2024 Forecast on a Consolidated Basis
- Appendix

FY2024 1H Consolidated Performance



(million yen)

	FY2023 1H result	FY2024 1H FCT (Aug. 8)	FY2024 1H result	vs. Prev. year	vs. FCT (Aug. 8)
Sales	19,895	24,300	25,172	26.5%	3.6%
Operating Profit	169	1,900	2,734	16.1times	43.9%
Operating Margin	0.9%	7.8%	10.9%	--	--
Ordinary Profit	218	2,100	2,917	13.4times	38.9%
Net Profit	563	1,500	2,122	3.8times	41.5%
Earnings per share(Yen)	17.02	45.21*	63.91	3.8times	41.4%
Dividend (Yen)	20.00	42.00	42.00	--	--
Exchange rate (Yen/\$) average for the period at end of period	135.00 149.58	152.36 150.00	152.36 142.73	--	--

Year-on-year

- Consolidated sales increased by 5,277 million yen (+26.5% YoY) due to increases in those of electronic, industrial structural and display materials.
- Operating profit increased 16.1 times YoY due to increases in sales and accompanying improved capacity utilization.
- Ordinary profit increased 13.4 times YoY.
- Net profit increased 3.8 times YoY due to a decrease in a gain of investment securities.

Versus the forecast as of Aug. 8

- Consolidated sales increased by 872 million yen (+3.6% vs. FCT) due to increases in those of electronic and display materials.
- Operating profit increased by 43.9% vs. FCT due to an increase in the sales.
- Ordinary and net profits increased by 38.9% and 41.5%, respectively, vs. FCT.

*Calculated by the number of shares as of Jun. 30

Statement of Income



(million yen)

	FY2023 1H result	FY2024 1H FCT (Aug. 8)	FY2024 1H result	Change from the Prev. year	Remark
Net sales	19,895	24,300	25,172	+5,277	An increase in sales of electronic and display materials.
Gross profit	2,897		6,190		
Selling, general and administrative expenses	2,727		3,456		
Operation profit	169	1,900	2,734	+2,565	An increase in sales and an improved product mix.
Foreign exchange gains/loss	80	90	94		Share of losses of entities accounted for using equity method, etc., in the previous period were eliminated.
Other non-operating income and expenses	-31	110	89		
Ordinary profit	218	2,100	2,917	+2,699	
Gain on sale of investment securities	656		0		
Other extraordinary income/loss	-19		9		
Profit before income taxes	855	2,100	2,926	+2,071	
Income taxes, etc.	292		804		Tax rate decreased due to a lower tax burden rate resulted by the loss-making company's turnaround from the previous year.
Profit attributable to owners parent	563	1,500	2,122	+1,559	

Balance Sheet



(million yen)

	As of Mar. 2024	As of Sep. 2024	Change	
(Assets)				
Current assets	47,097	50,492	3,395	Accounts receivable +1,001 Inventories +2,118
Property, plant and equipment, and intangible assets	18,345	19,546	1,201	Capital investment increased
Investment securities	2,327	2,319	-8	
Other assets	1,047	1,197	150	
Total assets	68,816	73,555	4,739	
(Liabilities)				
Current liabilities	19,422	20,531	1,109	Accounts payable +1,410 Short-term borrowings -1,626
Non-current liabilities	3,147	4,507	1,360	Long-term borrowings +1,264
Total liabilities	22,570	25,039	2,469	
Shareholder's equity	42,867	43,815	948	Retained earnings +792
Other comprehensive income and share acquisition rights	3,379	4,701	1,322	Foreign currency translation adjustment +1,305
Total net assets	68,816	73,555	4,739	

FY2024 1H Segment Comparison (vs. FY2023)



	Sales (million yen)			Segment Profit (million yen)		
	FY2023 1H result	FY2024 1H result	Change	FY2023 1H result	FY2024 1H result	Change
Electronic materials	11,726	15,229	3,503	-210	1,296	1,506
FPC materials (Arisawa)	6,725	8,818	2,093			
FPC materials (ThinFlex)	3,408	4,566	1,158			
ICGC, Prepreg	740	952	212			
Printed Wiring Board (Satosen)	853	893	40			
Industrial structural materials	5,101	6,026	925	572	1,182	610
Honey-comb panel	913	769	-144			
FRP pressure vessels for water purification	3,128	3,990	862			
Others	1,060	1,267	207			
Electrical insulating materials	1,233	1,180	-53	114	33	-81
Display materials	1,677	2,545	868	420	921	501
Related materials, others	158	192	34	99	114	15
Total	19,895	25,172	5,277	995	3,546	2,551
		Corporate Expenses		-826	-812	
		Operating Profit		169	2,734	2,565

- Consolidated sales increased by 5,277 million yen (+26.5% YoY) due to increases in those of electronic, industrial structural and display materials.
- Operating profit increased 16.1 times YoY due to increases in the sales and the improved capacity utilization.
- The sales of electronic materials increased by 29.9% YoY due to a recovery in demand for semi-conductors in addition to smartphones.
- The sales of industrial structural materials increased by 18.1% YoY due to strong demand for the FRP vessels for water purification.
- The sales of display materials increased by 51.7% YoY due to increases in sales of 3D-related materials and polarization control optical components.

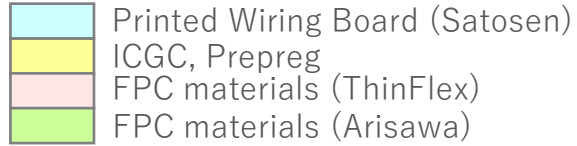
FY2024 1H Segment Comparison (vs. FCT as of Aug. 8)



	Sales (million yen)			Segment Profit (million yen)		
	FY2024 1H FCT (Aug. 8)	FY2024 1H result	vs. FCT	FY2024 1H FCT (Aug. 8)	FY2024 1H result	vs. FCT
Electronic materials	14,700	15,229	529	1,100	1,296	196
FPC materials (Arisawa)	8,300	8,818	518			
FPC materials (ThinFlex)	4,500	4,566	66			
ICGC, Prepreg	1,000	952	-48			
Printed Wiring Board (Satosen)	900	893	-7			
Industrial structural materials	6,000	6,026	26	950	1,182	232
Honey-comb panel	800	769	-31			
FRP pressure vessels for water purification	4,000	3,990	-10			
Others	1,200	1,267	67			
Electrical insulating materials	1,100	1,180	80	50	33	-17
Display materials	2,300	2,545	245	600	921	321
Related materials, others	200	192	-8	100	114	14
Total	24,300	25,172	872	2,800	3,546	746
				-900	-812	
		Operating Profit		1,900	2,734	834

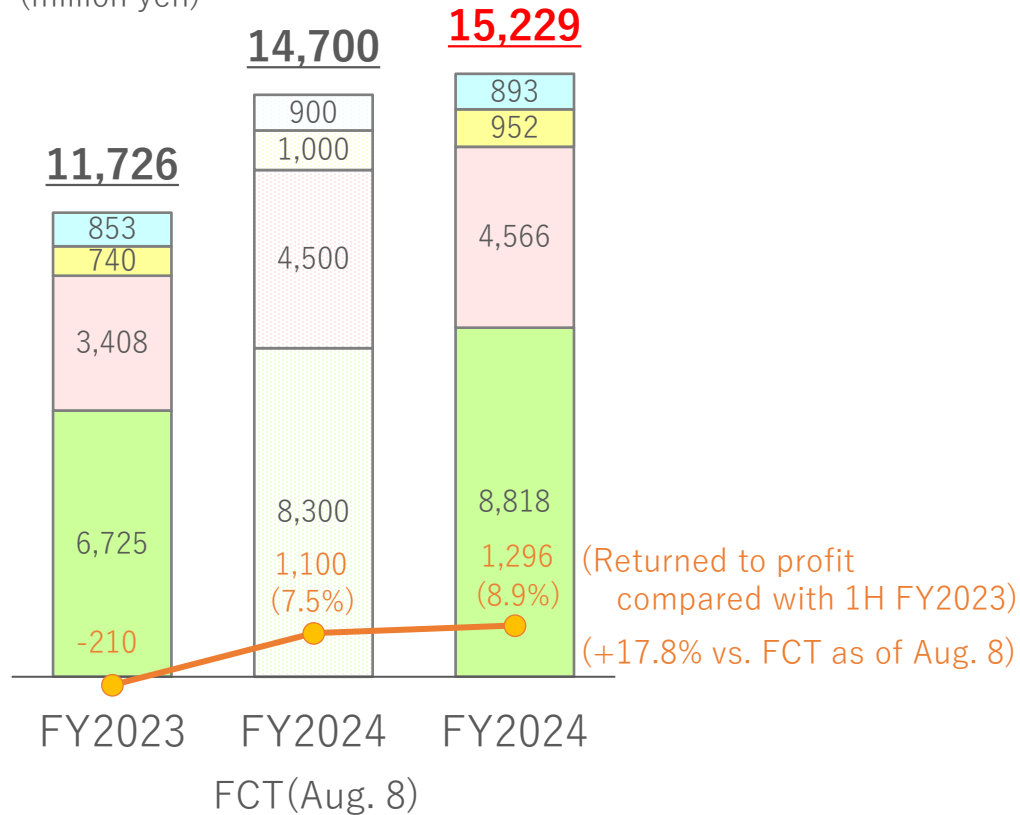
- Consolidated sales increased by 872 million yen (+3.6% vs. FCT) mainly due to increases in that of electronic materials.
- Operating profit increased by 834 million yen (+43.9% vs. FCT) due to the improved product mix, etc. in addition to the increase in the sales.
- In the sales of electronic materials, FPC materials were higher than expected (especially that of Arisawa).
- The sales of industrial structural materials were in line with expectations.
- In the sales of display materials, both 3D-related materials and polarization control optical components were firm.

Sales of electronic materials



● Segment Profit
(Segment profit ratio)

(million yen)



Market

- Sluggish demand for smartphones and semiconductors which became apparent from the second half of FY2022 has bottomed out and been gradually on a recovery trend.

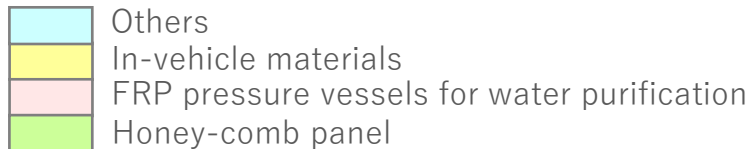
Performance year-on-year

- Sales increased by 3,503 million yen (+30.4% YoY) due to increases in those of FPC materials, ICGC and Prepreg.
- Sales of FPC materials (Arisawa) increased by 31.1% due to a recovery in demand for smartphones and semi-conductor applications.
- Sales of FPC materials (ThinFlex) increased by 34.0% due to a recovery in demand for Chinese smartphones.
- Sales of ICGC and prepreg increased by 28.6% YoY.
- Sales of printed wiring boards increased by 4.6% YoY.
- Segment profit increased by 1,506 million yen due to increases in sales and the improved capacity utilization.

Performance versus forecast as of Aug. 8

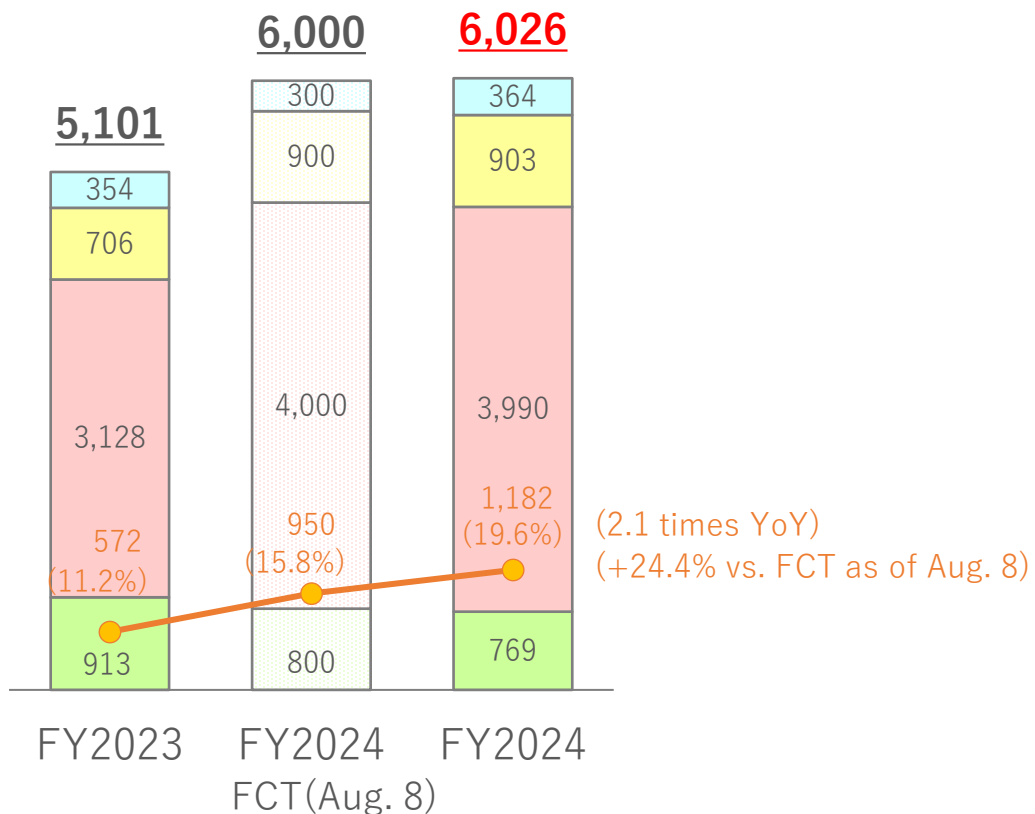
- Sales exceeded the forecast by 529 million yen (+3.6% vs. FCT) due to strong sales of FPC materials (Arisawa).
- Segment profit exceeded the forecast by 196 million yen.

Sales of industrial structural materials



● Segment Profit
(Segment profit ratio)

(million yen)



Market

- The strong performance continued in water purification materials for drinking and industrial water, etc. due to an increase in global demand for water.
- Also, the development of new energy sources to reduce environmental impact is becoming more active, and the number of development projects is increasing for the Company.

Performance year-on-year

- Sales of honey-comb panels for aircraft decreased by 15.7%.
- Sales of FRP pressure vessel for water purification continued to be strong from the previous FY, with the sales increasing by 27.6% YoY due to foreign exchange impact, etc.
- Sales of in-vehicle materials increased by 27.9%.
- Segment profit increased by 610 million yen YoY mainly due to an increase in sales of FRP pressure vessel for water purification.

Performance versus forecast as of Aug. 8

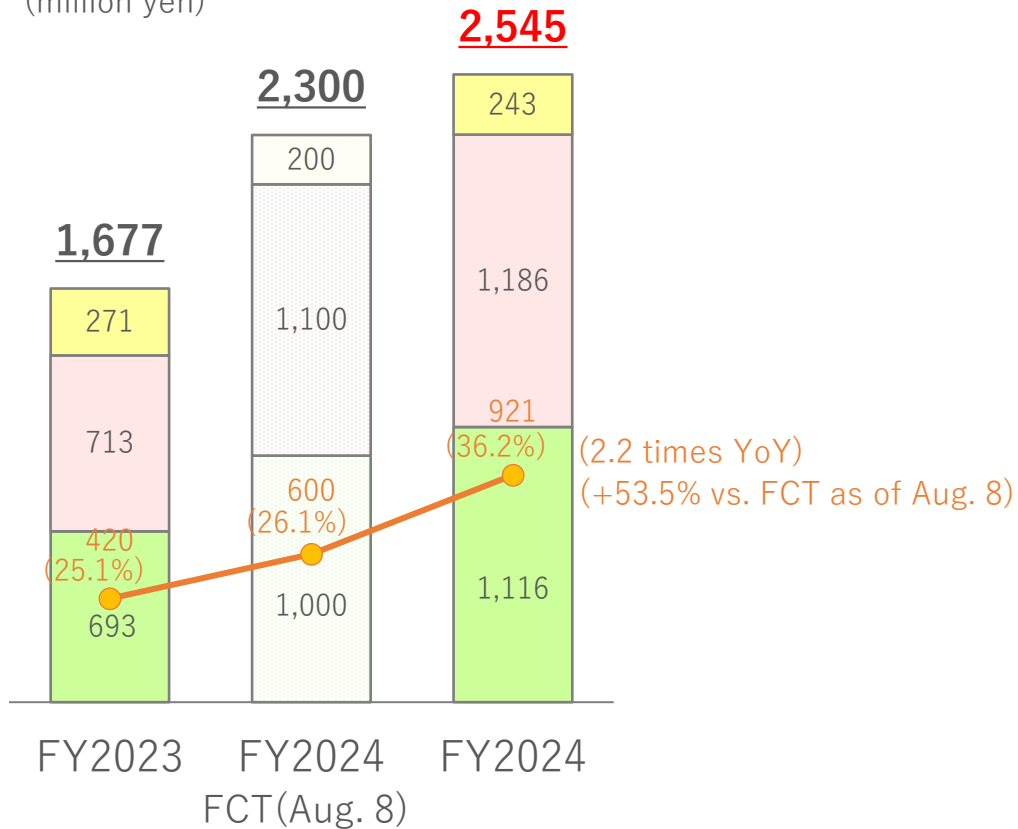
- Sales remained mostly in line with expectations.
- Segment profit exceeded the forecast by 232 million yen due to a one-shot order.

Sales of display materials



● Segment Profit
(Segment profit ratio)

(million yen)



Market

- In 3D-related materials, orders for medical monitors increased. We also have promoted the development for the industrial field in order to enter into a market beyond the medial applications.
- In the AR and VR-related applications, demand for polarization control optical components is expanding.

Performance year-on-year

- Sales of 3D-related materials increased by 61.0% YoY due to orders received in advance and the impact of foreign currency exchange, etc.
- Sales of polarization control optical components increased by 66.4% YoY due to the impact of foreign currency exchange.
- Segment profit increased by 501 million yen due to the increase in sales.

Performance versus forecast as of Aug. 8

- Sales exceeded the forecast by 245 million yen.
- Segment profit exceeded the forecast by 321 million yen due to improved product mix and the increase in inventories.

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FY2024 FY Consolidated Performance



(million yen)

	FY2023 FY result	FY2024 FY FCT (Aug. 8)	FY2024 FY FCT (Nov. 7)	vs. Prev. year	vs. FCT
Sales	42,114	48,900	49,200	16.8%	0.6%
Operating Profit	1,483	3,200	4,200	2.8 times	31.3%
Operating Margin	3.5%	6.5%	8.5%		
Ordinary Profit	1,488	3,300	4,300	2.9 times	30.3%
Net Profit	1,639	2,400	3,200	95.1%	33.3%
Earnings per share(Yen)	49.51	72.33*	96.11**	94.1%	32.9%
Dividend (Yen)	Total 60.00	Total 84.00	Total 84.00	--	--
Exchange rate (Yen / \$) average for the period at end of period	140.67 151.41	152.00 143.00	150.00 142.50	--	--

Year-on-year

- Consolidated sales are expected to increase by 7,086 million yen (+16.8% YoY) due to increases in those of electronic, industrial structural, and display materials.
- Operating profit is expected to increase by 2,717 million yen (2.8 times YoY) due to an increase in sales.
- Ordinary profit is expected to increase by 2.9 times YoY.
- Net profit is expected to increase by 95.1% YoY due to a decrease in gain on sale of securities.

Versus the forecast as of Aug. 8

- Consolidated sales are expected to increase by 300 million yen (+0.6% vs. FCT) due to increases in those of electronic and display materials.
- Operating profit is expected to increase by 31.3% vs. FCT due to an increase in sales.
- Ordinary and net profits are expected to increase by 30.3% and 33.3%, respectively, vs. FCT.

*Calculated by the number of shares as of Jun. 30

**Calculated by the number of shares as of Sep. 30

FY2024 FY Segment Comparison (vs. FY2023)



	Sales (million yen)			Segment Profit (million yen)		
	FY2023 result	FY2024 FCT (Nov. 7)	vs. Prev. year	FY2023 result	FY2024 FCT (Nov. 7)	vs. Prev. year
Electronic materials	25,105	30,700	5,595	260	2,300	2,040
FPC materials (Arisawa)	13,814	17,000	3,186			
FPC materials (ThinFlex)	7,852	9,800	1,948			
ICGC, Prepreg	1,741	2,100	359			
Printed Wiring Board (Satosen)	1,698	1,800	102			
Industrial structural materials	10,602	10,600	-2	1,476	1,750	274
Honey-comb panel	1,818	1,000	-818			
FRP pressure vessels for water purification	6,044	7,400	1,356			
Others	2,740	2,200	-540			
Electrical insulating materials	2,533	2,400	-133	315	50	-265
Display materials	3,535	5,100	1,565	940	1,600	660
Related materials, others	339	400	61	199	200	1
Total	42,114	49,200	7,086	3,190	5,900	2,710
		Corporate Expenses		-1,707	-1,700	7
		Operating Profit		1,483	4,200	2,717

Market forecasts

- Demand for smartphones and semiconductors is expected to remain firm.
- Water purification materials for drinking and industrial water, etc., continue with strong growth due to an increase in demand.
- Honeycomb panels for aircraft are expected to remain weak from the 2nd half of FY2024 onwards.
- Demand for medical 3D monitors and polarization control optical components are also expected to remain firm.

Performance forecasts (vs. Prev. year)

- Consolidated sales are expected to increase by 7,086 million yen due to increases in sales of mainly electronic materials and display materials (+16.8% YoY).
- Operating profit is expected to increase by 2,717 million yen (2.8 times YoY) due to an increase in sales.

FY2024 FY Segment Comparison (vs. FCT)



ARISAWA

	Sales (million yen)			Segment Profit (million yen)		
	FY2024 FCT (Aug. 8)	FY2024 FCT (Nov. 7)	vs. FCT	FY2024 FCT (Aug. 8)	FY2024 FCT (Nov. 7)	vs. FCT
Electronic materials	29,800	30,700	900	2,000	2,300	300
FPC materials (Arisawa)	15,700	17,000	1,300			
FPC materials (ThinFlex)	9,900	9,800	-100			
ICGC, Prepreg	2,300	2,100	-200			
Printed Wiring Board (Satosen)	1,900	1,800	-100			
Industrial structural materials	12,000	10,600	-1,400	1,800	1,750	-50
Honey-comb panel	1,800	1,000	-800			
FRP pressure vessels for water purification	7,300	7,400	100			
Others	2,900	2,200	-700			
Electrical insulating materials	2,400	2,400	0	120	50	-70
Display materials	4,300	5,100	800	900	1,600	700
Related materials, others	400	400	0	180	200	20
Total	48,900	49,200	300	5,000	5,900	900
		Corporate Expenses		-1,800	-1,700	100
		Operating Profit		3,200	4,200	1,000

Performance forecasts (vs. FCT)

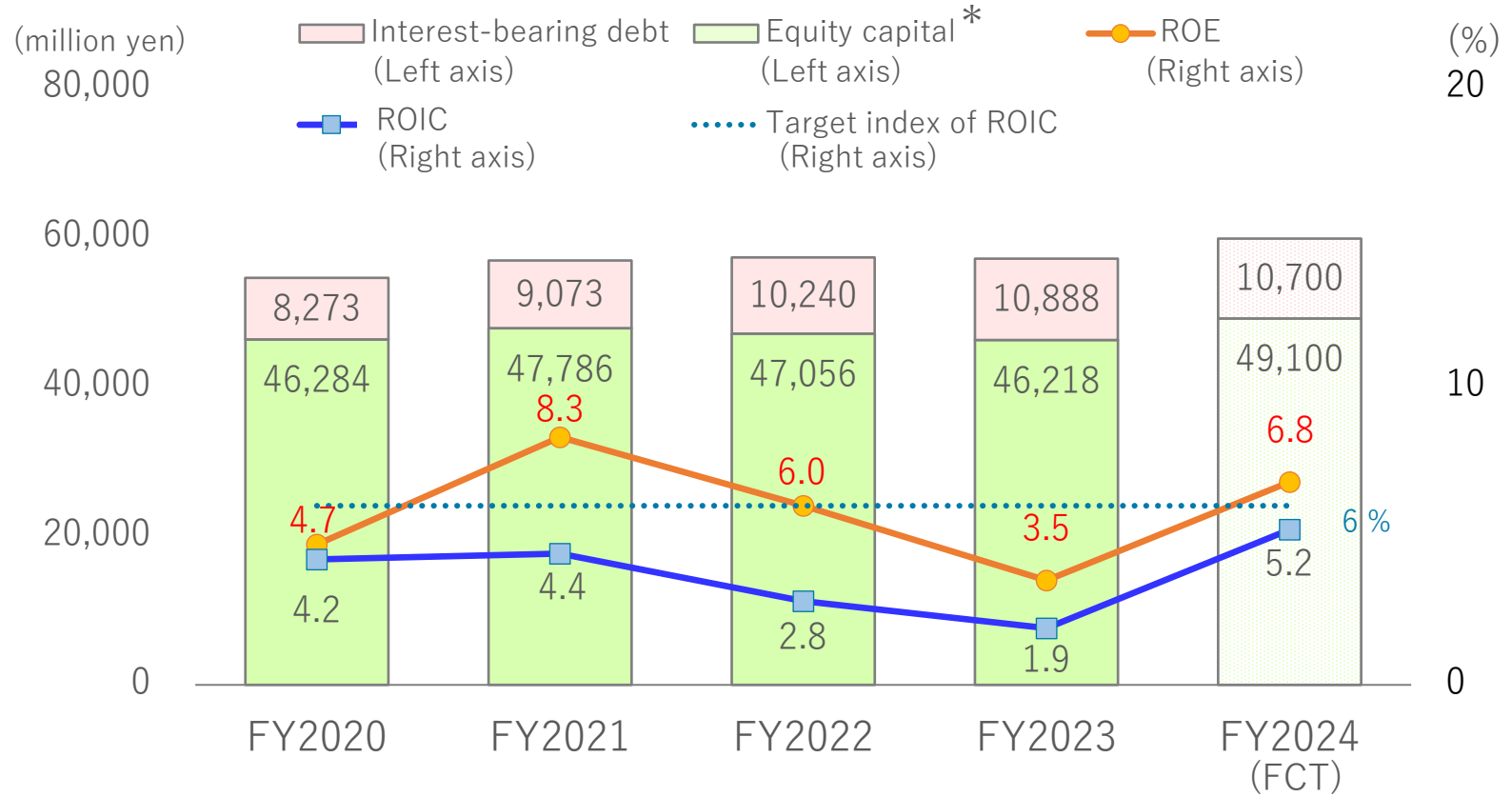
- In electronic and display materials, the strong performances in the first half are expected to remain. On the other hand, in industrial structural materials, the sales of honey-comb panels and in-vehicle materials which are included in “Others” are expected to decrease.
- As a result, consolidated sales are expected to increase by 300 million yen (+0.6% vs. FCT) and operating profit is expected to increase by 1,000 million yen (+31.3% vs. FCT).
- In electronic materials, the sales are expected to increase by 900 million yen (+3.0% vs. FCT) due to increases in those of smartphone and semi-conductor applications.
- In industrial structural materials, the sales are expected to decrease by 1400 million yen (-11.7% vs. FCT).
- In display materials, the sales are expected to increase by 800 million yen (+18.6% YoY) due to increases in sales of 3D-related materials and a one-shot order of polarization control optical components.

ROE, ROIC history



ROE= Net Profit / Equity capital

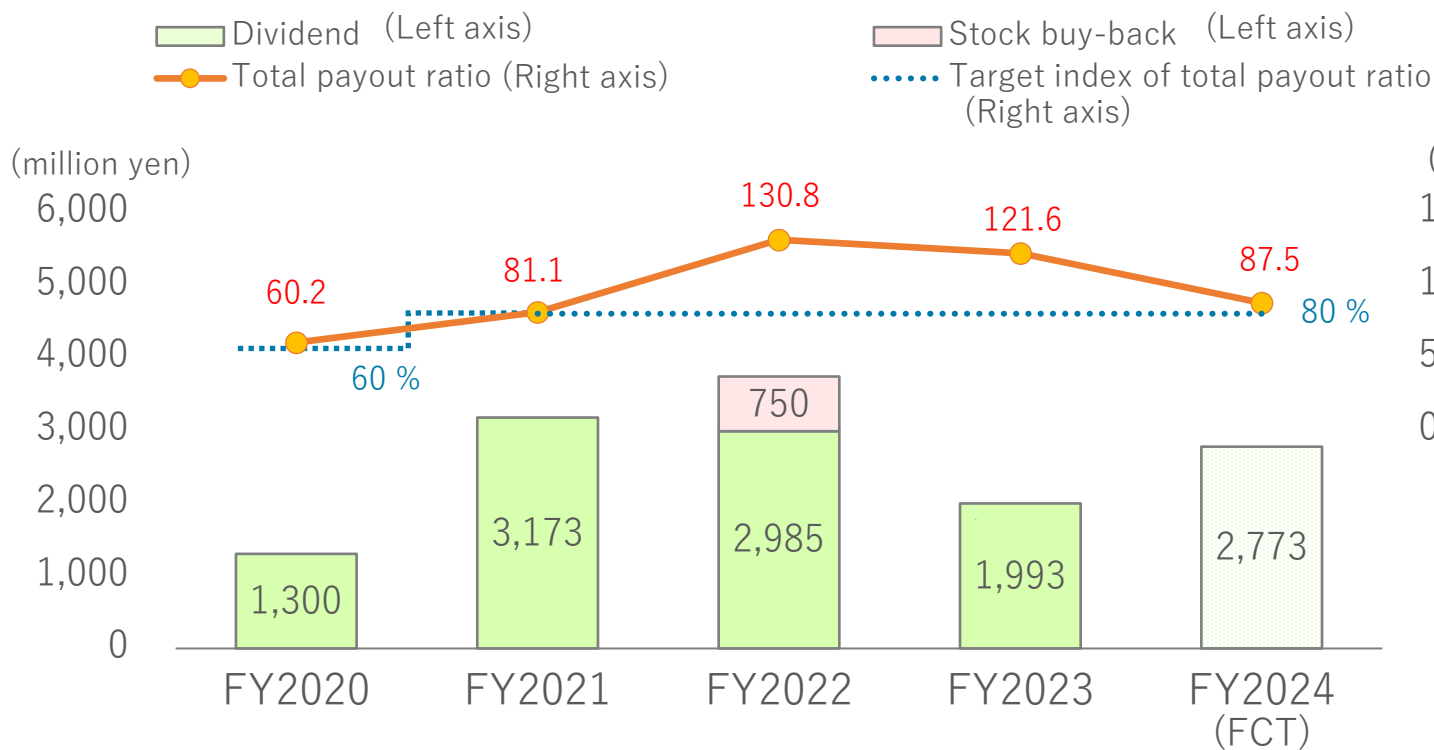
ROIC= NOPLAT(Net Operating Profit Less Adjusted Tax) / (Equity capital + Interest-bearing debt)



• ROIC of the FY2024 is expected to be 5.2% due to an increase in operating profit.
 (The operating profit FY2024 is expected to be 4,200 million yen, which is 2.8 times that of the FY2023, 1,483 million yen.)

* Equity capital shown above excludes share subscription rights, stock options and noncontrolling interests from total equity.

Dividend and Total Payout Ratio History



Shareholder Return Policy

(announced on April 10, 2024).

- Until FY2023, we actively returned profits to shareholders, aiming for “total payout ratio of at least 80%”.
- Under the policy above, the shareholder returns were unstable because we are sensitive to changes in business conditions.
- We introduced a dividend policy from FY2024, in which the greater of either “dividend on equity (DOE) ratio of 6%”, which is a stability-oriented dividend, or “total payout ratio of 80% or more”, will be returned to shareholders. (Adaptation period: until when the equity ratio of around 50% is achieved.)

	FY2020	FY2021	FY2022	FY2023	FY2024
Share Price (Yen/Share)*	1,000	957	1,254	1,137	—
Dividend (Yen/Share)	39	95	90	60	Total 84 (FCT)
Dividend yield (%)	3.9	9.9	7.2	5.3	—

* Closing price at the end of each FY

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FY2023 1H Segment Comparison

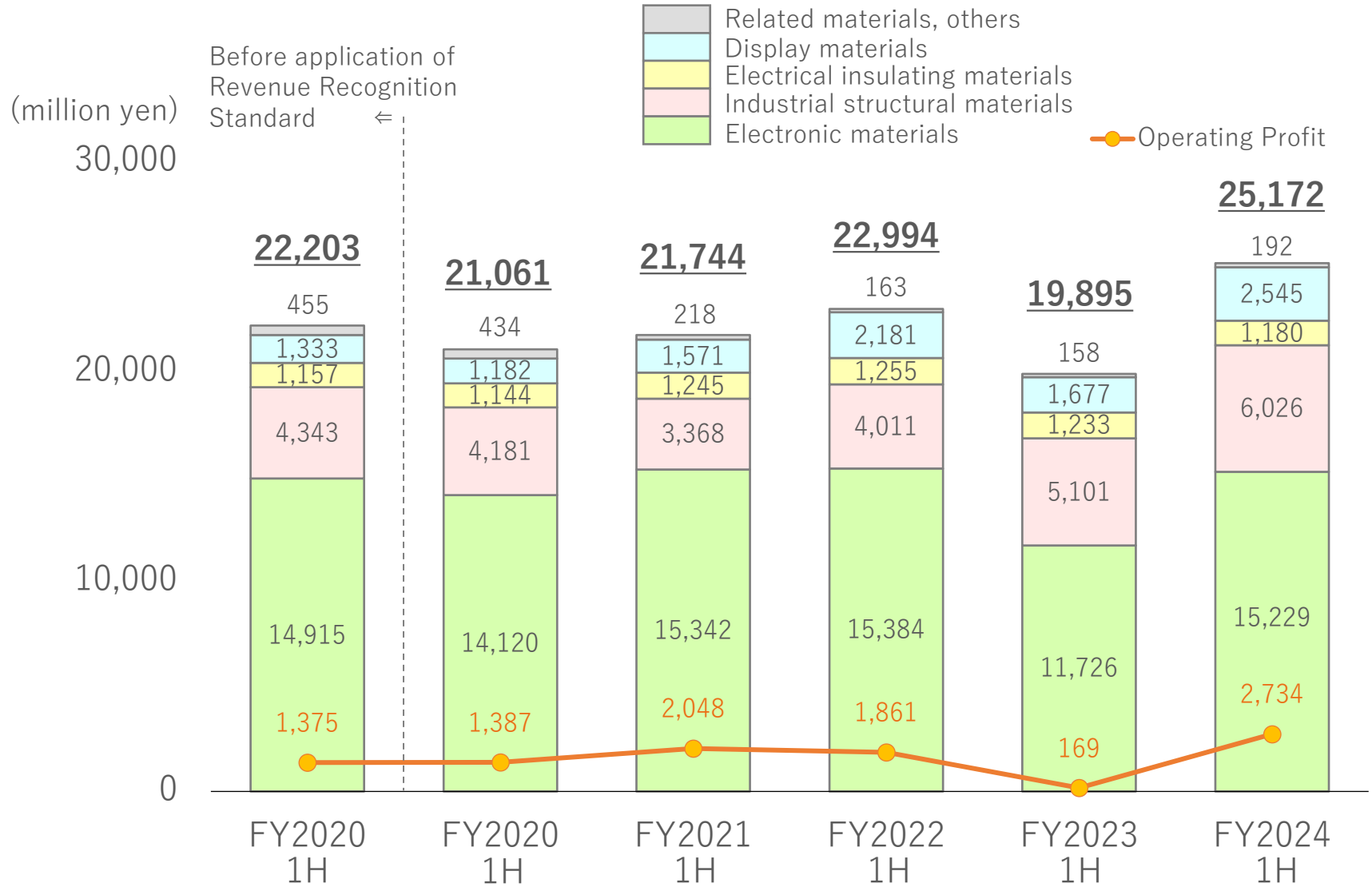


ARISAWA

(million yen)

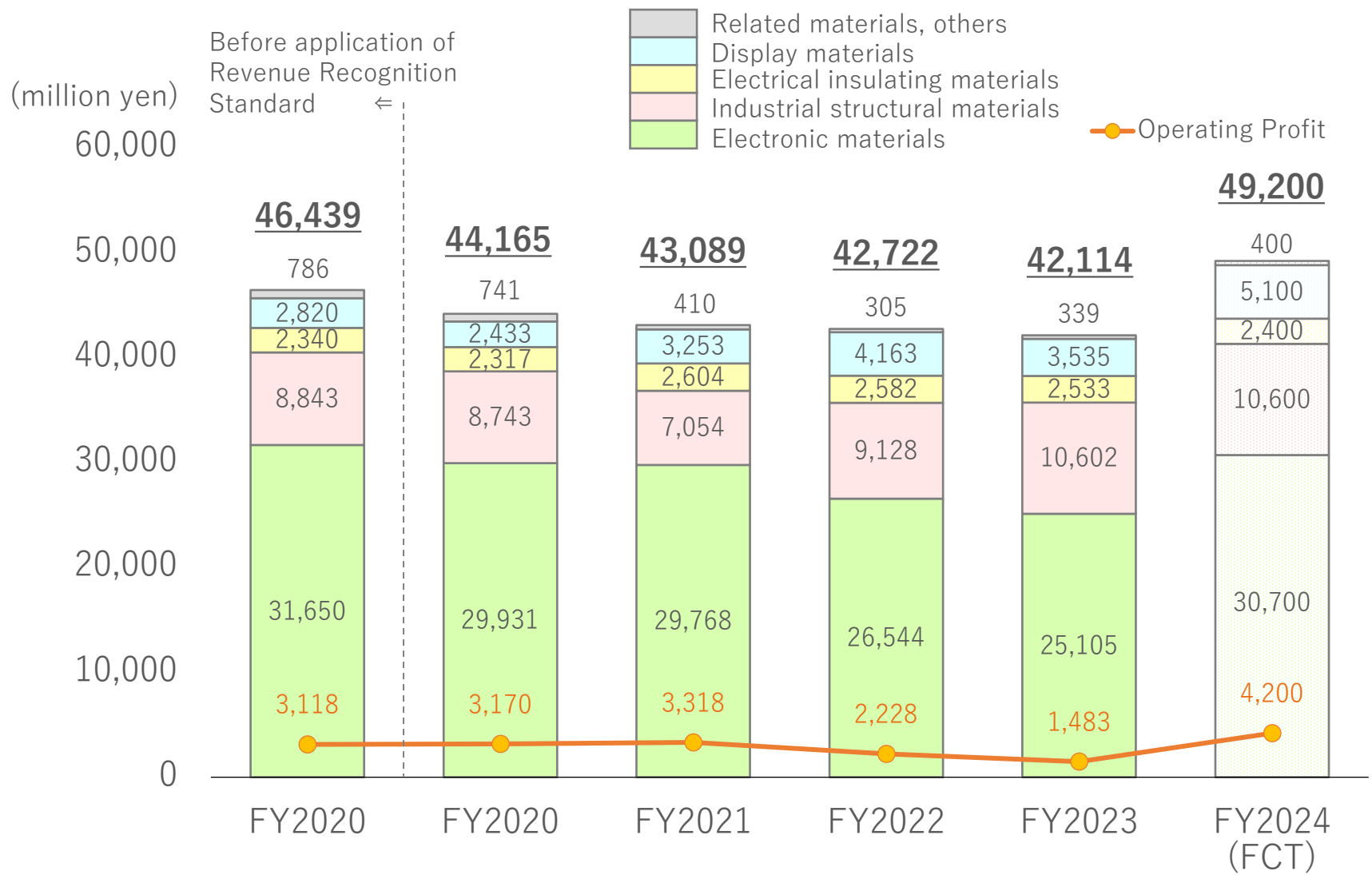
	Sales					Operating Profit				
	FY2023 1H result	FY2024 FCT (Aug. 8)	FY2024 1H result	Change		FY2023 1H result	FY2024 FCT (Aug. 8)	FY2024 1H result	Change	
				vs. Prev. year	vs. FCT				vs. Prev. year	vs. FCT
Non-consolidated										
Arisawa Mfg.	12,627	14,800	15,765	3,138	965	198	900	1,507	1,309	607
Consolidated										
ThinFlex	3,578	5,400	5,423	1,845	23	-426	100	99	525	-1
Satosan	854	900	894	40	-6	0	20	41	41	21
Arisawa Fiber Glass	805	1,150	1,068	263	-82	-121	0	27	148	27
Protec	3,061	3,900	3,880	819	-20	424	700	729	305	29
Arisawa Sogyo	866	950	934	68	-16	62	40	54	-8	14
Arisawa Jushi Kogyo	147	100	126	-21	26	21	0	2	-19	2
ColorLink Japan	714	1,100	1,186	472	86	15	140	204	189	64
(Adjustment)	-2,757	-4,000	-4,104			-4	0	71		
Total	19,895	24,300	25,172	5,277	872	169	1,900	2,734	2,565	834

Segment Comparison History (Sales and Operating Profit) (1H)



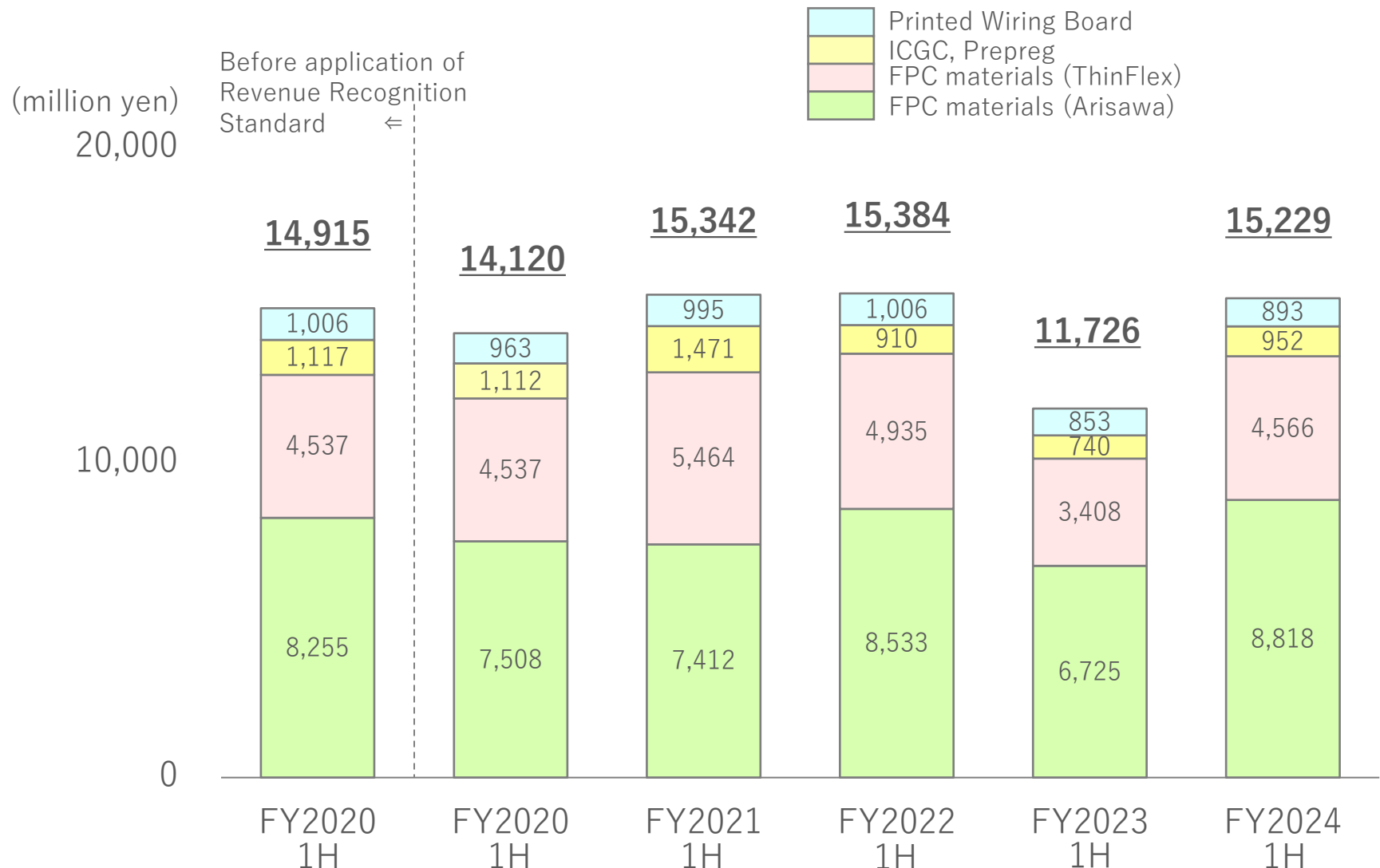
Revenue recognition standards have been applied since FY2021 (Retroactive application for FY2020, as a reference).

Segment Comparison History (Sales and Operating Profit)



Revenue recognition standards have been applied since FY2021 (Retroactive application for FY2020, as a reference).

Electronic Materials Sales History (1H)

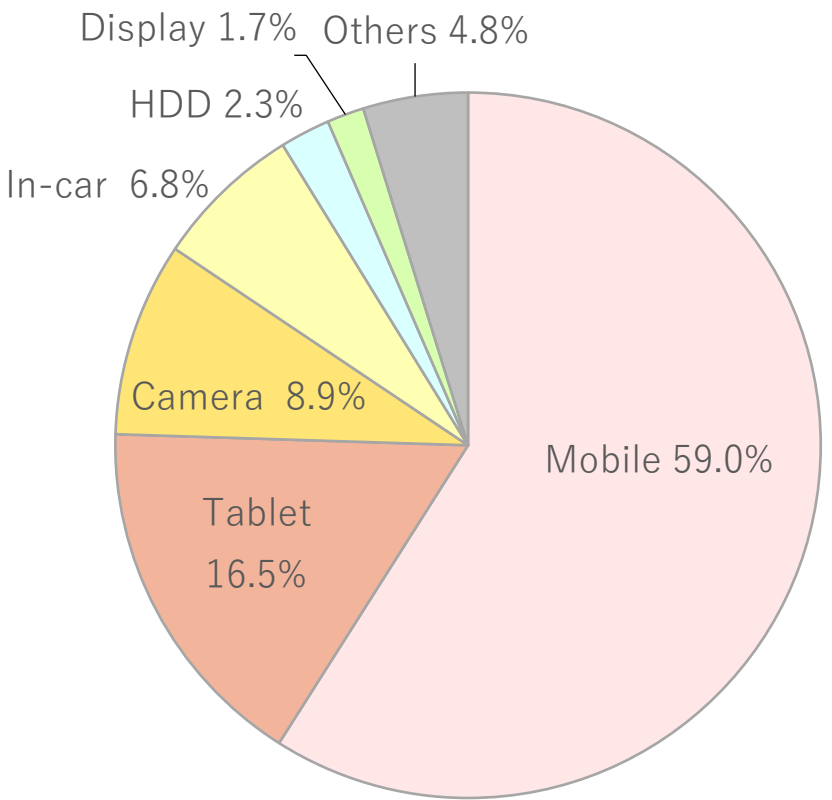


Revenue recognition standards have been applied since FY2021 (Retroactive application for FY2020, as a reference).

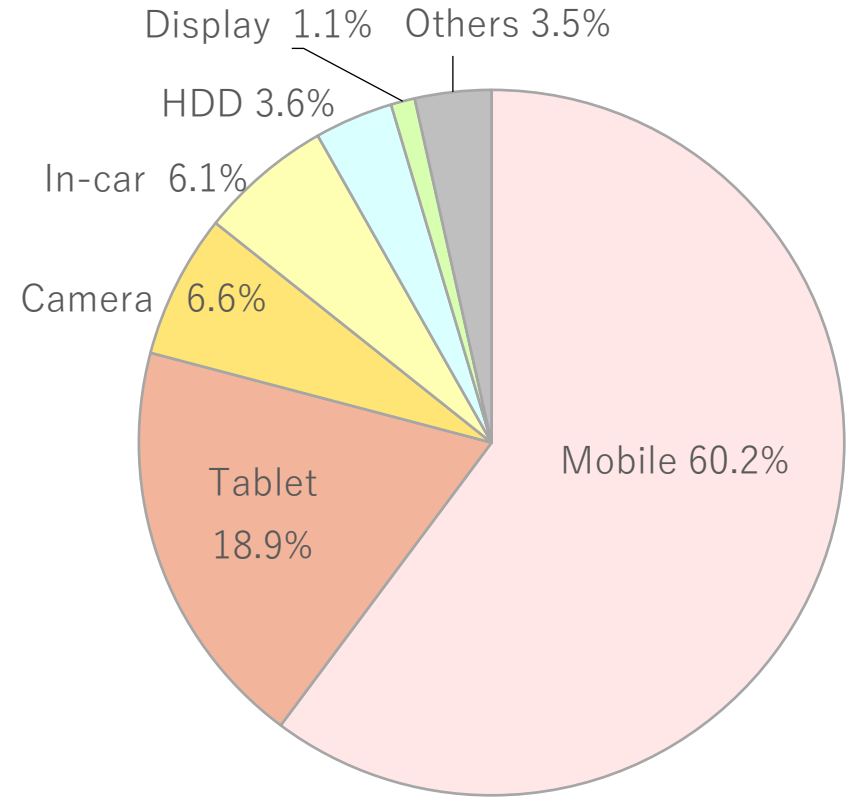
Our FPC's Major Applications



FY2023/1H

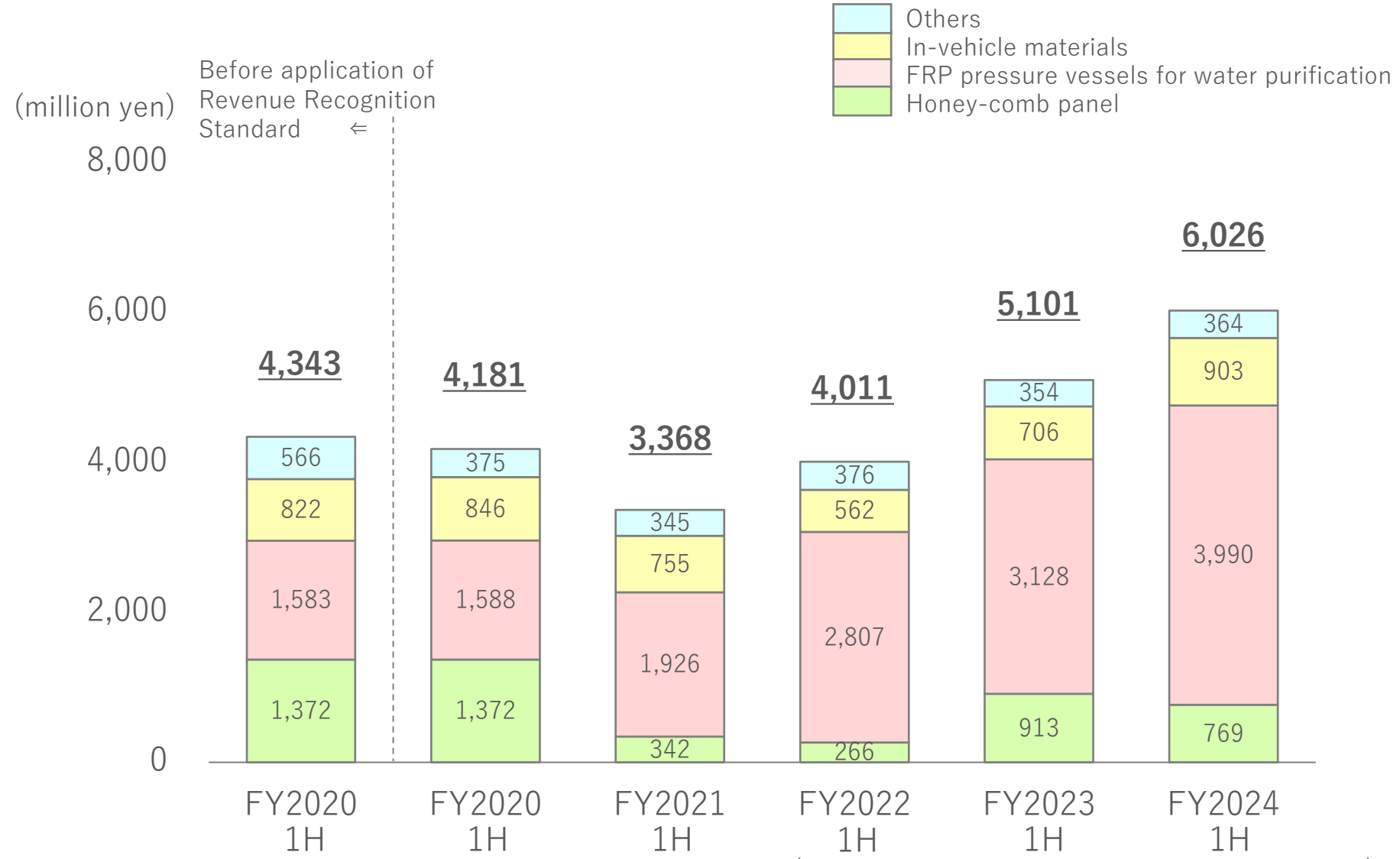


FY2024/1H



In volume terms
Source: Arisawa estimates

Industrial Structural Materials Sales History (1H)



Revenue recognition standards have been applied since FY2021 (Retroactive application for FY2020, as a reference).

New Products Sales History (Non-consolidated: monthly basis)



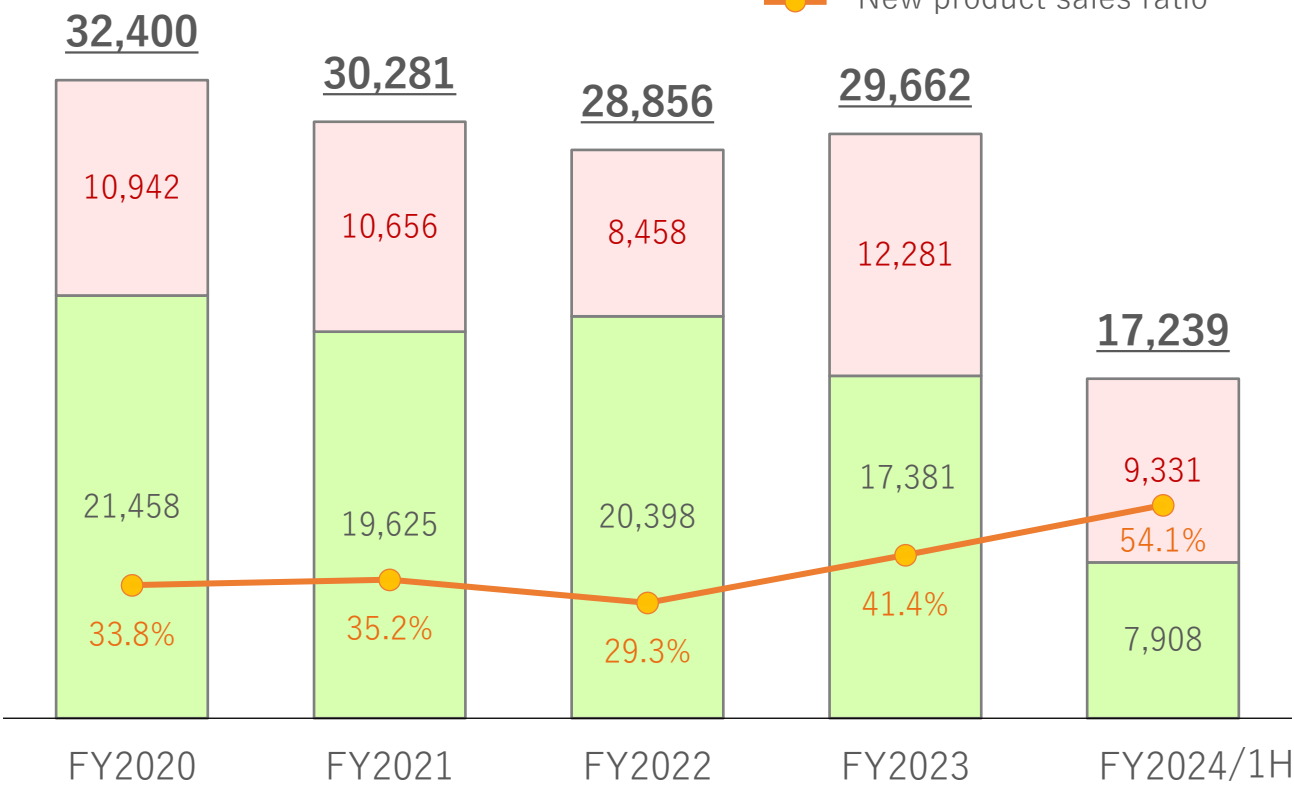
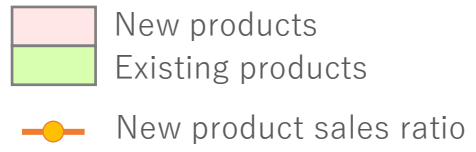
Sales of new products (million yen)

To enhance profitability by developing differentiated and application products, in addition to environmentally sound products

New product sales ratio (%)

= Sales of new products / Whole sales

Target of new product sales ratio: 50% or more



Classifications and requirements of new products

- P(Pure)** (New materials, compounding, effect, new process and method)(Patent application or equivalent)
- T(Technical)** (Significant process improvements, increased productivity, change and improvement of materials and compounding)
- S(Sales)** (Expanding application, model change)
- E(Eco)** (Adopting materials and process having CO₂ reduction effect. Reducing CO₂ in application and process in our customers) **...Adopted from FY2022**
- E-C(E-CO₂)** (Reducing energy by modifying existing production conditions) **... Adopted from 2nd half of FY2023**

A period during which products are counted as new is the first three years after start of the sales.

Consolidated Balance Sheets History (Outline)



Assets

(Million yen)

100,000

80,000

60,000

40,000

20,000

0

Investment and other assets Non-current assets Current assets

67,257

68,689

67,659

68,816

73,555

42,355

45,876

47,420

47,097

50,493

13,462

14,054

16,690

18,345

19,546

11,440

8,759

3,549

3,374

3,516

FY2020

FY2021

FY2022

FY2023

FY2024/1H

Liabilities and net assets

(Million yen)

100,000

80,000

60,000

40,000

20,000

0

Net assets Non-current liabilities Current liabilities

67,257

68,689

67,659

68,816

73,555

14,118

15,191

16,277

19,423

20,532

5,695

5,533

4,275

3,147

4,507

47,444

47,965

47,107

46,246

48,516

FY2020

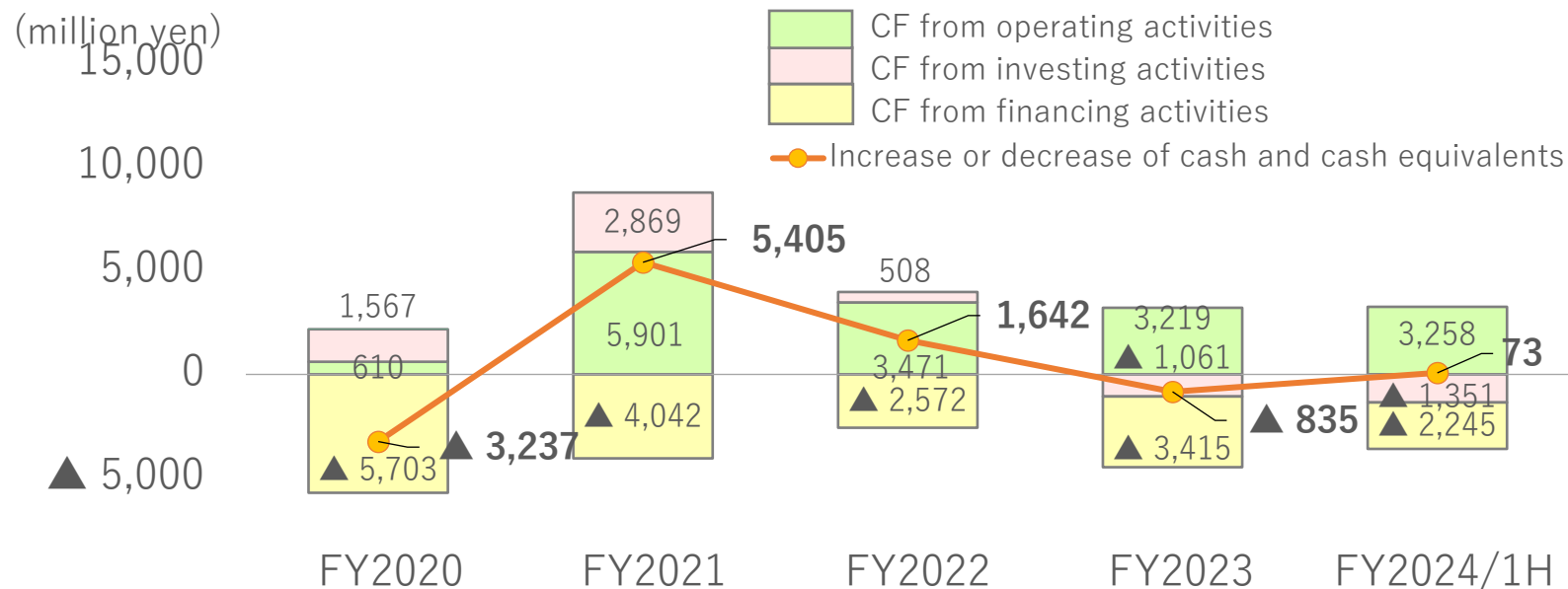
FY2021

FY2022

FY2023

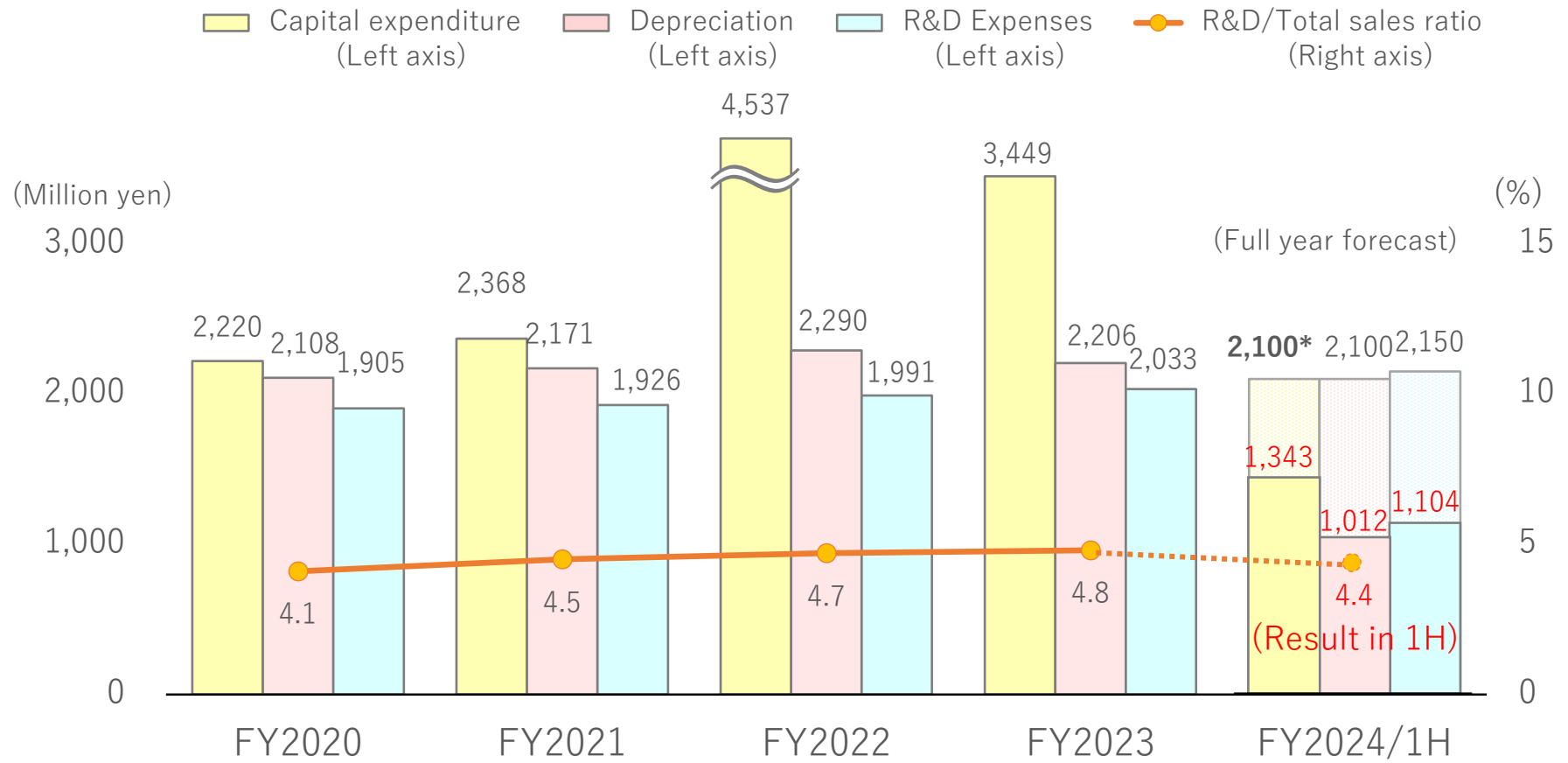
FY2024/1H

Cash Flow History



	FY2020	FY2021	FY2022	FY2023	FY2024/1H
CF from operating activities	610	5,901	3,471	3,219	3,258
Income tax, etc. paid	▲4,970	889	▲1,588	▲1,016	34
CF from investing activities	1,567	2,869	508	▲1,061	▲1,351
Purchases of property, plant and equipment and intangible assets	▲1,983	▲2,007	▲4,375	▲3,779	▲1,353
Gain on sale of investment securities	4,938	3,235	6,411	1,087	2
CF from financial activities	▲5,703	▲4,042	▲2,572	▲3,415	▲2,245
Dividends paid	▲995	▲1,463	▲3,000	▲3,641	▲1,327
Purchase of treasury shares		▲82	▲748		
Wholly owned subsidiary of ThinFlex	▲4,324	▲2,439			

Capital Expenditure, Depreciation and R&D Expenses History



* Forecast of the capital expenditure FY2024: it was released as 7,100 million yen in the Medium-term management plan announced on May 9, 2024. However, it was revised as 2,100 million yen because the completion of the Innovation Center was delayed to July 2025.

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