



# Closing Announcement of First Quarter of the Fiscal Year Ending March 31, 2020 [Japanese Standards] (Consolidated)

August 1, 2019

Name of Listed Company:	Arisawa Mfg. Co., Ltd.	Listed on the Tokyo Stock Exchange
Code No.:	5208	(URL <a href="http://www.arisawa.co.jp/">http://www.arisawa.co.jp/</a> )
Representative:	Representative Director and CEO:	Yuta Arisawa
Contact Person:	Operating Officer,	
	Corporate Planning Department:	Takeshi Masuda
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Scheduled Date of Submitting Financial Report:	August 9, 2019	
Scheduled Date of Commencement of Dividend Payment:	---	
Whether supplementary explanation materials for the closing are prepared:	No	
Whether explanation meeting is held for the closing:	No	

(Indicated by rounding off an amount less than 1 million yen)

## 1. Consolidated Results in First Quarter of the Fiscal Year Ending March 31, 2020 (From April 1, 2019 to June 30, 2019)

### (1) Consolidated Operating Results (Cumulative) (% indication shows the increase or decrease rate from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
First Quarter of the Fiscal Year Ending March 31, 2020	10,547	Δ3.8	502	Δ40.3	594	Δ51.9	250	Δ70.8
First Quarter of the Fiscal Year Ended March 31, 2019	10,961	19.9	842	34.7	1,237	52.6	858	44.2

(Note) Comprehensive income: First Quarter of the Fiscal Year Ending March 31, 2020: Δ178 million yen (457.2%)  
First Quarter of the Fiscal Year Ended March 31, 2019: 49 million yen (Δ92.0%)

	Net profit per share	Fully diluted net profit per share
	(Yen, Sen)	(Yen, Sen)
First Quarter of the Fiscal Year Ending March 31, 2020	6.91	6.89
First Quarter of the Fiscal Year Ended March 31, 2019	23.80	23.58

### (2) Consolidated Financial Conditions

	Total assets	Net assets	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(Yen, Sen)
First Quarter of the Fiscal Year Ending March 31, 2020	72,762	52,229	68.0	1,364.60
Fiscal Year Ended March 31, 2019	73,096	53,462	68.3	1,347.12

(Reference) Net worth: First Quarter of the Fiscal Year Ending March 31, 2020: 49,461 million yen  
Fiscal Year Ended March 31, 2019: 50,626 million yen

## 2. Status of Dividend

	Annual dividend				
	End of 1 <sup>st</sup> quarter	End of 2 <sup>nd</sup> quarter	End of 3 <sup>rd</sup> quarter	End of year	Annual
	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)
Fiscal Year Ended March 31, 2019	---	0.00	---	30.00	30.00
Fiscal Year Ending March 31, 2020	---				
Fiscal Year Ending March 31, 2020 (Forecast)		---	---	---	---

(Note) Existence of adjustment from the most recently announced dividend forecast: None

Dividend for the fiscal year ending March 31, 2020 has yet to be determined.

## 3. Expected Consolidated Results for Fiscal Year Ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

(% indication shows the increase or decrease rate from the previous year for full-year and from the same quarter of previous year for each quarter)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent		Net profit per share
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%	(Yen, Sen)
Second Quarter (Cumulative)	22,650	Δ0.3	1,400	Δ19.2	1,950	Δ24.7	1,250	Δ29.6	34.49
Full Year	45,600	1.9	3,050	Δ2.2	4,100	Δ4.6	2,750	Δ3.9	75.87

(Note) Existence of adjustment from the most recently announced forecast of business results: None

\* Notes

(1) Changes in material subsidiaries during the current consolidated cumulative quarter (changes in specified subsidiaries accompanying changes in scope of consolidation): None  
 New: --- (Company Name: ) Exclusion: --- (Company Name: )

(2) Application of accounting particular to preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policy, changes in accounting estimates and restatement

1) Changes in accounting policy in connection with the amendment of accounting standards, etc.: Yes

2) Changes in accounting policy other than 1) above: None

3) Changes in accounting estimate: None

4) Restatement: None

(4) Number of outstanding shares (common stocks)

1) Number of outstanding shares at the end of year (including treasury stocks):	1Q of Fiscal Year Ending March 31, 2020:	36,254,024 shares	Fiscal Year Ended March 31, 2019:	36,226,224 shares
2) Number of treasury stocks at the end of year:	1Q of Fiscal Year Ending March 31, 2020:	7,450 shares	Fiscal Year Ended March 31, 2019:	7,378 shares
3) Average number of shares during the year (cumulative quarter)	1Q of Fiscal Year Ending March 31, 2020:	36,225,276 shares	1Q of Fiscal Year Ended March 31, 2019:	36,058,809 shares

\* The quarterly closing announcement is not subject to quarterly review by a certified public accountant or an audit corporation.

\* Explanation about Appropriate Use of the Forecast of Business Results and other Matters to be Noted

Description regarding the future such as the forecast of business results stated in this material is based on information which the Company has currently obtained and certain assumptions that the Company determines to be reasonable, although actual results may significantly differ from the forecast depending on various factors.

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## 1. Qualitative Information concerning Current Quarterly Closing Announcement

### (1) Explanation about Business Results

The Japanese economy in the current first quarter consolidated cumulative period continued along a gradual recovery, however, future uncertainty continues to linger due to increasing concerns about a deceleration in the global economy as a result of the effects of US-China trade friction and a slowdown in Chinese economic growth.

Under such circumstances, for the business results in the current first quarter cumulative period of the Company Group (the Company, consolidated subsidiaries and companies to which the equity method is applied), sales were ¥10,547 million (a decrease of 3.8% as compared with the same period in the previous year). For profit and loss, operating profit was ¥502 million (a decrease of 40.3% as compared with the same period in the previous year) and ordinary profit was ¥594 million (a decrease of 51.9% as compared with the same period in the previous year) and the quarterly net profit attributable to owners of the parent was ¥250 million (a decrease of 70.8% as compared with the same period in the previous year).

Business results of each segment were as follows.

#### (Electronic materials)

While sales of flexible printed circuit board materials increased, due to a decrease in sales of rigid printed circuit board materials, etc., sales were ¥6,550 million, a decrease of ¥310 million as compared with the same period in the previous year (4.5% as compared with the same period in the previous year).

#### (Industrial application structural materials)

While sales of pressure vessels for water treatment decreased, due to an increase in sales of aircraft materials, etc., sales were ¥2,174 million, an increase of ¥1 million as compared with the same period in the previous year (0.1% as compared with the same period in the previous year).

#### (Electric insulation materials)

Due to a decrease in sales of electric insulation materials for heavy electric machinery, sales were ¥767 million, a decrease of ¥37 million as compared with the same period in the previous year (4.6% as compared with the same period in the previous year).

#### (Display materials)

Due to a decrease in sales of optical-related materials, sales were ¥849 million, a decrease of ¥87 million as compared with the same period in the previous year (9.4% as compared with the same period in the previous year).

#### (Other)

Sales were ¥205 million, an increase of ¥19 million as compared with the same period in the previous year.

### (2) Explanation about Financial Conditions

Total assets at the end of the current consolidated first quarter were ¥72,762 million, a decrease of ¥333 million as compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease in investment securities of ¥517 million, etc. Liabilities were ¥20,532 million, an increase of ¥898 million as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in reserve for bonuses of ¥410 million, etc. Net assets were ¥52,229 million, a decrease of ¥1,232 million as compared with the end of the previous consolidated fiscal year. This was due to a decrease in valuation difference on other securities of ¥216 million and a decrease in foreign currency translation adjustments of ¥146 million respectively.

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

As for the forecast of consolidated (cumulative) business results for the second quarter and the consolidated business results for the full-year of the fiscal year ending March 31, 2020, there is no change in the business results forecast as announced on May 10, 2019.

## 2. Quarterly Consolidated Financial Statements and Major Notes

## (1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2019)	Current Consolidated First Quarter (As of June 30, 2019)
Assets		
Current Assets		
Cash and deposits	8,193,697	7,597,291
Notes and accounts receivable	16,127,374	15,865,631
Securities	1,401,188	1,514,206
Merchandise and finished goods	4,012,943	4,118,840
Work-in-progress	1,941,748	1,962,292
Raw materials and stores	3,378,698	3,738,091
Other	1,190,214	1,185,240
Allowance for doubtful accounts	△668,052	△610,714
Total Current Assets	35,577,813	35,370,880
Fixed Assets		
Tangible fixed assets	11,998,454	13,060,664
Intangible fixed assets		
Goodwill	219,309	204,688
Other	175,923	170,277
Total intangible fixed assets	395,233	374,965
Investments and other assets		
Investment securities	23,142,852	22,625,091
Other	2,125,569	1,512,329
Allowance for doubtful accounts	△143,823	△181,335
Total investments and other assets	25,124,598	23,956,084
Total Fixed Assets	37,518,286	37,391,715
Total Assets	73,096,100	72,762,596

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2019)	Current Consolidated First Quarter (As of June 30, 2019)
<b>Liabilities</b>		
Current Liabilities		
Notes and accounts payable	6,105,195	6,258,037
Bonds to be redeemed within a year	36,800	36,800
Short-term borrowings	5,394,122	5,705,552
Current portion of long-term borrowings	779,820	658,972
Corporate income tax, etc., payable	300,788	384,250
Reserve for bonuses	510,407	831,294
Reserve for officers' bonuses	3,957	1,226
Other	3,041,830	2,906,435
Total Current Liabilities	16,172,921	16,782,567
Fixed Liabilities		
Bonds payable	128,000	109,600
Long-term borrowings	1,265,465	1,248,172
Net defined benefit liabilities	626,885	633,343
Asset retirement obligations	92,502	92,541
Other	1,348,196	1,666,453
Total Fixed Liabilities	3,461,049	3,750,111
Total Liabilities	19,633,971	20,532,678
<b>Net Assets</b>		
Shareholders' equity		
Capital	7,541,693	7,553,077
Capital surplus	6,653,615	6,665,000
Earned surplus	35,130,363	34,294,172
Treasury stock	△4,764	△4,828
Total shareholders' equity	49,320,907	48,507,421
Accumulated other comprehensive income		
Valuation difference on other securities	745,120	528,127
Deferred hedge profit or loss	443	4,848
Foreign currency translation adjustments	707,571	561,495
Accumulated adjustment for retirement benefits	△147,916	△139,950
Total accumulated other comprehensive income	1,305,219	954,521
New share subscription rights	144,419	154,415
Non-controlling interest	2,691,582	2,613,558
Total Net Assets	53,462,129	52,229,917
Total Liabilities and Net Assets	73,096,100	72,762,596

(2) Quarterly Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income  
 (Quarterly Consolidated Profit and Loss Statement)  
 (Consolidated Cumulative First Quarter)

(Unit: thousand yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)	Current Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)
Sales	10,961,088	10,547,117
Cost of Goods Sold	8,915,670	8,797,552
Gross Profit on Sales	2,045,418	1,749,564
Selling, General and Administrative Expenses	1,202,889	1,246,618
Operating Profit	842,528	502,945
Non-operating Income		
Interest income	79,254	76,809
Dividend income	46,179	52,165
Investment profit by equity method	118,455	---
Foreign currency exchange profit	199,729	---
Other	83,611	74,288
Total Non-operating Income	527,230	203,263
Non-operating Expenses		
Interest expenses	20,495	23,018
Investment loss by equity method	---	57,223
Other	111,908	31,207
Total Non-operating Expenses	132,404	111,449
Ordinary Profit	1,237,355	594,760
Extraordinary Profits		
Profit on sale of investment securities	65,010	---
Profit on reversal of new share subscription rights	956	615
Other	6,544	---
Total Extraordinary Profits	72,511	615
Extraordinary Losses		
Loss on retirement of fixed assets	1,412	2,098
Total Extraordinary Losses	1,412	2,098
Net profit before taxes, etc.	1,308,454	593,277
Corporate income tax, etc.	366,659	286,910
Net profit	941,795	306,366
Net profit attributable to non-controlling interests	83,503	55,992
Net profit attributable to owners of the parent	858,291	250,373



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

(Unit: thousand yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)	Current Consolidated Cumulative First Quarter (From April 1, 2019 to June 30, 2019)
Net profit	941,795	306,366
Other comprehensive income		
Valuation difference on other securities	Δ223,080	Δ217,012
Deferred hedge profit or loss	Δ10,595	4,404
Foreign currency translation adjustments	Δ518,282	Δ292,254
Adjustment for retirement benefits	6,763	8,563
Share of other comprehensive income of companies to which equity method is applied	Δ146,665	11,584
Total other comprehensive income	Δ891,861	Δ484,714
Comprehensive income	49,933	Δ178,348
(Breakdown)		
Comprehensive income attributable to owners of the parent	153,284	Δ100,324
Comprehensive income attributable to non- controlling interests	Δ103,350	Δ78,023

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Assumptions on a Going Concern)

No applicable matter.

(Explanatory Note in Case of Significant Changes in the Amount of Shareholders' Equity)

No applicable matter.

(Application of Accounting Particular to Preparation of Consolidated Quarterly Financial Statements)

(Calculation of tax expenses)

For tax expenses, the effective tax rate is reasonably estimated after application of tax effect accounting for net profit before taxes in the consolidated fiscal year including the current consolidated first quarter and these are calculated by multiplying the quarterly net profit before taxes by the estimated effective tax rate.

(Changes in Accounting Policy)

(Application of IFRS No. 16 (Lease))

Subsidiaries of the Company Group to which IFRS applies have applied IFRS No. 16 "Lease" (published in January 2016) (hereinafter referred to as "IFRS No. 16") from the current consolidated first quarter. In application of IFRS No. 16, we adopted the method of recognizing the cumulative impact by application of these Standards as of the date of commencement of application, which is permitted as a transitional measure.

For lease as a lessee which was previously classified into operating lease by applying IAS No. 17, right-of-use assets and lease liabilities are recognized as of the date of commencement of application.

Some assets, which were included in other amount of investments and other assets were transferred to right-of-use assets.

In connection with application of these Standards, in the Quarterly Consolidated Balance Sheet, tangible fixed assets of ¥392,797 thousand, other amount of current liabilities of ¥31,842 thousand and fixed liabilities of ¥317,720 thousand increased respectively and other amount of investments and other assets of ¥43,746 thousand decreased.

Impact by the above change on profit and loss for the current consolidated cumulative first quarter is minor.

(Segment Information, etc.)

[Segment Information]

I Previous consolidated cumulative first quarter (From April 1, 2018 to June 30, 2018)

## 1. Information about the amount of sales and profit/loss by reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note 1)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	6,860,712	2,172,576	804,959	936,945	10,775,193	185,895	10,961,088
Intersegment sales or transfers	---	---	---	---	---	191,602	191,602
Total	6,860,712	2,172,576	804,959	936,945	10,775,193	377,498	11,152,691
Segment profit	641,059	397,135	131,692	50,542	1,220,430	53,804	1,274,235

(Note) 1. The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

2. Segment profit shows the amount after being reflected in the material review of the initial allocation of the acquisition cost as a result of determination of provisional accounting treatment set forth in "Notes (Notes Related to Business Combination, etc.)."

2. Difference between the total amount of profit/loss of reportable segments and the amount shown in the quarterly consolidated profit and loss statement and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	1,220,430
Profit in category "Other"	53,804
Elimination of intersegment transactions	Δ22,499
Amortization of goodwill	Δ14,620
Expenses of entire company (Note)	Δ366,916
Adjustment of inventories	Δ27,669
Operating profit in quarterly consolidated profit and loss statement	842,528

(Note) Expenses of the entire company are mainly general and administrative expenses not attributable to reportable segments.

## 3. Information about loss on impairment of fixed assets or goodwill, etc., by reportable segment

No applicable matter.

## II Current consolidated cumulative first quarter (From April 1, 2019 to June 30, 2019)

## 1. Information about the amount of sales and profit/loss by reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	6,550,661	2,174,259	767,942	849,133	10,341,996	205,120	10,547,117
Intersegment sales or transfers	---	---	---	---	---	186,713	186,713
Total	6,550,661	2,174,259	767,942	849,133	10,341,996	391,833	10,733,830
Segment profit	448,049	284,175	72,706	48,522	853,453	55,350	908,803

(Note) The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

## 2. Difference between the total amount of profit/loss of reportable segments and the amount shown in the quarterly consolidated profit and loss statement and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	853,453
Profit in category "Other"	55,350
Elimination of intersegment transactions	△17,681
Amortization of goodwill	△14,620
Expenses of entire company (Note)	△355,585
Adjustment of inventories	△17,970
Operating profit in quarterly consolidated profit and loss statement	502,945

(Note) Expenses of the entire company are mainly general and administrative expenses not attributable to reportable segments.

## 3. Information about loss on impairment of fixed assets or goodwill, etc., by reportable segment

No applicable matter.

(Notes Related to Business Combination, etc.)

(Material review of the initial allocation of the acquisition cost in the comparative information)

Although provisional accounting treatment was carried out for the previous consolidated first quarter related to business combination with Satosen Co., Ltd. which was conducted on November 30, 2017, determination was made in the previous consolidated third quarter.

In connection with the determination of provisional accounting treatment, in the comparative information included in the quarterly consolidated financial statements for the current consolidated cumulative first quarter, material review was reflected in the initial allocation of the acquisition cost, and the provisionally calculated amount of goodwill of ¥355,527 thousand decreased by ¥63,115 thousand after determination of accounting and it was ¥292,412 thousand. A decrease in goodwill was due to an increase in other amount of intangible fixed assets of ¥95,039 thousand and in other amount of fixed liabilities of ¥31,923 thousand respectively.

As a result, the impact on the Quarterly Consolidated Profit and Loss Statement for the previous consolidated cumulative first quarter is minor.