

QUARTERLY REPORT

(The First Quarter of the 76th Term)

From April 1, 2023 to June 30, 2023

(TRANSLATION)

ARISAWA MFG. CO., LTD.

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Company name (English):	Arisawa Mfg. Co., Ltd.
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PART I. INFORMATION ON THE BUSINESS

I. General Conditions of Business

1. Changes in Principal Management Indicators, etc.

Term	75 th term consolidated cumulative first quarter	76 th term consolidated cumulative first quarter	75 th term
Accounting period	From April 1, 2022 to June 30, 2022	From April 1, 2023 to June 30, 2023	From April 1, 2022 to March 31, 2023
Net sales (Millions of yen)	11,321	9,494	42,722
Ordinary profit (loss (Δ)) (Millions of yen)	1,177	Δ172	2,717
Profit (loss (Δ)) attributable to owners of parent (Millions of yen)	1,167	Δ201	2,856
Comprehensive income (Millions of yen)	1,479	205	2,578
Net assets (Millions of yen)	46,173	44,336	47,107
Total assets (Millions of yen)	68,882	64,995	67,659
Basic earnings (loss (Δ)) per share (Yen)	35.11	Δ6.10	86.46
Diluted earnings per share (Yen)	35.08	—	86.24
Equity ratio (%)	66.8	68.1	69.5

Note: 1. 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. Diluted earnings per share in the 76th consolidated cumulative first quarter is not stated above due to net loss per share, though potential share exists.

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 first 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 first 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 first quarter.

(1) Financial Position and Operating Results

1) 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 (the Company, its consolidated subsidiaries and the companies accounted for under the equity method) for the current consolidated cumulative first quarter showed net sales of 9,494 million yen (representing a 16.1% decrease as compared with the year-earlier quarter) 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 in the year-earlier quarter); an ordinary loss was 172 million yen (an ordinary profit of 1,177 million yen in the year-earlier quarter); and a loss attributable to owners of parent was 201 million yen (a profit attributable to owners of parent of 1,167 million yen in the year-earlier quarter).

Business results with respect to each segment are as follows.

a. Electronic materials segment

In the electronic materials segment, net sales were 5,408 million yen, representing a 30.4% decrease as compared with the year-earlier quarter, due to a decrease in sales of flexible printed circuit board materials (the amount of orders received decreased by 27.9%, and the production output decrease by 34.3%, as compared with the year-earlier quarter on a non-consolidated basis of the Submitting Company) and glass cloth for printed circuit board, while the segment profit or loss recorded a segment loss of 259 million yen (a segment profit of 715 million yen in the year-earlier quarter) caused by the impact from soaring energy costs and raw material prices in addition to decrease in sales.

b. Industrial application structural materials segment

In the industrial application structural materials segment, net sales were 2,653 million yen, representing a 51.8% increase as compared with the year-earlier quarter, due to an increase in sales of water treatment FRP pressure vessels and honey-comb panel for aircraft, while the segment profit or loss recorded a segment profit of 239 million yen (a 193.9% increase as compared with the year-earlier quarter).

c. Electrical insulating materials segment

In the electrical insulating materials segment, net sales were 583 million yen, representing a 6.8% decrease as compared with the year-earlier quarter, due to a decrease in infrastructure-related sales, while the segment profit or loss recorded a segment profit of 15 million yen (a 61.5% decrease as compared with the year-earlier quarter).

d. Display materials segment

In the display materials segment, net sales were 765 million yen, representing a 30.0% decrease as compared with the year-earlier quarter, due to a decrease in sales of 3D-related materials and polarization control optical components, while the segment profit or loss recorded a segment profit of 125 million yen (a

52.2% decrease as compared with the year-earlier quarter).

e. Other (other businesses)

In other businesses, net sales were 83 million yen, representing a 5.5 % decrease as compared with the year-earlier quarter, while the segment profit or loss recorded a segment profit of 49 million yen (a 4.1% increase as compared with the year-earlier quarter).

2) 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 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 as of the end of the current consolidated cumulative first quarter were 20,659 million yen, an increase of 107 million yen compared with the end of the previous 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 as of the end of the current consolidated cumulative first quarter were 44,336 million yen, a decrease of 2,770 million yen compared with the end of the previous year. This was largely due to a decrease of 3,187 million yen in retained earnings.

(2) Management Policy, Management Strategy, etc.

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

(3) 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.

(4) 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 first quarter.

(5) Research and Development Activities

The Group's total expenses for research and development activities incurred in the current consolidated cumulative first quarter amounted to 464 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 first quarter.

3. Agreements with Managerial Implications, etc.

In the current consolidated first 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 first quarter (As of June 30, 2023)	Number of shares issued and outstanding as of the filing date of this Quarterly Report (As of August 10, 2023)	Name of financial instruments exchange where the shares are listed or authorized financial instruments firms association where the shares are registered	Remarks
Common stock	33,547,924	33,547,924	Tokyo Stock Exchange (Prime Market)	Number of shares constituting one full unit: 100
Total	33,547,924	33,547,924	---	---

Note: 1. The number of shares issued through the exercise of stock acquisition rights in the period from August 1, 2023 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".

2. The Company disposed of 41,477 shares of treasury shares for restricted stock compensation as of July 28, 2023 upon a resolution by the Board of Directors on June 29, 2023.

3. 105,967 shares out of shares issued and outstanding as of the filing date of this Quarterly Report are by contribution in kind (108,995 thousand yen of monetary compensation claims) when treasury shares were 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, Share Capital, etc.

Period	Number of shares issued and outstanding		Share capital (Thousands of yen)		Legal capital surplus (Thousands of yen)	
	Change	Balance	Change	Balance	Change	Balance
From April 1, 2023 to June 30, 2023 (See Note)	6,800	33,547,924	3,952	7,851,826	3,952	6,963,817

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

(5) Status of Major Shareholders

As the current quarterly accounting period is the first quarter, there is no matter to be stated.

(6) Status of Voting Rights

Since the “Status of Voting Rights” as of the end of the current first quarter cannot be stated herein as the relevant entries in the shareholder registry have yet to be confirmed, it is stated based on the shareholder registry as of the most recent record date (March 31, 2023).

1) Shares issued and outstanding

As of June 30, 2023

Category	Number of shares	Number of voting rights (Units)	Remarks
Shares without voting rights	---	---	---
Shares with restricted voting rights (Treasury shares, etc.)	---	---	---
Shares with restricted voting rights (Other)	---	---	---
Shares with full voting rights (Treasury shares, etc.)	Common stock 372,100	---	---
Shares with full voting rights (Other) (See Note 1 and Note 2)	Common stock 33,079,900	330,799	---
Shares constituting less than one full unit (See Note 3)	Common stock 89,124	---	---
Number of shares issued and outstanding	33,541,124	---	---
Total number of voting rights held by shareholders	---	330,799	---

- 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. 87,100 shares of the Company which a trust account for employee stock ownership plan holds (the number of voting rights: 871 units) are included in the row “Shares with full voting rights (Other)”. 886 units of voting rights for shares with full voting rights of such trust account are included in the column “Number of voting rights”.
3. 79 shares of treasury shares are included in the row “Shares constituting less than one full unit”.

2) Treasury Shares, etc.

As of June 30, 2023

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	372,100	---	372,100	1.10
Total	---	372,100	---	372,100	1.10

Note: 87,100 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 first quarter (from April 1, 2023 to June 30, 2023) and the current consolidated cumulative first quarter (from April 1, 2023 to June 30, 2023) 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, 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 (Δ))	705,835	Δ 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 (Δ))	1,177,344	Δ 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 (Δ)) before income taxes	1,634,257	Δ 171,798
Income taxes	464,423	30,009
Profit (loss (Δ))	1,169,834	Δ 201,807
Profit attributable to non-controlling interests	2,465	—
Profit (loss (Δ)) attributable to owners of parent	1,167,368	Δ 201,807

[Quarterly Consolidated Statements 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	Δ201,807
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ92,785	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	Δ1,602
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	Δ19,142	—

[Notes]

(Particular accounting treatments applied in preparation of 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.

(Notes Related to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the current consolidated cumulative first quarter were not prepared. In this regard, the amounts of depreciation (including amortization of intangible assets) for the previous and current consolidated cumulative first quarters are as follows.

	(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)
Depreciation	526,802	539,545

(Notes Related to Shareholders' Equity, etc.)

I Previous consolidated cumulative first quarter (From April 1, 2022 to June 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 passed a resolution at the Board of Directors' Meeting held on May 12, 2022 on the acquisition of treasury shares under the provisions of Article 156 as applied following the deemed replacement of terms pursuant to the provisions of Article 165, paragraph 3 of the Companies Act. We are in the process of acquiring treasury shares through market purchases on the Tokyo Stock Exchange during the period from May 13, 2022 to December 30, 2022, up to 820,000 shares to be acquired and an acquisition price of 750,000 thousand yen. As a result, treasury shares increased by 266,923 thousand yen during the current consolidated cumulative first quarter and amounted to 566,534 thousand yen at the end of the current consolidated first quarter.

II Current consolidated cumulative first quarter (From April 1, 2023 to June 30, 2023)

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 29, 2023	Common stock	2,985,205	90.00	March 31, 2023	June 30, 2023	Retained earnings

Note: "Total amount of dividends" includes dividends of 7,839 thousand yen on the Company's shares which a trust account for employee stock ownership plan holds.

(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	Electrical insulating materials	Display materials	Subtotal		
Net 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	Electrical insulating 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.

(For Revenue Recognition)

Information on the breakdown of revenue from contracts with customers

Previous consolidated cumulative first quarter (From April 1, 2022 to June 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	7,765,809	700,961	625,759	694,816	9,787,347	87,981	9,875,328
Goods transferred over time	—	1,047,452	—	398,841	1,446,294	—	1,446,294
Revenue from contracts with customers	7,765,809	1,748,413	625,759	1,093,658	11,233,642	87,981	11,321,623
Other revenue	—	—	—	—	—	—	—
Net sales to external customers	7,765,809	1,748,413	625,759	1,093,658	11,233,642	87,981	11,321,623

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

(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	5,408,544	1,320,892	583,178	649,777	7,962,393	83,143	8,045,536
Goods transferred over time	—	1,333,008	—	115,855	1,448,863	—	1,448,863
Revenue from contracts with customers	5,408,544	2,653,900	583,178	765,632	9,411,257	83,143	9,494,400
Other revenue	—	—	—	—	—	—	—
Net sales to external customers	5,408,544	2,653,900	583,178	765,632	9,411,257	83,143	9,494,400

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 basic earnings (loss) per share and diluted earnings per share with their respective bases of calculation are as follows.

	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)
(1) Basic earnings (loss (Δ)) per share	35.11 yen	Δ6.10 yen
(Basis of calculation)		
Profit (loss (Δ)) attributable to owners of parent (Thousands of yen)	1,167,368	Δ201,807
Amount not attributable to common stockholders (Thousands of yen)	—	—
Profit (loss (Δ)) attributable to owners of parent pertaining to common stock (Thousands of yen)	1,167,368	Δ201,807
Average number of shares of common stock during the period	33,245,408	33,087,297
(2) Diluted earnings per share	35.08 yen	—
(Basis of calculation)		
Adjustment of profit attributable to owners of parent (Thousands of yen)	—	—
Increase in the number of shares of common stock	33,415	—
Outline of dilutive shares that were not included in the calculation of diluted earnings 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: 1. The Company's shares which are shown as treasury shares in shareholders' equity and which a trust account for employee stock ownership plan holds are included in the number of treasury shares excluded in the calculation of the average number of shares of common stock during the period when basic earnings (or loss) per share is calculated (88,575 shares for the previous consolidated cumulative first quarter and 85,430 shares for the current consolidated cumulative first quarter).
2. Diluted net income per share in the current term consolidated cumulative first quarter is not stated above due to net loss per share, though potential share exists.

(Significant Subsequent Events)

No applicable matter.

2. Other

The Company passed a resolution as below on the current interim dividends at the Board of Directors' Meeting held on August 3, 2023.

- | | |
|--|------------------|
| (1) Total amount of interim dividends (planned) | 664 million yen |
| (2) Interim dividends per share | 20.00 yen |
| (3) Effective date and payment commencement date | December 4, 2023 |

- Note: 1. Payment will be made to the shareholders listed or recorded on the shareholder registry as of September 30, 2023.
2. Total amount of the interim dividends are an estimated amount calculated based on the number of shares issued and outstanding (excluding treasury stock) as of July 31, 2023.
3. Total amount of the interim dividends includes dividends of 1 million yen (planned) on the Company's shares which a trust account for employee stock ownership plan holds.

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

No applicable matter.

Independent Auditors' Quarterly Review Report

August 10, 2023

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

Ernst & Young ShinNihon LLC
Niigata office

Yoshiyuki Sakuma [Seal]
Designated Limited Liability Partner and Engagement Partner,
Certified Public Accountant

Ken Takahashi [Seal]
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 first quarter (from April 1, 2023 to June 30, 2023) and the consolidated cumulative first quarter (from April 1, 2023 to June 30, 2023) of the consolidated fiscal year from April 1, 2023 to March 31, 2024, consisting of the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income 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 June 30, 2023 and the results of their operations in the consolidated cumulative first quarter ended June 30, 2023 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 the scope of a planned quarterly review and its timing of conduct, and material quarterly review findings.

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, and matters that are reasonably believed to have an impact on the auditors' independence and the details of countermeasures if those are applied to eliminate obstacles or of safeguards if those are applied to reduce obstacles to an acceptable level.

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.

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.