



## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 8, 2024

Company Name: Arisawa Mfg. Co., Ltd.	Stock exchange listing: Tokyo
Stock code: 5208	(URL <a href="https://www.arisawa.co.jp/">https://www.arisawa.co.jp/</a> )
Representative: Representative Director and CEO: Yuta Arisawa	
Inquiries: Director and Senior Managing Operating Officer: Takeshi Masuda	Telephone: 025-524-7101
Scheduled date to file quarterly securities report: February 14, 2024	
Scheduled date to commence dividend payments: ---	
Preparation of supplementary material on quarterly financial results: Yes	
Holding of quarterly financial results briefing: None	

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended								
December 31, 2023	30,859	Δ8.0	648	Δ69.7	718	Δ73.5	981	Δ63.1
December 31, 2022	33,543	2.7	2,137	Δ23.8	2,705	Δ14.3	2,661	Δ10.4

(Note) Comprehensive income: For the nine months ended December 31, 2023: 2,062 million yen (Δ34.2%)  
For the nine months ended December 31, 2022: 3,133 million yen (32.8%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2023	29.64	29.62
December 31, 2022	80.52	80.33

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2023	69,046	45,559	65.9	1,373.98
March 31, 2023	67,659	47,107	69.5	1,422.43

(Reference) Total equity: As of December 31, 2023: 45,529 million yen  
As of March 31, 2023: 47,056 million yen

### 2. Cash dividends

	Annual dividend				
	End of 1 <sup>st</sup> quarter	End of 2 <sup>nd</sup> quarter	End of 3 <sup>rd</sup> quarter	End of year	Annual
	Yen	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) Revisions to the forecast of cash dividends most recently announced: 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	40.77

(Note) Revisions to the forecast of consolidated financial results most recently announced: None

**\* 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 December 31, 2023:	33,550,424 shares	As of March 31, 2023:	33,541,124 shares
As of December 31, 2023:	413,507 shares	As of March 31, 2023:	459,279 shares
Nine months ended December 31, 2023:	33,115,378 shares	Nine months ended December 31, 2022:	33,051,977 shares

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

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

(Note) The shares of the Company (82,600 shares in 3Q 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 (83,867 shares in 3Q of the year ended March 31, 2024 and 88,216 shares in 3Q 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.

\* Proper use of earnings forecasts, and other special matters

Descriptions and statements concerning estimates and forecasts in this material 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 third quarter, the economy remained on a moderate recovery trend as socioeconomic activities had normalized since the coronavirus pandemic. Meanwhile, there is still an uncertain outlook for the economy due to the continued price increases, prolonged Ukrainian crisis, the instability in Middle East, the impact of global monetary tightening, and the economic downturn in China, etc.

Under such circumstances, the operating results of our group for the current consolidated cumulative third quarter showed net sales of 30,859 million yen (a decrease of 8.0% year-on-year) due to a decrease in demand in the Chinese market for the electronic materials which is the main business field of our group despite an increase in sales of industrial application structural materials. The results in terms of profit and loss are as follows: an operating profit was 648 million yen (a decrease of 69.7% year-on year); an ordinary profit was 718 million yen (a decrease of 73.5% year-on year); and a profit attributable to owners of parent was 981 million yen (a decrease of 63.1% year-on year).

Operating results with respect to each segment are as follows.

#### (Electronic materials)

Net sales were 18,402 million yen (a decrease of 14.6% year-on-year) due to a decrease in sales of flexible printed circuit board materials and glass cloth for printed circuit board, while the segment profit was 7 million yen (a decrease of 99.4% year-on-year) caused by the impact from a decrease in production in response to a decrease in demand.

#### (Industrial application structural materials)

Net sales were 7,672 million yen (an increase of 16.1% year-on-year) due to an increase in sales of FRP vessels for water purification and honey-comb panel for aircraft, while the segment profit was 889 million yen (a decrease of 13.7% year-on-year) due to a change in product mix.

#### (Electric insulation materials)

Net sales were 1,894 million yen (a decrease of 2.1% year-on-year) due to a decrease in infrastructure-related sales, while the segment profit was 211 million yen (an increase of 70.6% year-on-year).

#### (Display materials)

Net sales were 2,625 million yen (a decrease of 18.3% year-on-year) due to a decrease in sales of 3D-related materials and polarization control optical components, while the segment profit was 652 million yen (a decrease of 14.9% year-on-year).

#### (Other)

Net sales were 264 million yen (an increase of 12.5% year-on-year).

(2) Explanation about Financial Position

Total assets as of the end of the current consolidated cumulative third quarter were 69,046 million yen, an increase of 1,386 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 2,985 million yen in notes and accounts receivable - trade, and contract assets, an increase of 1,316 million yen in property, plant and equipment, a decrease of 1,665 million yen in cash and deposits, a decrease of 993 million yen in merchandise and finished goods, and a decrease of 453 million yen in investment securities, respectively.

Total liabilities were 23,486 million yen, an increase of 2,934 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,711 million yen in notes and accounts payable - trade, and an increase of 1,307 million yen in long-term borrowings, respectively.

Total net assets were 45,559 million yen, a decrease of 1,547 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,165 million yen in foreign currency translation adjustment and a decrease of 2,670 million yen in retained earnings, respectively.

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

As for the consolidated financial forecasts for the fiscal year ending March 31, 2024, there is no change in the forecast of consolidated business results in “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” which was announced on 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 Third Quarter (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	20,545,580	18,879,847
Notes and accounts receivable-trade, and contract assets	13,182,106	16,168,096
Merchandise and finished goods	5,525,035	4,531,926
Work in process	2,373,079	2,487,867
Raw materials and supplies	4,263,762	4,889,239
Other	1,541,170	912,933
Allowance for doubtful accounts	△10,786	△17,455
Total current assets	47,419,946	47,852,456
Non-current assets		
Property, plant and equipment	16,446,181	17,762,315
Intangible assets	244,197	233,415
Investments and other assets		
Investment securities	2,545,474	2,092,104
Other	1,049,896	1,151,624
Allowance for doubtful accounts	△45,969	△45,499
Total investments and other assets	3,549,401	3,198,229
Total non-current assets	20,239,780	21,193,960
Total assets	67,659,726	69,046,416

(Thousands of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2023)	Current Consolidated Third Quarter (As of December 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	5,213,263	6,924,493
Current portion of bonds payable	16,800	10,800
Short-term borrowings	5,056,253	5,894,661
Current portion of long-term borrowings	1,843,441	1,251,532
Income taxes payable	658,615	201,049
Provision for product warranties	42,184	37,914
Provision for bonuses	526,795	292,972
Provision for bonuses for directors (and other officers)	2,162	1,796
Other	2,917,188	3,491,318
Total current liabilities	16,276,705	18,106,536
Non-current liabilities		
Long-term borrowings	2,723,471	4,031,446
Provision for share awards	50,449	62,960
Retirement benefit liability	700,883	607,273
Asset retirement obligations	97,119	101,475
Other	703,383	576,912
Total non-current liabilities	4,275,306	5,380,069
Total liabilities	20,552,012	23,486,606
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,847,873	7,853,189
Capital surplus	3,198,618	3,203,933
Retained earnings	34,293,471	31,623,433
Treasury shares	△512,975	△460,889
Total shareholders' equity	44,826,987	42,219,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	466,417	344,509
Deferred gains or losses on hedges	△13,657	760
Foreign currency translation adjustment	1,904,093	3,070,052
Remeasurements of defined benefit plans	△127,370	△105,400
Total accumulated other comprehensive income	2,229,483	3,309,921
Share acquisition rights	51,243	30,221
Total net assets	47,107,714	45,559,810
Total liabilities and net assets	67,659,726	69,046,416

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

(Thousands of yen)

	Previous Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)	Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 2023)
Net sales	33,543,349	30,859,791
Cost of sales	27,086,418	25,866,716
Gross profit	6,456,931	4,993,075
Selling, general and administrative expenses	4,319,837	4,344,882
Operating profit	2,137,093	648,192
Non-operating income		
Interest income	102,948	80,920
Dividend income	58,555	31,789
Foreign exchange gains	347,203	132,411
Other	227,710	106,925
Total non-operating income	736,417	352,046
Non-operating expenses		
Interest expenses	106,692	146,157
Share of loss of entities accounted for using equity method	—	47,177
Compensation expenses	—	57,084
Other	61,362	31,565
Total non-operating expenses	168,055	281,984
Ordinary profit	2,705,456	718,254
Extraordinary income		
Gain on sale of non-current assets	3,978	1,799
Gain on sale of investment securities	1,305,241	656,042
Other	40,870	19,454
Total extraordinary income	1,350,090	677,296
Extraordinary losses		
Loss on retirement of non-current assets	79,206	38,216
Impairment losses	12,938	8,541
Other	55,868	96
Total extraordinary losses	148,013	46,855
Profit before income taxes	3,907,533	1,348,694
Income taxes	1,243,760	366,995
Profit	2,663,772	981,699
Profit attributable to non-controlling interests	2,465	—
Profit attributable to owners of parent	2,661,307	981,699



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

(Thousands of yen)

	Previous Consolidated Cumulative Third Quarter (From April 1, 2022 to December 31, 2022)	Current Consolidated Cumulative Third Quarter (From April 1, 2023 to December 31, 2023)
Profit	2,663,772	981,699
Other comprehensive income		
Valuation difference on available-for-sale securities	△823,934	△121,908
Deferred gains or losses on hedges	44,432	14,417
Foreign currency translation adjustment	1,223,241	1,175,105
Remeasurements of defined benefit plans, net of tax	4,327	21,970
Share of other comprehensive income of entities accounted for using equity method	21,221	△9,147
Total other comprehensive income	469,288	1,080,438
Comprehensive income	3,133,061	2,062,137
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,152,203	2,062,137
Comprehensive income attributable to non-controlling interests	△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 third quarter.

(Segment Information, etc.)

[Segment Information]

I Previous consolidated cumulative third quarter (From April 1, 2022 to December 31, 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	21,550,698	6,607,601	1,935,647	3,214,040	33,307,988	235,361	33,543,349
Inter-segment sales or transfers	—	—	—	—	—	642,875	642,875
Net sales	21,550,698	6,607,601	1,935,647	3,214,040	33,307,988	878,236	34,186,224
Segment profit	1,267,728	1,031,163	123,946	766,136	3,188,975	119,696	3,308,671

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	3,188,975
Profit in the category "Other"	119,696
Elimination of inter-segment transactions	1,055
Unallocated corporate expenses (See Note)	△1,124,615
Adjustment of inventories	△48,017
Operating profit shown on the quarterly consolidated statements of income	2,137,093

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 third quarter is 12,938 thousand yen.

## II Current consolidated cumulative third quarter (From April 1, 2023 to December 31, 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	18,402,636	7,672,916	1,894,257	2,625,267	30,595,077	264,714	30,859,791
Inter-segment sales or transfers	—	—	—	—	—	681,589	681,589
Net sales	18,402,636	7,672,916	1,894,257	2,625,267	30,595,077	946,303	31,541,381
Segment profit	7,980	889,788	211,513	652,333	1,761,616	151,741	1,913,358

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	1,761,616
Profit in the category “Other”	151,741
Elimination of inter-segment transactions	5,379
Unallocated corporate expenses (See Note)	△1,242,694
Adjustment of inventories	△27,850
Operating profit shown on the quarterly consolidated statements of income	648,192

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 third quarter is 8,541 thousand yen.

(Significant Subsequent Events)

No applicable matter.