

# **QUARTERLY REPORT**

(The Second Quarter of the 75<sup>th</sup> Term)  
From July 1, 2022 to September 30, 2022

(TRANSLATION)

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

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Document to be filed:	Quarterly Report
Statutory basis:	Article 24-4-7, paragraph 1 of the Financial Instruments and Exchange Act
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	November 14, 2022
Quarterly accounting period:	The Second Quarter of the 75 <sup>th</sup> Term (From July 1, 2022 to September 30, 2022)
Company name (Japanese):	<i>Kabushiki-Kaisha Arisawa Seisakusho</i>
Company name (English):	Arisawa Mfg. Co., Ltd.
Name and title of representative:	Yuta Arisawa, President and Representative Director
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Places where copies of this Quarterly Report are made available for public inspection:	Arisawa Mfg. Co., Ltd., Tokyo Branch Office (12-5, Yanagibashi 2-chome, Taito-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)

## PART I. INFORMATION ON THE BUSINESS

### I. General Conditions of Business

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

Term	74 <sup>th</sup> term consolidated cumulative second quarter	75 <sup>th</sup> nd term consolidated cumulative second quarter	74 <sup>th</sup> term
Accounting period	From April 1, 2021 to September 30, 2021	From April 1, 2022 to September 30, 2022	From April 1, 2021 to March 31, 2022
Net sales (Millions of yen)	21,744	22,994	43,089
Ordinary income (Millions of yen)	2,287	2,408	4,204
Profit attributable to owners of the parent (Millions of yen)	1,745	2,563	3,911
Comprehensive income (Millions of yen)	1,798	3,003	4,530
Net assets (Millions of yen)	47,407	47,308	47,965
Total assets (Millions of yen)	68,828	70,866	68,689
Net income per share(Yen)	52.38	77.37	117.40
Fully diluted net income per share (Yen)	52.34	77.23	117.32
Equity ratio (%)	67.6	66.6	69.6
Cash flows from operating activities (Millions of yen)	2,867	1,559	5,901
Cash flows from investing activities (Millions of yen)	1,889	4,214	2,869
Cash flows from financing activities (Millions of yen)	△2,132	△3,379	△4,042
Cash and cash equivalents at the end of period (Millions of yen)	14,352	20,110	16,893

Term	74 <sup>th</sup> term consolidated second quarter	75 <sup>th</sup> term consolidated second quarter
Accounting period	From July 1, 2021 to September 30, 2021	From July 1, 2022 to September 30, 2022
Net income per share (Yen)	29.07	42.28

Note: As Arisawa Mfg. Co., Ltd. (hereinafter referred to as either the “Company” or the “Submitting Company”, as the case may be) prepares the quarterly consolidated financial statements, the changes in principal management indicators, etc. of the Submitting Company are not stated above.

#### 2. Description of Business

There was no material change in information regarding the business lines of our corporate group (the Company and its associated companies; hereinafter referred to as either the “Group” or “our Group”, as the case may be) in the current consolidated cumulative second quarter.

No change of organization was made to any of the Company’s principal associated companies.

## II. Status of Business

### 1. Business Risks, etc.

The current consolidated cumulative second quarter saw neither any new business risks, etc. emerging nor any significant change in the business risks, etc. stated in the Financial Report for the previous business year.

### 2. Analyses of Consolidated Financial Position, Business Results and Cash Flows by the Corporate Managers

Matters stated concerning the future in the text are based on judgments made as of the end of the current consolidated second quarter.

#### (1) Financial Position and Operating Results

##### 1) Operating Results

The Japanese economy in the current consolidated cumulative second quarter remained uncertain due to China's economic slowdown resulted from zero-Covid policy, soaring energy costs and raw material prices resulted from a prolonged conflict in Ukraine and a rapid weakening of the Japanese yen, etc., although it showed a gradual trend of recovery due to an easing of movement restrictions responding to the new corona virus infection (COVID-19), etc.

Under such circumstances, the results of operations of our Group (the Company, its consolidated subsidiaries and the companies accounted for under the equity method) for the current consolidated cumulative second quarter showed, due to a steady increase in sales of electronic materials and an increase in sales of industrial application structural materials and display materials, net sales of 22,994 million yen (representing a 5.7% increase as compared with the year-earlier quarter), an operating income of 1,861 million yen (representing a 9.1% decrease as compared with the year-earlier quarter) due to a soaring energy costs and raw material prices, an ordinary income of 2,408 million yen (representing a 5.3% increase as compared with the year-earlier quarter) due to foreign exchange gains and a profit attributable to owners of the parent of 2,563 million yen (representing a 46.8% increase as compared with the year-earlier quarter) due to gain on sale of investment securities.

Business results with respect to each segment are as follows.

##### a. Electronic materials segment

In the electronic materials segment, net sales were 15,384 million yen (a 0.3% increase as compared with the year-earlier quarter) due to a steady increase in sales of materials for flexible printed circuit boards (the amount of orders received increased by 12.2% and the production output decreased by 2.0% as compared with the year-earlier quarter on a non-consolidated basis of the Submitting Company), while the segment income or loss recorded an income of 1,360 million yen (a 26.0% decrease as compared with the year-earlier quarter) due to a soaring energy costs and raw material prices.

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

In the industrial application structural materials segment, net sales were 4,010 million yen (a 19.1% increase as compared with the year-earlier quarter) due to an increase in sales of FRP pressure vessels for water treatment, while the segment income or loss recorded an income of 595 million yen (a 64.3% increase as compared with the year-earlier quarter).

##### c. Electrical insulating materials segment

In the electrical insulating materials segment, net sales were 1,254 million yen (a 0.8% increase as compared with the year-earlier quarter) due to a steady increase in infrastructure-related sales, while the segment income or loss recorded an income of 52 million yen (a 62.0% decrease as compared with the year-earlier quarter).

##### d. Display materials segment

In the display materials segment, net sales were 2,181 million yen (a 38.8% increase as compared with the year-earlier quarter) due to an increase in sales of 3D-related materials and ColorLink Japan, Ltd.'s polarization control optical components, while the segment income or loss recorded an income of 574 million yen (a 56.9% increase as compared with the year-earlier quarter).

e. Other (other businesses)

In other businesses, net sales were 162 million yen (a 25.5% decrease as compared with the year-earlier quarter), while the segment income was 90 million yen (a 5.5% decrease as compared with the year-earlier quarter).

2) Financial Position

Total assets as of the end of the current consolidated cumulative second quarter were 70,866 million yen, an increase of 2,177 million yen compared with the end of the previous year. This was due largely to an increase of 3,477 million yen in cash and deposits, an increase of 993 million yen in notes, accounts receivable-trade and contract assets and an increase of 1,200 million yen in raw materials and supplies, a decrease of 896 million yen in securities and a decrease of 5,380 million yen in investment securities.

Total liabilities as of the end of the current consolidated cumulative second quarter were 23,557 million yen, an increase of 2,834 million yen compared with the end of the previous year. This was due largely to an increase of 1,715 million yen in notes and accounts payable - trade and an increase of 1,164 million yen in long-term borrowings, a decrease of 724 million yen in short-term borrowings.

Total net assets as of the end of the current consolidated cumulative second quarter were 47,308 million yen, a decrease of 656 million yen compared with the end of the previous year. This was due largely to an increase of 1,285 million yen in foreign currency translation adjustment and an increase of 706 million yen in treasury shares, a decrease of 443 million yen in retained earnings, a decrease of 819 million yen in valuation difference on available-for-sale securities.

(2) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as the "Funds") as of the end of the current consolidated second quarter amounted to 20,110 million yen, increasing 5,758 million yen, or 40.1%, as compared with the end of the previous consolidated second quarter.

The following is the status of each cash flow category during the current consolidated cumulative second quarter and the key factors of such status.

(Cash flows from operating activities)

Funds earned from operating activities were 1,559 million yen (a 45.6% decrease as compared with the year-earlier quarter). This was due largely to an increase in the Funds comprising the postings of 3,682 million yen in income before income taxes, 1,465 million yen in increase in trade payables as well as a decrease in the Funds comprising 1,813 million yen in increase in inventories and a decrease in the Funds comprising 1,249 million yen in gain on sales of short-term and long-term investment securities.

(Cash flows from investing activities)

Funds earned from investing activities were 4,214 million yen (a 123.1% increase as compared with the year-earlier quarter). This was due largely to an increase in the Funds comprising proceeds from sales of investment securities of 6,780 million yen.

(Cash flows from financing activities)

Funds disbursed for financing activities were 3,379 million yen (a 58.5% increase as compared with the year-earlier quarter). This was due largely to a decrease in the Funds comprising the payment of 2,998 million yen in cash dividends.

(3) Management Policy, Management Strategy, etc.

There was no significant change, during the current consolidated cumulative second quarter, in the management policy, management strategy, etc. set by our Group.

(4) Accounting Estimates and Assumptions Used in Making Such Estimates

There was no material change in a statement of the accounting estimates and assumptions used in making such estimates in "Analyses of Consolidated Financial Position, Business Results and Cash Flows by the Corporate Managers" stated in the Financial Report for the previous business year.

(5) Business and Financial Tasks to be Preferentially Addressed

There was no material change in business and financial tasks to be preferentially addressed by our Group in the current consolidated cumulative second quarter.

(6) Research and Development Activities

The Group's total expenses for research and development activities incurred in the current consolidated cumulative second quarter amounted to 907 million yen.

In this regard, there was no significant change in the status of research and development activities of our Group in the current consolidated cumulative second quarter.

**3. Agreements with Managerial Implications, etc.**

In the current consolidated second quarter, there was no decision made on, or execution of, agreements with managerial implications, etc.

### III. Status of the Submitting Company

#### 1. Status of Shares, etc.

##### (1) Total Number of Shares, etc.

###### 1) Total number of shares

Class	Total number of shares authorized to be issued
Common stock	130,000,000
Total	130,000,000

###### 2) Shares issued and outstanding

Class	Number of shares issued and outstanding as of the end of the second quarter (As of September 30, 2022)	Number of shares issued and outstanding as of the filing date of this Quarterly Report (As of November 14, 2022)	Name of financial instruments exchange where the shares are listed or authorized financial instruments firms association where the shares are registered	Remarks
Common stock	33,742,524	33,755,524	Tokyo Stock Exchange (Prime Market)	Number of shares constituting one full unit: 100
Total	33,742,524	33,755,524	---	---

- Note:
- The number of shares issued through the exercise of stock acquisition rights in the period from November 1, 2022 to the filing date of this Quarterly Report is not included in the column "Number of shares issued and outstanding as of the filing date of this Quarterly Report".
  - The Company disposed of 41,055 shares of treasury stock for restricted stock compensation as of July 27, 2022 upon a resolution by the Board of Directors on June 28, 2022.
  - 64,490 shares out of shares issued and outstanding as of the filing date of this Quarterly Report are by contribution in kind (62,997 thousand yen of monetary compensation claims) when treasury stock was disposed of for restricted stock compensation.

##### (2) Status of Stock Acquisition Rights, etc.

###### 1) Details of Stock Option Scheme

No applicable matter.

###### 2) Status of Other stock acquisition right

No applicable matter.

##### (3) Status of Exercise of Moving Strike Convertible Bonds, etc.

No applicable matter.

##### (4) Changes in the Number of Shares Issued and Outstanding, Capital Stock, etc.

Period	Number of shares issued and outstanding		Capital stock (Thousands of yen)		Legal capital surplus (Thousands of yen)	
	Change	Balance	Change	Balance	Change	Balance
From July 1, 2022 to September 30, 2022 (See Note)	93,600	33,742,524	53,762	7,717,787	53,762	6,829,779

Note: The increases are due to the exercise of stock acquisition rights.



## (5) Status of Major Shareholders

As of September 30, 2022

Full name or corporate name	Address	Number of shares held	Ratio of the number of shares held to the number of shares issued and outstanding (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	4,827,000	14.65
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (Standing Proxy: Mizuho Bank Ltd. Settlement & Clearing Services Department)	ONE NEXUS WAY, CAMANA BAY GRAND CAYMAN KY1-9005, CAYMAN ISLANDS (Shinagawa Intercity Tower A, 15-1, Konan 2-chome, Minato-ku, Tokyo)	3,259,200	9.89
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	2,074,200	6.29
Mitsubishi Gas Chemical Company, Inc.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	1,472,166	4.46
Arisawa Kenko Ltd.	11-44, Nishishiro-cho 3-chome, Joetsu-shi, Niigata	834,338	2.53
Daishi Hokuetsu Bank, Ltd. (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	1071-1, Higashiborimae-dori 7-bancho, Chuo-ku, Niigata-shi, Niigata (11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo)	743,903	2.25
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing Proxy: Citibank Japan Ltd.)	Palisades West 6300, Bee Cave Road Building One, Austin, TX 78746 US (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo)	595,582	1.80
The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account and Mitsubishi Electric Corporation account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	530,536	1.61
Sanji Arisawa	Shinjuku-ku, Tokyo	463,769	1.40
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM (Standing Proxy: The Hongkong and Shanghai Banking Corporation Ltd., Tokyo Branch)	ONE LINCOLN STREET, BOSTON MA USA 02111 (11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo)	389,300	1.18
Total	---	15,189,994	46.10

Note: 1. The Company holds 796,458 shares of treasury stock, but it is excluded from the above major shareholders.

2. The ratio of the number of shares held to the total number of shares issued (except for treasury stock) is displayed with the numbers truncating the numbers beyond the third decimal point. Treasury stock excluded from the total number of shares issued and outstanding does not include 88,100 shares of the Company which a trust account for employee stock ownership plan holds.

3. The number of shares held by Mitsubishi Gas Chemical Company, Inc. includes 966,306 shares that have been contributed by Mitsubishi Gas Chemical Company, Inc. as the trust property of retirement benefit trust. The pertinent name in the Company's register of shareholders is "The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account and Mitsubishi Gas Chemical Company, Inc. account)."

4. Though it is described in the Amendment Report on Bulk Holding available for public inspection as of September 6, 2018 that Sumitomo Mitsui Trust Bank, Limited and a joint holder thereof hold the shares described below as of August 31, 2018, the Company has confirmed no beneficial ownerships of the number of shares as of September 30, 2022. Therefore, such number of shares is not included in above-mentioned Status of Major Shareholders. Details of the Amendment Report on Bulk Holding are as follows:

Bulk Holders : Sumitomo Mitsui Trust Bank, Limited and two joint holders thereof  
Address : 4-1, Marunouchi 1 chome, Chiyoda-ku, Tokyo  
Number of shareholdings etc. : 1,488,200  
Holding ratio of share certificates etc. : 4.12%

5. Though it is described in the Amendment Report on Bulk Holding available for public inspection as of December 20, 2018 that BlackRock Japan Co., Ltd. and a joint holder thereof hold the shares described below as of December 14, 2018, the Company has confirmed no beneficial ownerships of the number of shares as of September 30, 2022. Therefore, such number of shares is not included in above-mentioned Status of Major Shareholders. Details of the Report on Bulk Holding are as follows:

Bulk Holders : BlackRock Japan Co., Ltd. and one joint holder thereof  
Address : 8-3, Marunouchi 1 chome, Chiyoda-ku, Tokyo  
Number of shareholdings etc. : 1,259,700  
Holding ratio of share certificates etc. : 3.48%

6. Though it is described in the Amendment Report on Bulk Holding available for public inspection as of December 21, 2018 that Sumitomo Mitsui Asset Management Company, Limited hold the shares described below as of December 14, 2018, the Company has confirmed no beneficial ownerships of the number of shares as of September 30, 2022. Therefore, such number of shares is not included in above-mentioned Status of Major Shareholders. Details of the Report on Bulk Holding are as follows:

Bulk Holders : Sumitomo Mitsui Asset Management Company, Limited  
Address : 5-1, Atago 2 chome, Minato-ku, Tokyo  
Number of shareholdings etc. : 1,090,300  
Holding ratio of share certificates etc. : 3.01%

7. Though it is described in the Amendment Report on Bulk Holding available for public inspection as of October 2, 2020 that Nippon Value Investors KK hold the shares described below as of September 30, 2020, the Company has confirmed no beneficial ownerships of the number of shares as of September 30, 2022. Therefore, such number of shares is not included in above-mentioned Status of Major Shareholders. Details of the Report on Bulk Holding are as follows:

Bulk Holders : Nippon Value Investors KK  
Address : 8-1 Marunouchi 1 chome, Chiyoda-ku, Tokyo  
Number of shareholdings etc. : 1,421,500  
Holding ratio of share certificates etc. : 3.91%

8. Though it is described in the Amendment Report on Bulk Holding available for public inspection as of March 22, 2022 that Strategic Capital, Inc. hold the shares described below as of March 14, 2022, the Company has confirmed no beneficial ownerships of the number of shares as of September 30, 2022. Therefore, such number of shares is not included in above-mentioned Status of Major Shareholders. Details of the Report on Bulk Holding are as follows:

Bulk Holders : Strategic Capital, Inc.  
Address : 14-15, Higashi 3 chome, Shibuya-ku, Tokyo  
Number of shareholdings etc. : 2,982,700  
Holding ratio of share certificates etc. : 8.88%

## (6) Status of Voting Rights

### 1) Shares issued and outstanding

As of September 30, 2022

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

Note: 1. 500 shares held in the name of Japan Securities Depository Center, Inc. are included in the row "Shares with full voting rights (Other)". 5 units of voting rights pertaining to shares with full voting rights held in the name of Japan Securities Depository Center, Inc. are included in the column "Number of voting rights".

2. 88,100 shares of the Company which a trust account for employee stock ownership plan holds (the number of voting rights: 889 units) are included in the row "Shares with full voting rights (Other)". 881 units of voting rights for shares with full voting rights of such trust account are included in the column "Number of voting rights".

3. 58 shares of treasury stock are included in the row "Shares constituting less than one full unit".

### 2) Treasury Stock, etc.

As of September 30, 2022

Name and address of shareholder		Number of shares held			Ratio of the number of shares held to the number of shares issued and outstanding (%)
Full name or corporate name	Address	Under own name	Under the names of others	Total	
Arisawa Mfg. Co., Ltd.	5-5, Minami-honcho 1- chome, Joetsu-shi, Niigata	796,400	---	796,400	2.36
Total	---	796,400	---	796,400	2.36

Note: 88,100 shares of the Company which a trust account for employee stock ownership plan holds are not included in the column "Under own name".

## 2. Status of Directors and Officers

No applicable matter.

## **IV. Status of Accounting**

### **1. Method of Preparation of Quarterly Consolidated Financial Statements**

The quarterly consolidated financial statements of the Company are prepared in compliance with the “Regulations for Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007).

### **2. Certification of Audit**

The Company received a quarterly review of its quarterly consolidated financial statements for the current consolidated second quarter (From July 1, 2022 to September 30, 2022) and the current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022) conducted by Ernst & Young ShinNihon LLC under the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

## 1. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated second quarter (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	17,341,765	20,819,010
Notes, accounts receivable-trade and contract assets	16,073,835	17,067,446
Securities	1,040,342	144,083
Merchandise and finished goods	4,401,727	5,257,499
Work in process	2,112,503	2,282,890
Raw materials and supplies	4,123,818	5,323,850
Other	797,960	1,161,851
Allowance for doubtful accounts	△15,947	△24,337
Total current assets	45,876,007	52,032,294
Non-current assets		
Property, plant and equipment	13,775,074	14,516,299
Intangible assets	279,191	265,872
Investments and other assets		
Investment securities	7,875,645	2,495,520
Other	933,709	1,606,562
Allowance for doubtful accounts	△50,428	△49,619
Total investments and other assets	8,758,926	4,052,463
Total non-current assets	22,813,192	18,834,636
Total assets	68,689,199	70,866,930

(Thousands of yen)

	Previous consolidated fiscal year (As of March 31, 2022)	Current consolidated second quarter (As of September 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	5,637,609	7,352,793
Current portion of bonds	26,800	16,800
Short-term loans payable	3,562,272	2,837,583
Current portion of long-term loans payable	957,962	1,557,416
Income taxes payable	1,087,828	1,207,077
Provision for product warranties	73,525	32,743
Provision for bonuses	507,532	739,536
Provision for directors' bonuses	4,503	1,407
Other	3,332,705	3,292,977
Total current liabilities	15,190,739	17,038,335
Non-current liabilities		
Bonds payable	27,600	19,200
Long-term loans payable	3,845,199	5,009,835
Provision for share-based remuneration	29,802	40,374
Net defined benefit liability	583,365	553,532
Asset retirement obligations	92,521	98,025
Other	954,267	798,637
Total non-current liabilities	5,532,757	6,519,606
Total liabilities	20,723,496	23,557,941
Net assets		
Shareholders' equity		
Capital stock	7,643,777	7,717,787
Capital surplus	3,017,461	3,068,532
Retained earnings	34,936,822	34,493,073
Treasury stock	△299,704	△1,006,307
Total shareholders' equity	45,298,357	44,273,086
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,229,118	409,838
Deferred gains or losses on hedges	△50,146	△60,852
Foreign currency translation adjustment	1,317,978	2,603,807
Remeasurements of defined benefit plans	△8,734	△5,849
Total accumulated other comprehensive income	2,488,215	2,946,944
Subscription rights to shares	149,131	88,957
Non-controlling interests	29,998	—
Total net assets	47,965,702	47,308,988
Total liabilities and net assets	68,689,199	70,866,930

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

[Quarterly Consolidated Statements of Income]

[Consolidated cumulative second quarter]

(Thousands of yen)

	Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)	Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)
Net sales	21,744,712	22,994,013
Cost of sales	17,055,141	18,292,178
Gross profit	4,689,570	4,701,835
Selling, general and administrative expenses	* 2,640,857	* 2,840,016
Operating income	2,048,713	1,861,818
Non-operating income		
Interest income	94,145	76,093
Dividends income	39,520	40,147
Foreign exchange gains	—	425,868
Other	250,281	164,122
Total non-operating income	383,946	706,232
Non-operating expenses		
Interest expenses	56,448	65,189
Rent expenses	41,648	26,194
Compensation expenses	—	51,386
Other	47,461	16,436
Total non-operating expenses	145,558	159,205
Ordinary income	2,287,101	2,408,845
Extraordinary income		
Gain on sales of non-current assets	1,298	461
Gain on sales of investment securities	226,398	1,305,241
Other	43,094	40,870
Total extraordinary income	270,791	1,346,572
Extraordinary losses		
Loss on sales of investment securities	4,053	55,867
Impairment loss	—	11,813
Other	26,344	5,407
Total extraordinary losses	30,398	73,087
Income before income taxes	2,527,494	3,682,330
Income taxes	713,386	1,116,339
Profit	1,814,108	2,565,990
Profit attributable to non-controlling interests	68,273	2,465
Profit attributable to owners of the parent	1,745,834	2,563,524

[Quarterly Consolidated Statements of Comprehensive Income]

[Consolidated cumulative second quarter]

(Thousands of yen)

	Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)	Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)
Profit	1,814,108	2,565,990
Other comprehensive income		
Valuation difference on available-for-sale securities	△231,595	△819,279
Deferred gains or losses on hedges	3,982	△10,706
Foreign currency translation adjustment	191,193	1,240,050
Remeasurements of defined benefit plans	7,515	2,885
Share of other comprehensive income of entities accounted for using equity method	13,210	24,170
Total other comprehensive income	△15,693	437,120
Comprehensive income	1,798,415	3,003,110
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,999,675	3,022,253
Comprehensive income attributable to non-controlling interests	△201,260	△19,142



## (3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)	Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Income before income taxes	2,527,494	3,682,330
Depreciation	1,052,170	1,097,498
Share-based compensation expenses	25,092	18,577
Gain on reversal of subscription rights to shares	△43,094	△40,870
Increase (△ decrease) in allowance for doubtful accounts	△21,682	5,523
Increase (△ decrease) in provision for bonuses	120,153	232,003
Increase (△ decrease) in provision for product warranties	△39	△44,999
Increase (△ decrease) in provision for directors' bonuses	△1,692	△3,095
Increase (△ decrease) in provision for share-based remuneration	19,452	△41,035
Increase (△ decrease) in net defined benefit liability	△14,975	△25,681
Loss (△ gain) on redemption of investment securities	△99,764	△40,063
Interest and dividends income	△133,665	△116,241
Subsidy income	△28,226	△9,652
Interest expenses	56,448	65,189
Foreign exchange losses (△ gains)	△61,162	△251,516
Share of (△ profit) loss of entities accounted for using equity method	△238	△29,194
Loss (△ gain) on sales of short-term and long-term investment securities	△222,344	△1,249,374
Loss (△ gain) on sales of non-current assets	△1,298	△461
Loss on retirement of property, plant and equipment	6,645	213
Impairment loss	—	11,813
Decrease (△ increase) in notes and accounts receivable-trade	333,086	△197,010
Decrease (△ increase) in inventories	△2,233,961	△1,813,237
Increase (△ decrease) in notes and accounts payable-trade	496,080	1,465,803
Increase (△ decrease) in accrued consumption taxes	△17,513	△276,064
Decrease (△ increase) in other assets	70,968	△155,290
Increase (△ decrease) in other liabilities	△204,433	106,252
Subtotal	1,623,501	2,391,417
Interest and dividends income received	148,501	176,560
Interest expenses paid	△70,130	△61,841
Proceeds from subsidy income	28,226	9,652
Income taxes (paid) refund	1,137,813	△955,899
Net cash provided by (used in) operating activities	2,867,912	1,559,889

	(Thousands of yen)	
	Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)	Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)
Cash flows from investing activities		
Payments into time deposits	—	△362,025
Proceeds from withdrawal of time deposits	1,460,600	132,390
Purchase of property, plant and equipment	△882,873	△1,954,579
Proceeds from sales of property, plant and equipment	1,298	461
Purchase of intangible assets	△36,602	△21,236
Purchase of investment securities	△102,918	△332,491
Proceeds from sales of investment securities	1,455,717	6,780,340
Payments of loans receivable	—	△20,097
Collection of loans receivable	4,510	4,305
Decrease (Δincrease) in other investments	△10,324	△12,629
Net cash provided by (used in) investing activities	1,889,408	4,214,436
Cash flows from financing activities		
Net increase (Δ decrease) in short-term loans payable	126,916	△903,394
Proceeds from long-term loans payable	519,377	2,587,765
Repayments of long-term loans payable	△476,362	△1,305,248
Repayments of lease obligations	△39,858	△57,691
Redemption of bonds	△18,400	△18,400
Payments for long-term accounts payable - other	△31,094	△4,709
Proceeds from issuance of common stock	10,612	125,888
Purchase of treasury stock	△82,836	△749,709
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△779,045	△45,813
Cash dividends paid	△1,293,664	△2,998,210
Cash dividends paid to non-controlling interests	△68,154	△9,589
Net cash provided by (used in) financing activities	△2,132,510	△3,379,111
Effect of exchange rate change on cash and cash equivalents	238,997	822,104
Net increase (Δ decrease) in cash and cash equivalents	2,863,808	3,217,319
Cash and cash equivalents at beginning of period	11,488,288	16,893,109
Cash and cash equivalents at end of period	* 14,352,096	* 20,110,428

[Notes]

(Changes in Accounting Policies)

< Application of Implementation Guidance on Accounting Standard for Fair Value Measurement >

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan Guidance No. 31, June 17, 2021; hereinafter referred to as the “Implementation Guidance”), etc. have been applied from the beginning of the current consolidated fiscal first quarter. In accordance with the transitional treatment set forth in paragraph 27-2 of Implementation Guidance, the new accounting policy set forth in Implementation Guidance was applied prospectively. There is no impact due to this application.

(Particular accounting treatments applied in preparation of quarterly consolidated financial statements)

<Calculation of tax expenses>

Tax expenses are calculated by multiplying the quarterly income before income taxes by an estimated effective tax rate. Such effective tax rate is reasonably estimated after applying tax effect accounting to the income before income taxes for the consolidated fiscal year including the current consolidated second quarter.

(Additional information)

< Accounting estimates >

There was no material change in assumptions and accounting estimates including the timing of the containment of the new corona virus infection, etc. stated in the Financial Report for the previous business year.

(Notes Related to Quarterly Consolidated Statements of Income)

\* Major items under selling, general and administrative expenses and their respective amounts are as follows.

(Thousands of yen)

	Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)	Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)
Salaries, benefits and bonuses	851,979	855,435
Provision for bonuses	151,066	175,655
Provision for directors' bonuses	2,178	1,407
Retirement benefit expenses	35,803	32,908
Provision of allowance for doubtful accounts	3,835	6,332

(Notes Related to Quarterly Consolidated Statements of Cash Flows)

\* The correlation between the balance of cash and cash equivalents at the end of the current consolidated second quarter and the amounts shown for the corresponding items on the quarterly consolidated balance sheets is as follows.

(Thousands of yen)

	Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)	Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)
Cash and deposits	13,161,073	20,819,010
Time deposits with a deposit term of more than three months	△735,760	△752,025
Securities (Money management fund)	1,926,782	43,443
Cash and cash equivalents	14,352,096	20,110,428

(Notes Related to Shareholders' Equity, etc.)

I Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)

1. Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders of June 25, 2021	Common stock	1,300,039	39.00	March 31, 2021	June 28, 2021	Retained earnings

2. Dividends whose record date belongs to the current consolidated cumulative second quarter but whose effective date is subsequent to the end of the current consolidated cumulative second quarter

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
Board of Directors' Meeting of October 28, 2021	Common stock	166,887	5.00	September 30, 2021	December 2, 2021	Retained earnings

Note: "Total amount of dividends" includes dividends of 444 thousand yen on the Company's shares which a trust account for employee stock ownership plan holds.

3. Significant changes in the amount of shareholders' equity

The Company terminated 900,000 shares as of August 31, 2021 upon a resolution by the Board of Directors held on July 29, 2021. As a result, the retained earnings and the treasury stock decreased by 918,310 thousand yen respectively in the current consolidated cumulative second quarter, and the retained

earnings amounted to 32,938,543 thousand yen and the treasury stock to 299,919 thousand yen as of the end of the current consolidated second quarter.

## II Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)

### 1. Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders of June 28, 2022	Common stock	3,006,166	90.00	March 31, 2022	June 29, 2022	Retained earnings

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

### 2. Significant changes in the amount of shareholders' equity

The Company bought back 624,400 shares upon a resolution by the Board of Directors held on May 12, 2022. As a result, the treasury stock increased 749,999 thousand yen in the current consolidated cumulative second quarter and amounted to 1,006,307 thousand yen as of the end of the current consolidated second quarter.

(Segment Information, etc.)

[Segment Information]

## I Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)

### 1. Information on the amount of net sales and income or loss with respect to each reportable segment

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Net sales							
Net sales to external customers	15,342,174	3,368,208	1,244,599	1,571,438	21,526,420	218,291	21,744,712
Inter-segment sales or transfers	—	—	—	—	—	415,842	415,842
Total	15,342,174	3,368,208	1,244,599	1,571,438	21,526,420	634,134	22,160,555
Segment income or loss ( $\Delta$ )	1,839,473	362,226	138,434	366,016	2,706,150	95,613	2,801,763

Note: The column "Other" represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.

2. Difference between the aggregate amount of income or loss of reportable segments and the pertinent amount shown on the quarterly consolidated statements of income as well as the key components of such difference (Matters concerning difference adjustment)

(Thousands of yen)

Income	Amount
Total of reportable segments	2,706,150
Income in the category "Other"	95,613
Elimination of inter-segment transactions	8,095
Unallocated corporate expenses (See Note)	△736,930
Adjustment of inventories	△24,214
Operating income shown on the quarterly consolidated statements of income	2,048,713

Note: Unallocated corporate expenses are mostly general and administrative expenses that are not attributable to any of the reportable segments.

3. Information on impairment loss on non-current assets or goodwill, etc. with respect to each reportable segment  
No applicable matter.

## II Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)

1. Information on the amount of net sales and income or loss with respect to each reportable segment

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Net sales							
Net sales to external customers	15,384,440	4,010,805	1,254,676	2,181,406	22,831,329	162,684	22,994,013
Inter-segment sales or transfers	—	—	—	—	—	434,860	434,860
Total	15,384,440	4,010,805	1,254,676	2,181,406	22,831,329	597,544	23,428,874
Segment income	1,360,339	595,007	52,547	574,404	2,582,299	90,346	2,672,646

Note: The column "Other" represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.

2. Difference between the aggregate amount of income or loss of reportable segments and the pertinent amount shown on the quarterly consolidated statements of income as well as the key components of such difference (Matters concerning difference adjustment)

(Thousands of yen)

Income	Amount
Total of reportable segments	2,582,299
Income in the category "Other"	90,346
Elimination of inter-segment transactions	4,319
Unallocated corporate expenses (See Note)	△748,729
Adjustment of inventories	△66,417
Operating income shown on the quarterly consolidated statements of income	1,861,818

Note: Unallocated corporate expenses are mostly general and administrative expenses that are not attributable to any of the reportable segments.

3. Information on impairment loss on non-current assets or goodwill, etc. with respect to each reportable segment

(Significant impairment losses on non-current assets)

In the Industrial application structural materials segment, with respect to the assets in which investments could not be expected to recover due to a downturn in profitability, the Company devalued their carrying amount to its memorandum value and showed the relevant amount of its loss to extraordinary losses as impairment losses.

In this regard, the amount of the relevant impairment losses shown in the current consolidated cumulative second quarter is 11,813 thousand yen.

(For Revenue Recognition)

Information on the breakdown of revenue from contracts with customers

Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Goods transferred at a point in time	15,342,174	1,602,446	1,244,599	1,331,934	19,521,154	218,291	19,739,446
Goods transferred over time	—	1,765,762	—	239,504	2,005,266	—	2,005,266
Revenue from contracts with customers	15,342,174	3,368,208	1,244,599	1,571,438	21,526,420	218,291	21,744,712
Other revenue	—	—	—	—	—	—	—
Net sales to external customers	15,342,174	3,368,208	1,244,599	1,571,438	21,526,420	218,291	21,744,712

Note: The column “Other” represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.

Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Goods transferred at a point in time	15,384,440	1,858,192	1,254,676	1,259,039	19,756,348	162,684	19,919,033
Goods transferred over time	—	2,152,612	—	922,367	3,074,980	—	3,074,980
Revenue from contracts with customers	15,384,440	4,010,805	1,254,676	2,181,406	22,831,329	162,684	22,994,013
Other revenue	—	—	—	—	—	—	—
Net sales to external customers	15,384,440	4,010,805	1,254,676	2,181,406	22,831,329	162,684	22,994,013

Note: The column “Other” represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.



(Per Share Information)

The amounts of net income per share and fully diluted net income per share with their respective bases of calculation are as follows.

	Previous consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)	Current consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022)
(1) Net income per share	52.38 yen	77.37yen
(Basis of calculation)		
Profit attributable to owners of the parent (Thousands of yen)	1,745,834	2,563,524
Amount not attributable to common stockholders (Thousands of yen)	---	---
Profit attributable to owners of the parent pertaining to common stock (Thousands of yen)	1,745,834	2,563,524
Average number of shares of common stock during the period	33,332,128	33,132,891
(2) Fully diluted net income per share	52.34yen	77.23yen
(Basis of calculation)		
Adjustment of profit attributable to owners of the parent (Thousands of yen)	---	---
Increase in the number of shares of common stock	25,252	58,877
Outline of dilutive shares that were not included in the calculation of fully diluted net income per share due to a lack of dilutive effect and also underwent a significant change after the end of the previous consolidated fiscal year	---	---

Note: The Company's shares which are shown as treasury share in shareholders' equity and which a trust account for employee stock ownership plan holds are included in the number of treasury share excluded in the calculation of the average number of shares of common stock during the period when net income (or loss) per share is calculated (24,446 shares for the previous consolidated cumulative second quarter and 88,392 shares for the current consolidated cumulative second quarter).

(Significant subsequent events)

No applicable matter.

**2. Other**

No applicable matter.

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

No applicable matter.

## **Independent Auditors' Quarterly Review Report**

November 14, 2022

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

Ernst & Young ShinNihon LLC  
Niigata office

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

Ken Takahashi  
Designated Limited Liability Partner and Engagement Partner,  
Certified Public Accountant

### Conclusion of Auditors

We have conducted, under the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, a quarterly review of the quarterly consolidated financial statements of Arisawa Mfg. Co., Ltd. listed in the "Status of Accounting" for the consolidated second quarter (From July 1, 2022 to September 30, 2022) and the consolidated cumulative second quarter (From April 1, 2022 to September 30, 2022) of the consolidated fiscal year from April 1, 2022 to March 31, 2023, consisting of the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income, quarterly consolidated statements of cash flows and notes.

In our quarterly review, no matter has come to our attention that causes us to believe that the above quarterly consolidated financial statements do not fairly present, in any material respect, the financial conditions of Arisawa Mfg. Co., Ltd. and its consolidated subsidiaries as of September 30, 2022 as well as the results of their operations and the status of their cash flows in the consolidated cumulative second quarter ended September 30, 2022 in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan.

### Basis for the Conclusion of Auditors

We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan. Our responsibility in the quarterly review standards is stated in "The Responsibility of Auditors in the Quarterly Review Report of the Quarterly Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and fulfill other ethical responsibilities as an auditor in accordance with the code of professional ethics in Japan. We believe that the evidence we have obtained provides a basis for our conclusion

### Responsibility of Management and Corporate Auditors and Board of Corporate Auditors for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan. This includes improvement and operation of such internal control as the management deems necessary for the preparation and fair presentation of quarterly consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements based on the going concern assumption and disclosing the items regarding the going concern assumption in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan if such items are required to be disclosed.

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

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

Responsibility of auditors is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint in the quarterly review report based on our quarterly review.

Auditors make professional judgements and conduct the followings with an attitude of professional skepticism through a quarterly review process in accordance with the quarterly review standards generally accepted in Japan.

- We principally make inquiries to the management, the persons responsible for financial and accounting matters, etc. applying analytical procedures and conducting other quarterly review procedures. The quarterly review procedures are less exhaustive than the procedures for annual financial statement audits conducted in accordance with the audit standards generally accepted in Japan.
- If we deem that there is a material uncertainty regarding events or conditions that may cast significant doubt matters on the going concern assumption, we conclude whether the quarterly consolidated financial statements are found to contain any matters that would lead one to believe that those are not fairly presented in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan based on the evidence we obtain. Moreover, if a material uncertainty regarding the going concern assumption exists, it is required to promote awareness to the notes in the quarterly consolidated financial statements in the quarterly review report, or if the notes regarding a material uncertainty in the quarterly consolidated financial statements are inappropriate, it is required to express a qualified conclusion or a negative conclusion to the quarterly consolidated financial statements. Conclusion by the auditors is based on the audit evidence obtained by the day of the quarterly review report, but a company may not be able to exist as the going concern depending on future events or conditions.
- We evaluate not only whether the presentation and notes of the quarterly consolidated financial statements are found to contain any matters that would lead one to believe that those are not in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan but also whether the presentation, structure, and contents of the quarterly consolidated financial statements including related notes as well as the quarterly consolidated financial statements are found to contain any matters that would lead one to believe that those do not fairly present underlying transactions and accounting events.
- We obtain evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion about the quarterly consolidated financial statements. The auditors are responsible for instruction, supervision, and execution of quarterly review regarding the quarterly consolidated financial statements. The auditors assume responsibility for an audit opinion all by themselves.

The auditors make reports to Corporate Auditors and Board of Corporate Auditors on that they complied with the code of professional ethics on independence in Japan, matters that are reasonably believed to have an impact on the auditors' independence, and the details of safeguards if those are implemented to remove or mitigate inhibitors.

#### Interest

There exists no special interest between the Company as well as its consolidated subsidiaries and this audit corporation or its engagement partners which is required to be stated pursuant to the provisions of the Certified Public Accountants Act.

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Note: 1. An original of the above quarterly review report is separately archived by the Company (the company submitting the Quarterly Report)..  
2. XBRL data are not included in the subject of the quarterly review.