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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

August 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 commence dividend payments:		---	
Preparation of supplementary material on quarterly financial results:		Yes	
Holding of quarterly financial results meeting:		None	

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024) (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, 2024	12,080	27.2	1,069	---	1,344	---	970	---
June 30, 2023	9,494	△16.1	△247	---	△172	---	△201	---

(Note) Comprehensive income: Three months ended June 30, 2024: 1,618 million yen (688.0%)  
Three months ended June 30, 2023: 205 million yen (△86.1%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	29.28	29.23
June 30, 2023	△6.10	---

### (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, 2024	71,158	46,556	65.4	1,402.53
March 31, 2024	68,816	46,246	67.2	1,394.08

(Reference) Total equity: As of June 30, 2024: 46,535 million yen As of March 31, 2024: 46,218 million yen

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	---	20.00	---	40.00	60.00
Fiscal year ending March 31, 2025	---				
Fiscal year ending March 31, 2025 (Forecast)		42.00	---	42.00	84.00

(Note) Revisions to dividend projections most recently announced: None

### 3. Forecasts of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2024	24,300	22.1	1,900	---	2,100	861.5	1,500	166.2	45.21
Full Year	48,900	16.1	3,200	115.7	3,300	121.7	2,400	46.4	72.33

(Note) 1. Revisions to projections of consolidated financial results most recently announced: Yes

For revisions to the financial forecasts, please refer to the "Notice Concerning Revisions to Consolidated Financial Forecasts" disclosed today (August 8, 2024).

2. Percentage change in operating profit for the six months ending September 30, 2024 is shown as "----" because it is more than 1,000% year on year.

\* Notes

- (1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of issued shares (common shares)

i) Total number of issued shares at the end of the period (including treasury shares):	As of June 30, 2024:	33,592,524 shares	As of March 31, 2024:	33,566,924 shares
ii) Number of treasury shares at the end of the period:	As of June 30, 2024:	412,431 shares	As of March 31, 2024:	413,233 shares
iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	Three months ended June 30, 2024:	33,162,236 shares	Three months ended June 30, 2023:	33,087,297 shares

(Note) The shares of the Company (81,400 shares in 1Q of the year ending March 31, 2025 and 82,300 shares in the year ended March 31, 2024) 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 (81,743 shares in 1Q of the year ending March 31, 2025 and 85,430 shares in 1Q of the year ended March 31, 2024).

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

\* 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. Please refer to "1. Summary of Business Results, etc., (3) Explanation about Future Forecast Information, Including Forecast of Consolidated Business Results" of the attached materials on page 3 for information concerning business forecast.

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## 1. Summary of Business Results, etc.

### (1) Summary of Business Results for the First Quarter

As for the Japanese economy in the current consolidated cumulative first quarter, the economy showed a moderate recovery trend due to an increase in demand from inbound tourism, improvement in the employment and income situation and improved corporate earnings, etc. Meanwhile, there is still an uncertain outlook for the economy due to ongoing currency volatility, unstable global situation, and downside risks of global economy, etc.

Under such circumstances, the results of operations of our group for the current consolidated cumulative first quarter showed net sales of 12,080 million yen (an increase of 27.2% year-on-year) due to a recovery in demand for electronic materials, one of our main business fields, in Chinese and domestic markets in addition to a favorable progress in both the industrial application structural materials and display materials. The results in terms of profit and loss are as follows: an operating profit was 1,069 million yen (an operating loss of 247 million yen in the same period of the previous year); an ordinary profit was 1,344 million yen (an ordinary loss of 172 million yen in the same period of the previous year); and a profit attributable to owners of parent was 970 million yen (a loss attributable to owners of parent of 201 million yen in the same period of the previous year).

Business results with respect to each segment are as follows.

#### (Electronic materials)

Net sales were 7,175 million yen (an increase of 32.7% year-on-year) due to an increase in sales of flexible printed circuit board materials and glass cloth for printed circuit board, while segment profit was 488 million yen (the segment loss of 259 million yen in the same period of the previous year) due to an increase in sales.

#### (Industrial application structural materials)

Net sales were 2,887 million yen (an increase of 8.8% year-on-year) due to an increase in sales of FRP vessels for water purification etc., while the segment profit was 461 million yen (an increase of 92.3% year-on-year) due to a change in product mix in addition to an increase in sales .

#### (Electric insulation materials)

Net sales were 574 million yen (a decrease of 1.5% year-on-year) due to a decrease in infrastructure-related sales, while the segment loss was 11 million yen (a segment profit of 15 million yen in the same period of the previous year).

#### (Display materials)

Net sales were 1,346 million yen (an increase of 75.9% year-on-year) due to an increase in sales of 3D-related materials and polarization control optical components, while the segment profit was 514 million yen (an increase of 309.9% year-on-year).

#### (Other)

Net sales were 96 million yen (an increase of 16.4% year-on-year).

(2) Summary of Financial Position for the First Quarter

Total assets as of the end of the current consolidated cumulative first quarter were 71,158 million yen, an increase of 2,342 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,579 million yen in notes and accounts receivable-trade, and contract assets, an increase of 898 million yen in raw materials and supplies, an increase of 557 million yen in property, plant and equipment and a decrease of 898 million yen in cash and deposits, respectively.

Total liabilities were 24,602 million yen, an increase of 2,031 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 832 million yen in notes and accounts payable-trade, an increase of 708 million yen in short-term borrowings, respectively.

Total net assets were 46,556 million yen, an increase of 310 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 548 million yen in foreign currency translation adjustment and a decrease of 358 million yen in retained earnings, respectively.

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

The forecast of consolidated business results for the cumulative second quarter ending September 30, 2024, is revised based on recent business trends. For details, please refer to the “Notice Concerning Revisions to Consolidated Financial Forecasts” disclosed today (August 8, 2024).

## 2. Quarterly Consolidated Financial Statements and Major Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2024)	Current Consolidated First Quarter (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	18,163,338	17,265,010
Notes and accounts receivable - trade, and contract assets	16,515,625	18,094,899
Securities	—	100,200
Merchandise and finished goods	4,587,271	4,476,431
Work in process	2,515,667	2,646,184
Raw materials and supplies	4,359,283	5,257,962
Other	983,820	1,098,997
Allowance for doubtful accounts	△27,285	△42,021
Total current assets	47,097,722	48,897,664
Non-current assets		
Property, plant and equipment	17,961,943	18,519,574
Intangible assets	382,749	364,473
Investments and other assets		
Investment securities	2,327,455	2,386,650
Other	1,092,275	1,035,719
Allowance for doubtful accounts	△45,463	△45,204
Total investments and other assets	3,374,267	3,377,164
Total non-current assets	21,718,961	22,261,212
Total assets	68,816,683	71,158,877

	(Thousands of yen)	
	Previous Consolidated Fiscal Year (As of March 31, 2024)	Current Consolidated First Quarter (As of June 30, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	7,014,220	7,846,642
Current portion of bonds payable	10,800	—
Short-term borrowings	5,301,635	6,009,677
Current portion of long-term borrowings	3,120,516	2,628,487
Income taxes payable	269,618	490,445
Provision for product warranties	28,739	27,175
Provision for bonuses	589,881	1,080,117
Provision for bonuses for directors (and other officers)	3,618	484
Other	3,083,775	3,370,739
Total current liabilities	19,422,805	21,453,769
Non-current liabilities		
Long-term borrowings	1,970,976	1,782,743
Provision for share awards	68,536	73,450
Retirement benefit liability	485,167	462,304
Asset retirement obligations	99,583	102,024
Other	523,416	727,889
Total non-current liabilities	3,147,680	3,148,412
Total liabilities	22,570,486	24,602,182
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,862,036	7,875,872
Capital surplus	3,212,781	3,226,617
Retained earnings	32,253,196	31,894,726
Treasury shares	△460,640	△459,944
Total shareholders' equity	42,867,374	42,537,272
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	515,045	611,087
Deferred gains or losses on hedges	△1,706	△1,796
Foreign currency translation adjustment	2,870,994	3,419,288
Remeasurements of defined benefit plans	△32,930	△29,878
Total accumulated other comprehensive income	3,351,402	3,998,700
Share acquisition rights	27,419	20,721
Total net assets	46,246,196	46,556,695
Total liabilities and net assets	68,816,683	71,158,877

(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, 2023 to June 30, 2023)	Current Consolidated Cumulative First Quarter (From April 1, 2024 to June 30, 2024)
Net sales	9,494,400	12,080,560
Cost of sales	8,333,617	9,311,097
Gross profit	1,160,782	2,769,463
Selling, general and administrative expenses	1,408,554	1,699,885
Operating profit (loss)	△247,772	1,069,578
Non-operating income		
Interest income	20,420	21,088
Dividend income	19,597	12,031
Subsidy income	10,255	76,341
Foreign exchange gains	88,068	194,139
Other	20,546	27,923
Total non-operating income	158,888	331,524
Non-operating expenses		
Interest expenses	43,387	46,414
Share of loss of entities accounted for using equity method	28,558	—
Other	11,877	10,269
Total non-operating expenses	83,823	56,684
Ordinary profit (loss)	△172,707	1,344,418
Extraordinary income		
Gain on sale of non-current assets	685	965
Gain on sale of investment securities	28,101	—
Gain on reversal of share acquisition rights	—	2,373
Total extraordinary income	28,786	3,338
Extraordinary losses		
Loss on retirement of non-current assets	24,695	809
Impairment losses	3,181	2,854
Total extraordinary losses	27,877	3,664
Profit (loss) before income taxes	△171,798	1,344,092
Income taxes	30,009	373,122
Profit (loss)	△201,807	970,969
Profit attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	△201,807	970,969



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

	(Thousands of yen)	
	Previous Consolidated Cumulative First Quarter (From April 1, 2023 to June 30, 2023)	Current Consolidated Cumulative First Quarter (From April 1, 2024 to June 30, 2024)
Profit (loss)	△201,807	970,969
Other comprehensive income		
Valuation difference on available-for-sale securities	90,192	96,041
Deferred gains or losses on hedges	2,445	△89
Foreign currency translation adjustment	308,806	548,294
Remeasurements of defined benefit plans, net of tax	7,323	3,052
Share of other comprehensive income of entities accounted for using equity method	△1,602	—
Total other comprehensive income	407,164	647,297
Comprehensive income	205,357	1,618,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	205,357	1,618,267
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

“Accounting Standard for Current Income Taxes” (ASBJ Statement No.27, October 28, 2022; hereinafter referred to as the “Amended Accounting Standard 2022”) etc. has been applied from the beginning of the current consolidated fiscal first quarter.

The amendment to the accounting for current income taxes (taxation on other comprehensive income) follows the transitional treatment prescribed in the proviso of the paragraph 20-3 of the Amended Accounting Standard 2022 and the transitional treatment prescribed in the proviso of paragraph 65-2(2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Amended Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

In addition, as for the amendment related to the revised accounting treatment in consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies are deferred for tax purposes, the Amended Implementation Guidance 2022 has been applied from the beginning of the period. As this change in accounting policies was applied retroactively, the quarterly consolidated financial statements for the three months ended June 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024 have been prepared on retroactive basis. This change in accounting policies has no impact on the quarterly consolidated financial statements for the three months ended June 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024.

(Notes to 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.

(Notes to Segment Information, etc.)

[Segment Information]

I Previous 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.

## II Current consolidated cumulative first quarter (From April 1, 2024 to June 30, 2024)

## 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	7,175,105	2,887,608	574,629	1,346,472	11,983,816	96,743	12,080,560
Inter-segment sales or transfers	—	—	—	—	—	242,880	242,880
Net sales	7,175,105	2,887,608	574,629	1,346,472	11,983,816	339,624	12,323,441
Segment profit (loss)	488,188	461,374	△11,147	514,854	1,453,269	56,927	1,510,197

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	1,453,269
Profit in the category “Other”	56,927
Elimination of inter-segment transactions	2,741
Unallocated corporate expenses (See Note)	△390,838
Adjustment of inventories	△52,521
Operating profit shown on the quarterly consolidated statements of income	1,069,578

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 2,854 thousand yen.

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

No applicable matter.

(Notes on Going Concern Assumption)

No applicable matter.

## (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, 2023 to June 30, 2023)	Current consolidated cumulative first quarter (From April 1, 2024 to June 30, 2024)
Depreciation	539,545	495,927