



Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 3, 2023

Company Name: Arisawa Mfg. Co., Ltd.	Stock exchange listing: Tokyo
Stock code: 5208	(URL https://www.arisawa.co.jp/)
Representative: Representative Director and CEO: Yuta Arisawa	
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Scheduled date to file quarterly securities report: August 10, 2023	
Scheduled date to commence dividend payments: ---	
Preparation of supplementary material on quarterly financial results: Yes	
Holding of quarterly financial results meeting: No	

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	9,494	△16.1	△247	---	△172	---	△201	---
Three months ended June 30, 2022	11,321	5.0	705	△31.7	1,177	11.0	1,167	50.2

(Note) Comprehensive income: Three months ended June 30, 2023: 205 million yen (△86.1%)
Three months ended June 30, 2022: 1,479 million yen (83.1%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	△6.10		---	
Three months ended June 30, 2022	35.11		35.08	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	64,995	44,336	68.1	1,338.33
As of March 31, 2023	67,659	47,107	69.5	1,422.43

(Reference) Total equity: As of June 30, 2023: 44,286 million yen As of March 31, 2023: 47,056 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	---	0.00	---	90.00	90.00
Year ending March 31, 2024	---				
Year ending March 31, 2024 (Forecast)		20.00	---	25.00	45.00

(Note) Revisions to dividend projections most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	20,300	△11.7	300	△83.9	200	△91.7	100	△96.1	3.01
Full Year	45,300	6.0	2,100	△5.7	2,100	△22.7	1,800	△37.0	54.26

(Note) Revisions to projections of consolidated financial results most recently announced: No

* Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023
(changes in specified subsidiaries resulting in the changes in scope of consolidation): No
 New: --- (Company Name:)
 Exclusion: --- (Company Name:)
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: No
- 2) Changes in accounting policies due to other reasons: No
- 3) Changes in accounting estimates: No
- 4) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):	As of June 30, 2023:	33,547,924 shares	As of March 31, 2023:	33,541,124 shares
2) Number of treasury shares at the end of the period:	As of June 30, 2023:	456,917 shares	As of March 31, 2023:	459,279 shares
3) Average number of shares during the period (cumulative from the beginning of the fiscal year):	Three months ended June 30, 2023:	33,087,297 shares	Three months ended June 30, 2022:	33,245,408 shares

(Note) The shares of the Company (84,600 shares in 1Q of the year ended March 31, 2024 and 87,100 shares in the year ended March 31, 2023) held by Custody Bank of Japan, Ltd. (Trust Account) as the trust assets of the “Employee Stock Ownership Plan” are included in the number of treasury shares at the end of the period.
 The shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account) are included in the treasury shares to be deducted in calculation of the average number of shares during the year (85,430 shares in 1Q of the year ended March 31, 2024 and 88,575 shares in 1Q of the year ended March 31, 2023).

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Notes regarding the proper use of projections of the results and other matters

Projections of results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections.

Contents of Attached Materials

1.	Qualitative Information Concerning Current Quarterly Closing Announcement	2
	(1) Explanation About Operating Results	2
	(2) Explanation About Financial Position	3
	(3) Explanation About Future Forecast Information, Including Forecast of Consolidated Business Results	3
2.	Quarterly Consolidated Financial Statements and Major Notes	4
	(1) Quarterly Consolidated Balance Sheet	4
	(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
	Quarterly Consolidated Statements of Income Consolidated Cumulative First Quarter	6
	Quarterly Consolidated Statement of Comprehensive Income Consolidated Cumulative First Quarter	7
(3)	Notes to Quarterly Consolidated Financial Statements	8
	(Notes on Going Concern Assumption).....	8
	(Notes in the Case of Significant Changes in Shareholders' Equity)	8
	(Application of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements).....	8
	(Additional Information)	8
	(Segment Information, etc.)	9
	(Significant Subsequent Events)	10

1. Qualitative Information Concerning Current Quarterly Closing Announcement

(1) Explanation About Operating Results

As for the Japanese economy in the current consolidated cumulative first quarter, the economic activity has been normalized due to COVID-19 infections under the Infectious Diseases Act being changed to be classified in the Class 5. On the other hand, the future prospects remained uncertain due to the persistent high energy and raw material prices caused by the prolonged situation in Ukraine, the rise in prices caused by global inflation in addition to economic downturn in China.

Under such circumstances, the results of operations of our group for the current consolidated cumulative first quarter showed net sales of 9,494 million yen (a decrease of 16.1% year-on-year) due to a decrease in sales of electronic materials, which is the main business field of our group, caused by the significant impact from the decrease in demand in the Chinese market, despite an increase in sales of industrial application structural materials. Due to soaring energy costs and raw material prices in addition to the impact of decrease in sales, the results in terms of profit and loss are as follows: an operating loss was 247 million yen (an operating profit of 705 million yen year-on-year); an ordinary loss was 172 million yen (an ordinary profit of 1,177 million yen year-on-year); and a loss attributable to owners of parent was 201 million yen (a profit attributable to owners of parent of 1,167 million yen year-on-year).

Business results with respect to each segment are as follows.

(Electronic materials)

Net sales were 5,408 million yen (a decrease of 30.4% year-on-year) due to a decrease in sales of flexible printed circuit board materials and glass cloth for printed circuit board, while segment loss was 259 million yen (the segment profit of 715 million yen year-on-year) caused by the impact from soaring energy costs and raw material prices in addition to decrease in sales.

(Industrial application structural materials)

Net sales were 2,653 million yen (an increase of 51.8% year-on-year) due to an increase in sales of water treatment FRP pressure vessels and honey-comb panel for aircraft, while the segment profit was 239 million yen (an increase of 193.9% year-on-year).

(Electric insulation materials)

Net sales were 583 million yen (a decrease of 6.8% year-on-year) due to a decrease in infrastructure-related sales, while the segment profit was 15 million yen (a decrease of 61.5% year-on-year).

(Display materials)

Net sales were 765 million yen (a decrease of 30.0% year-on-year) due to a decrease in sales of 3D-related materials and polarization control optical components, while the segment profit was 125 million yen (a decrease of 52.2% year-on-year).

(Other)

Net sales were 83 million yen (a decrease of 5.5% year-on-year).

(2) Explanation About Financial Position

Total assets as of the end of the current consolidated cumulative first quarter were 64,995 million yen, a decrease of 2,663 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 515 million yen in raw material and supplies, a decrease of 2,700 million yen in cash and deposits and a decrease of 496 million yen in merchandise and finished goods, respectively.

Total liabilities were 20,659 million yen, an increase of 107 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 378 million yen in notes and accounts payable-trade, an increase of 252 million yen in provision for bonuses, and a decrease of 384 million yen in income taxes payable, respectively.

Total net assets were 44,336 million yen, a decrease of 2,770 million yen compared with the end of the previous fiscal year. This was largely due to a decrease of 3,187 million yen in retained earnings.

(3) Explanation About Future Forecast Information, Including Forecast of Consolidated Business Results

As for the forecast of business results for the cumulative second quarter and full-year of the fiscal year ending March 31, 2024, there is no change in the forecast of consolidated business results which was announced on May 12, 2023.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2023)	Current Consolidated First Quarter (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	20,545,580	17,844,727
Notes and accounts receivable - trade, and contract assets	13,182,106	13,266,855
Merchandise and finished goods	5,525,035	5,029,018
Work in process	2,373,079	2,492,437
Raw materials and supplies	4,263,762	4,779,129
Other	1,541,170	906,541
Allowance for doubtful accounts	△10,786	△11,897
Total current assets	47,419,946	44,306,811
Non-current assets		
Property, plant and equipment	16,446,181	16,815,102
Intangible assets	244,197	238,630
Investments and other assets		
Investment securities	2,545,474	2,637,864
Other	1,049,896	1,043,189
Allowance for doubtful accounts	△45,969	△45,718
Total investments and other assets	3,549,401	3,635,335
Total non-current assets	20,239,780	20,689,069
Total assets	67,659,726	64,995,880

	(Thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2023)	Current Consolidated First Quarter (As of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,213,263	5,591,394
Current portion of bonds payable	16,800	19,200
Short-term borrowings	5,056,253	5,031,148
Current portion of long-term borrowings	1,843,441	1,653,223
Income taxes payable	658,615	274,463
Provision for product warranties	42,184	39,337
Provision for bonuses	526,795	778,927
Provision for bonuses for directors (and other officers)	2,162	665
Other	2,917,188	3,278,077
Total current liabilities	16,276,705	16,666,438
Non-current liabilities		
Long-term borrowings	2,723,471	2,539,545
Retirement benefit liability	700,883	663,551
Asset retirement obligations	97,119	97,372
Provision for share awards	50,449	53,513
Other	703,383	638,679
Total non-current liabilities	4,275,306	3,992,662
Total liabilities	20,552,012	20,659,100
Net assets		
Shareholders' equity		
Share capital	7,847,873	7,851,826
Capital surplus	3,198,618	3,202,571
Retained earnings	34,293,471	31,106,458
Treasury shares	△512,975	△510,821
Total shareholders' equity	44,826,987	41,650,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	466,417	556,610
Deferred gains or losses on hedges	△13,657	△11,212
Foreign currency translation adjustment	1,904,093	2,211,297
Remeasurements of defined benefit plans	△127,370	△120,047
Total accumulated other comprehensive income	2,229,483	2,636,648
Share acquisition rights	51,243	50,095
Total net assets	47,107,714	44,336,779
Total liabilities and net assets	67,659,726	64,995,880

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 (Consolidated Cumulative First Quarter)

	(Thousands of yen)	
	Previous Consolidated Cumulative First Quarter (From April 1, 2022 to June 30, 2022)	Current Consolidated Cumulative First Quarter (From April 1, 2023 to June 30, 2023)
Net sales	11,321,623	9,494,400
Cost of sales	9,215,011	8,333,617
Gross profit	2,106,611	1,160,782
Selling, general and administrative expenses	1,400,776	1,408,554
Operating profit (loss (△))	705,835	△247,772
Non-operating income		
Interest income	41,930	20,420
Dividend income	40,106	19,597
Foreign exchange gains	378,779	88,068
Other	62,894	30,801
Total non-operating income	523,710	158,888
Non-operating expenses		
Interest expenses	30,554	43,387
Share of loss of entities accounted for using equity method	—	28,558
Other	21,647	11,877
Total non-operating expenses	52,202	83,823
Ordinary profit (loss (△))	1,177,344	△172,707
Extraordinary income		
Gain on sale of non-current assets	461	685
Gain on sale of investment securities	506,977	28,101
Other	1,479	—
Total extraordinary income	508,917	28,786
Extraordinary losses		
Loss on retirement of non-current assets	781	24,695
Impairment losses	—	3,181
Other	51,223	—
Total extraordinary losses	52,004	27,877
Profit (loss (△)) before income taxes	1,634,257	△171,798
Income taxes	464,423	30,009
Profit (loss (△))	1,169,834	△201,807
Profit attributable to non-controlling interests	2,465	—
Profit (loss (△)) attributable to owners of parent	1,167,368	△201,807

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

	(Thousands of yen)	
	Previous Consolidated Cumulative First Quarter (From April 1, 2022 to June 30, 2022)	Current Consolidated Cumulative First Quarter (From April 1, 2023 to June 30, 2023)
Profit (loss (Δ))	1,169,834	Δ 201,807
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ 92,785	90,192
Deferred gains or losses on hedges	2,633	2,445
Foreign currency translation adjustment	391,234	308,806
Remeasurements of defined benefit plans, net of tax	1,442	7,323
Share of other comprehensive income of entities accounted for using equity method	6,762	Δ 1,602
Total other comprehensive income	309,287	407,164
Comprehensive income	1,479,121	205,357
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,498,263	205,357
Comprehensive income attributable to non-controlling interests	Δ 19,142	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

No applicable matter.

(Notes in the Case of Significant Changes in Shareholders' Equity)

No applicable matter.

(Application of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

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

(Segment Information, etc.)

[Segment Information]

I Previous consolidated cumulative first quarter (From April 1, 2022 to June 30, 2022)

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

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Subtotal		
Sales							
Sales to external customers	7,765,809	1,748,413	625,759	1,093,658	11,233,642	87,981	11,321,623
Inter-segment sales or transfers	---	---	---	---	---	219,208	219,208
Net sales	7,765,809	1,748,413	625,759	1,093,658	11,233,642	307,189	11,540,831
Segment profit	715,289	81,655	40,254	262,934	1,100,132	47,304	1,147,437

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

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

(Thousands of yen)

Profit	Amount
Total of reportable segments	1,100,132
Profit in the category "Other"	47,304
Elimination of inter-segment transactions	2,411
Unallocated corporate expenses (See Note)	△382,296
Adjustment of inventories	△61,716
Operating profit shown on the quarterly consolidated statements of income	705,835

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 first quarter (From April 1, 2023 to June 30, 2023)

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

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Subtotal		
Sales							
Sales to external customers	5,408,544	2,653,900	583,178	765,632	9,411,257	83,143	9,494,400
Inter-segment sales or transfers	---	---	---	---	---	209,705	209,705
Net sales	5,408,544	2,653,900	583,178	765,632	9,411,257	292,848	9,704,105
Segment profit (loss (△))	△259,867	239,947	15,494	125,596	121,171	49,224	170,395

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

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

(Thousands of yen)

Profit	Amount
Total of reportable segments	121,171
Profit in the category “Other”	49,224
Elimination of inter-segment transactions	3,544
Unallocated corporate expenses (See Note)	△412,487
Adjustment of inventories	△9,225
Operating loss (△) shown on the quarterly consolidated statements of income	△247,772

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

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

(Significant impairment losses on non-current assets)

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

In this regard, the amount of the relevant impairment losses shown in the current consolidated cumulative first quarter is 3,181 thousand yen.

(Significant Subsequent Events)

No applicable matter.