



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

November 9, 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: November 14, 2023	
Scheduled date to commence dividend payments: December 4, 2023	
Preparation of supplementary material on quarterly financial results: Yes	
Holding of quarterly financial results briefing: Yes (for analysts)	

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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	%
Six months ended								
September 30, 2023	19,895	Δ13.5	169	Δ90.9	218	Δ90.9	563	Δ78.0
September 30, 2022	22,994	5.7	1,861	Δ9.1	2,408	5.3	2,563	46.8

(Note) Comprehensive income: For the six months ended September 30, 2023: 1,377 million yen (Δ54.1%)
For the six months ended September 30, 2022: 3,003 million yen (67.0%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2023	17.02	17.00
September 30, 2022	77.37	77.23

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2023	67,983	44,875	66.0	1,353.33
March 31, 2023	67,659	47,107	69.5	1,422.43

(Reference) Total equity: As of September 30, 2023: 44,844 million yen
As of March 31, 2023: 47,056 million yen

2. Cash dividends

	Annual dividend				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of year	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	---	0.00	---	90.00	90.00
Year ending March 31, 2024	---	20.00			
Year ending March 31, 2024 (Forecast)			---	25.00	45.00

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

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
Full-Year	42,600	Δ0.3	1,250	Δ43.9	1,250	Δ54.0	1,350	Δ52.7	40.78

(Note) Revisions to projections of consolidated financial results most recently announced: Yes

For revisions to the full-year forecasts of consolidated financial results, please refer to the “Notice Concerning Differences Between Consolidated Financial Forecast and Actual Results for the Six Months Ended September 30, 2023, and Revisions to Full-Year Consolidated Financial Forecasts” disclosed today (November 9, 2023).

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the changes in scope of consolidation): None

Newly included: --- (Company Name:)

Excluded: --- (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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of September 30, 2023:	33,550,424 shares	Fiscal Year Ended March 31, 2023:	33,541,124 shares
As of September 30, 2023:	413,607 shares	Fiscal Year Ended March 31, 2023:	459,279 shares
As of September 30, 2023:	33,104,555 shares	2Q of Fiscal Year Ended March 31, 2023:	33,132,891 shares

2) Number of treasury shares at the end of the period:

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

(Note) The shares of the Company (82,700 shares in 2Q 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 (84,498 shares in 2Q of the year ended March 31, 2024 and 88,392 shares in 2Q 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 currently available to the Company and certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections.

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1. Qualitative Information Concerning Current Quarterly Closing Announcement

(1) Explanation about Operating Results

As for the Japanese economy in the current consolidated cumulative second quarter, the normalization of economic activity has progressed further as the COVID-19 infections have been subsiding. Meanwhile, looking overseas, the future prospects remained uncertain due to the persistent high energy and raw material prices caused by the prolonged situation in Ukraine, global monetary tightening in addition to the economic downturn in China, etc.

Under such circumstances, the operating results of our group for the current consolidated cumulative second quarter showed net sales of 19,895 million yen (a decrease of 13.5% year-on-year) due to a decrease in sales of electronic materials, which is the main business field, 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 a decrease in sales, the results in terms of profit and loss are as follows: an operating profit was 169 million yen (a decrease of 90.9% year-on-year); an ordinary profit was 218 million yen (a decrease of 90.9% year-on-year); and a profit attributable to owners of parent was 563 million yen (a decrease of 78.0% year-on-year).

Operating results with respect to each segment are as follows.

(Electronic materials)

Net sales were 11,725 million yen (a decrease of 23.8% 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 209 million yen (the segment profit of 1,360 million yen year-on-year) caused by the impact from soaring energy costs and raw material prices in addition to a decrease in sales.

(Industrial application structural materials)

Net sales were 5,101 million yen (an increase of 27.2% 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 571 million yen (a decrease of 3.9% year-on-year).

(Electric insulation materials)

Net sales were 1,232 million yen (a decrease of 1.7% year-on-year) due to a decrease in infrastructure-related sales, while the segment profit was 113 million yen (an increase of 116.3% year-on-year).

(Display materials)

Net sales were 1,677 million yen (a decrease of 23.1% year-on-year) due to a decrease in sales of 3D-related materials and polarization control optical components, while the segment profit was 420 million yen (a decrease of 26.8% year-on-year).

(Other)

Net sales were 157 million yen (a decrease of 2.9% year-on-year).

(2) Explanation about Financial Position

Total assets as of the end of the current consolidated cumulative second quarter were 67,983 million yen, an increase of 323 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,966 million yen in notes and accounts receivable - trade, and contract assets, an increase of 899 million yen in property, plant and equipment, a decrease of 1,749 million yen in cash and deposits, a decrease of 583 million yen in merchandise and finished goods, and a decrease of 537 million yen in investment securities, respectively.

Total liabilities were 23,108 million yen, an increase of 2,556 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,031 million yen in notes and accounts payable - trade, and an increase of 1,171 million yen in long-term borrowings, respectively.

Total net assets were 44,875 million yen, a decrease of 2,232 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 969 million yen in foreign currency translation adjustment and a decrease of 3,088 million yen in retained earnings, respectively.

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

The Company has revised the consolidated financial forecasts for the fiscal year ending March 31, 2024 considering the recent performance trends. For more information, please refer to the “Notice Concerning Differences Between Consolidated Financial Forecast and Actual Results for the Six Months Ended September 30, 2023, and Revisions to Full-Year Consolidated Financial Forecasts” disclosed today (November 9, 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 Second Quarter (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	20,545,580	18,796,244
Notes and accounts receivable - trade, and contract assets	13,182,106	15,149,073
Merchandise and finished goods	5,525,035	4,941,657
Work in process	2,373,079	2,509,608
Raw materials and supplies	4,263,762	4,951,128
Other	1,541,170	933,546
Allowance for doubtful accounts	△10,786	△45,788
Total current assets	47,419,946	47,235,470
Non-current assets		
Property, plant and equipment	16,446,181	17,345,882
Intangible assets	244,197	227,823
Investments and other assets		
Investment securities	2,545,474	2,007,765
Other	1,049,896	1,212,196
Allowance for doubtful accounts	△45,969	△45,617
Total investments and other assets	3,549,401	3,174,344
Total non-current assets	20,239,780	20,748,050
Total assets	67,659,726	67,983,520

	(Thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2023)	Current Consolidated Second Quarter (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,213,263	6,244,757
Current portion of bonds payable	16,800	19,200
Short-term borrowings	5,056,253	5,223,031
Current portion of long-term borrowings	1,843,441	1,297,329
Income taxes payable	658,615	635,224
Provision for product warranties	42,184	38,409
Provision for bonuses	526,795	504,179
Provision for bonuses for directors (and other officers)	2,162	1,400
Other	2,917,188	3,849,302
Total current liabilities	16,276,705	17,812,834
Non-current liabilities		
Long-term borrowings	2,723,471	3,894,965
Provision for share awards	50,449	57,428
Retirement benefit liability	700,883	635,970
Asset retirement obligations	97,119	100,282
Other	703,383	606,826
Total non-current liabilities	4,275,306	5,295,474
Total liabilities	20,552,012	23,108,308
Net assets		
Shareholders' equity		
Share capital	7,847,873	7,853,189
Capital surplus	3,198,618	3,203,933
Retained earnings	34,293,471	31,205,178
Treasury shares	△512,975	△460,982
Total shareholders' equity	44,826,987	41,801,318
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	466,417	282,699
Deferred gains or losses on hedges	△13,657	—
Foreign currency translation adjustment	1,904,093	2,873,695
Remeasurements of defined benefit plans	△127,370	△112,723
Total accumulated other comprehensive income	2,229,483	3,043,671
Share acquisition rights	51,243	30,221
Total net assets	47,107,714	44,875,211
Total liabilities and net assets	67,659,726	67,983,520

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

(Unit: thousand yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)	Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)
Net sales	22,994,013	19,895,480
Cost of sales	18,292,178	16,998,186
Gross profit	4,701,835	2,897,293
Selling, general and administrative expenses	2,840,016	2,727,479
Operating profit	1,861,818	169,814
Non-operating income		
Interest income	76,093	53,404
Dividend income	40,147	19,635
Foreign exchange gains	425,868	80,385
Other	164,122	76,025
Total non-operating income	706,232	229,451
Non-operating expenses		
Interest expenses	65,189	92,406
Share of loss of entities accounted for using equity method	—	43,023
Other	94,016	45,432
Total non-operating expenses	159,205	180,862
Ordinary profit	2,408,845	218,403
Extraordinary income		
Gain on sale of non-current assets	461	781
Gain on sale of investment securities	1,305,241	656,042
Other	40,870	19,454
Total extraordinary income	1,346,572	676,277
Extraordinary losses		
Loss on retirement of non-current assets	5,407	33,003
Impairment losses	11,813	6,557
Other	55,867	—
Total extraordinary losses	73,087	39,560
Profit before income taxes	3,682,330	855,120
Income taxes	1,116,339	291,676
Profit	2,565,990	563,444
Profit attributable to non-controlling interests	2,465	—
Profit attributable to owners of parent	2,563,524	563,444

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

	(Thousands of yen)	
	Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)	Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)
Profit	2,565,990	563,444
Other comprehensive income		
Valuation difference on available-for-sale securities	△819,279	△183,718
Deferred gains or losses on hedges	△10,706	13,657
Foreign currency translation adjustment	1,240,050	978,884
Remeasurements of defined benefit plans, net of tax	2,885	14,646
Share of other comprehensive income of entities accounted for using equity method	24,170	△9,282
Total other comprehensive income	437,120	814,187
Comprehensive income	3,003,110	1,377,632
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,022,253	1,377,632
Comprehensive income attributable to non-controlling interests	△19,142	—

(3) Quarterly Consolidated Cash Flows Statement

(Thousands of yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)	Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	3,682,330	855,120
Depreciation	1,097,498	1,104,523
Share-based payment expenses	18,577	21,999
Gain on reversal of share acquisition rights	△40,870	△19,454
Increase (△decrease) in allowance for doubtful accounts	5,523	34,184
Increase (△ decrease) in provision for bonuses	232,003	△22,616
Increase (△ decrease) in provision for product warranties	△44,999	△6,855
Increase (△ decrease) in provision for bonuses for directors (and other officers)	△3,095	△762
Increase (△ decrease) in provision for share awards	△41,035	11,071
Increase (△ decrease) in retirement benefit liability	△25,681	△43,837
Loss (△ gain) on redemption of investment securities	△40,063	—
Interest and dividend income	△116,241	△73,039
Subsidy income	△9,652	△29,410
Interest expenses	65,189	92,406
Foreign exchange losses (△ gains)	△251,516	△151,210
Share of loss (△ profit) of entities accounted for using equity method	△29,194	43,023
Loss (△ gain) on sale of short-term and long-term investment securities	△1,249,374	△656,042
Loss (△ gain) on sale of non-current assets	△461	△781
Loss on retirement of property, plant and equipment	213	1,682
Impairment losses	11,813	6,557
Loss on valuation of golf club membership	—	175
Decrease (△ increase) in trade receivables	△197,010	△1,538,621
Decrease (△ increase) in inventories	△1,813,237	90,251
Increase (△ decrease) in trade payables	1,465,803	890,233
Increase (△ decrease) in accrued consumption taxes	△276,064	276,640
Decrease (△ increase) in other assets	△155,290	222,760
Increase (△ decrease) in other liabilities	106,252	△86,227
Subtotal	2,391,417	1,021,773
Interest and dividends received	176,560	99,527
Interest paid	△61,841	△90,679
Subsidies received	9,652	29,410
Income taxes refund (paid)	△955,899	△356,390
Net cash provided by (used in) operating activities	1,559,889	703,642

	(Thousands of yen)	
	Previous Consolidated Cumulative Second Quarter (From April 1, 2022 to September 30, 2022)	Current Consolidated Cumulative Second Quarter (From April 1, 2023 to September 30, 2023)
Cash flows from investing activities		
Payments into time deposits	△362,025	△200,000
Proceeds from withdrawal of time deposits	132,390	1,653,392
Purchase of property, plant and equipment	△1,954,579	△1,383,741
Proceeds from sale of property, plant and equipment	461	1,068
Purchase of intangible assets	△21,236	△23,172
Purchase of investment securities	△332,491	—
Proceeds from sale of investment securities	6,780,340	824,135
Proceeds from sale of shares of subsidiaries and associates	—	210,317
Loan advances	△20,097	—
Proceeds from collection of loans receivable	4,305	23,810
Decrease (△increase) in investments and other assets	△12,629	△3,787
Net cash provided by (used in) investing activities	4,214,436	1,102,021
Cash flows from financing activities		
Net increase (△ decrease) in short-term borrowings	△903,394	16,776
Proceeds from long-term borrowings	2,587,765	2,141,828
Repayments of long-term borrowings	△1,305,248	△1,857,761
Repayments of lease liabilities	△57,691	△62,060
Redemption of bonds	△18,400	△8,400
Repayments of long-term accounts payable - other	△4,709	—
Proceeds from issuance of shares	125,888	9,063
Purchase of treasury shares	△749,709	△239
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△45,813	—
Dividends paid	△2,998,210	△2,974,133
Dividends paid to non-controlling interests	△9,589	—
Net cash provided by (used in) financing activities	△3,379,111	△2,734,927
Effect of exchange rate change on cash and cash equivalents	822,104	599,653
Net increase (△ decrease) in cash and cash equivalents	3,217,319	△329,609
Cash and cash equivalents at beginning of period	16,893,109	18,535,854
Cash and cash equivalents at end of period	20,110,428	18,206,244

(4) 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 second quarter.

(Segment Information, etc.)

[Segment Information]

I Previous consolidated cumulative second quarter (From April 1, 2022 to September 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	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
Net sales	15,384,440	4,010,805	1,254,676	2,181,406	22,831,329	597,544	23,428,874
Segment profit	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 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	2,582,299
Profit 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 profit 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.

II Current consolidated cumulative second quarter (From April 1, 2023 to September 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	11,725,893	5,101,193	1,232,897	1,677,607	19,737,592	157,888	19,895,480
Inter-segment sales or transfers	---	---	---	---	---	448,088	448,088
Net sales	11,725,893	5,101,193	1,232,897	1,677,607	19,737,592	605,977	20,343,569
Segment profit (loss (△))	△209,966	571,906	113,641	420,641	896,222	99,319	995,541

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	896,222
Profit in the category “Other”	99,319
Elimination of inter-segment transactions	3,271
Unallocated corporate expenses (See Note)	△815,855
Adjustment of inventories	△13,142
Operating profit shown on the quarterly consolidated statements of income	169,814

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 6,557 thousand yen.

(Significant Subsequent Events)

No applicable matter.