

SEMI-ANNUAL REPORT

(The First Half of the 77th Term)

From April 1, 2024 to September 30, 2024

(TRANSLATION)

ARISAWA MFG. CO., LTD.

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Company name (Japanese):	Kabushiki-Kaisha Arisawa Seisakusho
Company name (English):	Arisawa Mfg. Co., Ltd.
Name and title of representative:	Yuta Arisawa, President and Representative Director
Location of head office:	5-5, Minami-honcho 1-chome, Joetsu-shi, Niigata
Telephone number:	(025) 524-5126
Contact person:	Shuichi Kubota, Operating Officer supervising, Corporate Strategy Department
Place of contact:	5-5, Minami-honcho 1-chome, Joetsu-shi, Niigata
Telephone number:	(025) 524-5126
Contact person:	Shuichi Kubota, Operating Officer supervising, Corporate Strategy Department
Places where copies of this Semi-annual Report are made available for public inspection:	Arisawa Mfg. Co., Ltd., Tokyo Head Office (12-5, Yanagibashi 2-chome, Taito-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)

PART I. INFORMATION ON THE BUSINESS

I. General Conditions of Business

1. Changes in Principal Management Indicators, etc.

Term	76 th term semi-annual consolidated accounting period	77 th term semi-annual consolidated accounting period	76 th term
Accounting period	From April 1, 2023 to September 30, 2023	From April 1, 2024 to September 30, 2024	From April 1, 2023 to March 31, 2024
Net sales (Millions of yen)	19,895	25,172	42,114
Ordinary profit (Millions of yen)	218	2,917	1,488
Profit attributable to owners of parent (Millions of yen)	563	2,122	1,639
Comprehensive income (Millions of yen)	1,377	3,466	2,761
Net assets (Millions of yen)	44,875	48,516	46,246
Total assets (Millions of yen)	67,983	73,555	68,816
Earnings per share (Yen)	17.02	63.91	49.51
Diluted earnings per share (Yen)	17.00	63.83	49.46
Equity ratio (%)	66.0	66.0	67.2
Cash flows from operating activities (Millions of yen)	703	3,258	3,219
Cash flows from investing activities (Millions of yen)	1,102	(1,351)	(1,061)
Cash flows from financing activities (Millions of yen)	(2,734)	(2,245)	(3,415)
Cash and cash equivalents at end of period (Millions of yen)	18,206	17,773	17,700

Note: As Arisawa Mfg. Co., Ltd. (hereinafter referred to as either the “Company” or the “Submitting Company”, as the case may be) prepares the semi-annual consolidated financial statements, the changes in principal management indicators, etc. of the Submitting Company are not stated above.

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 semi-annual consolidated accounting period.

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 semi-annual consolidated accounting period 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 semi-annual consolidated accounting period.

(1) Financial Position and Business Results

1) Business Results

During the current semi-annual consolidated accounting period (from April 1, 2024 to September 30, 2024), the Japanese economy showed a moderate recovery trend due to a progressed normalization of socio-economic activities led by an improved employment and income environment and an increase in demand from inbound tourism, etc. Meanwhile, there is still an uncertain outlook for the economy due to a stagnation of the economy in China, rising geopolitical risks such as the situation in the Middle East, etc., and concerns about sluggish consumption caused by a global price increase, etc.

Under such circumstances, the results of operations of our Group (the Company and its consolidated subsidiaries) for the current semi-annual consolidated accounting period showed net sales of 25,172 million yen (an increase of 26.5% year-on-year) due to strong business performance in electronic materials, one of our main business fields, industrial application structural materials, and display materials. The results in terms of profit and loss are as follows: an operating profit was 2,734 million yen (an increase of 1,510.2% year-on-year); an ordinary profit was 2,917 million yen (an increase of 1,235.6% year-on-year); and a profit attributable to owners of parent was 2,122 million yen (an increase of 276.6% year-on-year).

Business results with respect to each segment are as follows.

a. Electronic materials segment

In the electronic materials segment, net sales were 15,228 million yen (an increase of 29.9% year-on-year) due to an increase in sales of flexible printed circuit board materials (the amount of orders received increased by 28.8% and the production output increased by 36.9% year-on-year on a non-consolidated basis of the Submitting Company) and glass cloth for printed circuit board, while the segment profit was 1,296 million yen (the segment loss of 209 million yen in the same period of the previous year) due to an improvement of capacity utilization, etc. in addition to an increase in sales.

b. Industrial application structural materials segment

In the industrial application structural materials segment, net sales were 6,026 million yen (an increase of 18.1% year-on-year) due to an increase in sales of FRP vessels for water purification, etc., while the segment profit was 1,181 million yen (an increase of 106.6% year-on-year) due to a change in product mix in addition to an increase in sales.

c. Electrical insulating materials segment

In the electrical insulating materials segment, net sales were 1,179 million yen (a decrease of 4.3% year-on-year) due to a decrease in infrastructure-related sales, while the segment profit was 33 million yen (a decrease of 71.0% year-on-year).

d. Display materials segment

In the display materials segment, net sales were 2,545 million yen (an increase of 51.7% year-on-year) due to an increase in sales of 3D-related materials and polarization control optical components, while the segment profit was 920 million yen (an increase of 118.9% year-on-year).

e. Other (other businesses)

In other businesses, net sales were 192 million yen (an increase of 21.7% year-on-year), while the segment profit was 113 million yen (an increase of 14.6% year-on-year).

2) Financial Position

Total assets as of the end of the current semi-annual consolidated accounting period were 73,555 million yen, an increase of 4,739 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,001 million yen in notes and accounts receivable-trade, and contract assets, an increase of 813 million yen in merchandise and finished goods, an increase of 1,060 million yen in raw materials and supplies and an increase of 1,241 million yen in property, plant and equipment, respectively.

Total liabilities were 25,039 million yen, an increase of 2,468 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,409 million yen in notes and accounts payable-trade, an increase of 1,263 million yen in long-term borrowings, and a decrease of 2,100 million yen in current portion of long-term borrowings, respectively.

Total net assets were 48,516 million yen, an increase of 2,270 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 792 million yen in retained earnings and an increase of 1,305 million yen in foreign currency translation adjustment.

(2) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as the “Funds”) as of the end of the current semi-annual consolidated accounting period were 17,773 million yen, a decrease of 432 million yen, or 2.4%, compared with the end of the previous semi-annual consolidated accounting period.

The following is the status of each cash flow category during the current semi-annual consolidated accounting period and the key factors of such status.

(Cash flows from operating activities)

Funds earned from operating activities were 3,258 million yen (an increase of 363.1% year-on-year). This was largely due to an increase in the Funds comprising the postings of 2,926 million yen in profit before income taxes, 1,012 million yen in depreciation, 1,199 million yen in increase in trade payables as well as a decrease in the Funds comprising 1,793 million yen in increase in inventories.

(Cash flows from investing activities)

Funds disbursed for investing activities were 1,351 million yen (1,102 million yen earned in the same period of the previous year). This was largely due to a decrease in the Funds comprising the purchase of property, plant and equipment of 1,335 million yen.

(Cash flows from financing activities)

Funds disbursed for financing activities were 2,245 million yen (a decrease of 17.9% year-on-year). This was largely due to a decrease in the Funds comprising the repayments of long-term borrowings of 1,597 million yen and the payment of 1,327 million yen in cash dividends.

(3) Management Policy, Management Strategy, etc.

There was no significant change, during the current semi-annual consolidated accounting period, in the management policy, management strategy, etc. set by our Group.

(4) 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.

(5) **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 semi-annual consolidated accounting period.

(6) **Research and Development Activities**

The Group's total expenses for research and development activities incurred in the current semi-annual consolidated accounting period amounted to 1,104 million yen.

In this regard, there was no significant change in the status of research and development activities of our Group in the semi-annual consolidated accounting period.

3. Agreements with Managerial Implications, etc.

In the semi-annual consolidated accounting period, 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 semi-annual accounting period (As of September 30, 2024)	Number of shares issued and outstanding as of the filing date of this Semi-annual Report (As of November 14, 2024)	Name of financial instruments exchange where the shares are listed or authorized financial instruments firms association where the shares are registered	Remarks
Common stock	33,599,524	33,599,524	Tokyo Stock Exchange (Prime Market)	Number of shares constituting one full unit: 100
Total	33,599,524	33,599,524	---	---

- Note:
1. The number of shares issued through the exercise of stock acquisition rights in the period from November 1, 2024 to the filing date of this Semi-annual Report is not included in the column "Number of shares issued and outstanding as of the filing date of this Semi-annual Report".
 2. The Company disposed of 30,166 shares of treasury shares for restricted stock compensation as of July 26, 2024 upon a resolution by the Board of Directors on June 27, 2024.
 3. 136,133 shares out of shares issued and outstanding as of the filing date of this Semi-annual Report are by contribution in kind (157,290 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, 2024 to September 30, 2024 (See Note)	32,600	33,599,524	17,549	7,879,586	17,549	6,991,577

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

(5) Status of Major Shareholders

As of September 30, 2024

Full name or corporate name	Address	Number of shares held	Ratio of the number of shares held to the number of shares issued and outstanding (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	4,845,500	14.55
Mitsubishi Gas Chemical Company, Inc.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	1,472,166	4.42
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	1,290,700	3.87
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (Standing Proxy: Mizuho Bank Ltd. Settlement & Clearing Services Department)	ONE NEXUS WAY, CAMANA BAY GRAND CAYMAN KY1-9005, CAYMAN ISLANDS (15-1, Konan 2-chome, Minato-ku, Tokyo)	1,182,500	3.55
Daishi Hokuetsu Bank, Ltd. (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	1071-1, Higashiborimae-dori 7-bancho, Chuo-ku, Niigata-shi, Niigata (8-1, Akasaka 1-chome, Minato-ku, Tokyo)	743,903	2.23
The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account and Mitsubishi Electric Corporation account)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	530,536	1.59
Arisawa Kenko Ltd.	11-44, Nishishiro-cho 3-chome, Joetsu-shi, Niigata	504,338	1.51
JPMorgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	474,445	1.42
Morgan Stanley MUFG Securities Co., Ltd.	9-7, Otemachi 1-chome, Chiyoda-ku, Tokyo	451,149	1.35
Sanji Arisawa	Shinjuku-ku, Tokyo	451,047	1.35
Total	---	11,946,284	35.87

Note: 1. The Company holds 300,865 shares of treasury shares, but it is excluded from the above major shareholders.

2. The ratio of the number of shares held to the total number of shares issued (except for treasury shares) is displayed with the numbers truncating the numbers beyond the third decimal point. Treasury shares excluded from the total number of shares issued and outstanding do not include 4,900 shares of the Company which a trust account for employee stock ownership plan holds.

3. The number of shares held by Mitsubishi Gas Chemical Company, Inc. includes 966,306 shares that have been contributed by Mitsubishi Gas Chemical Company, Inc. as the trust property of retirement benefit trust. The pertinent name in the Company's register of shareholders is "The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account and Mitsubishi Gas Chemical Company, Inc. account)".

4. Though it is described in the Amendment Report on Bulk Holding available for public inspection as of October 2, 2020 that Nippon Value Investors KK holds the shares described below as of September 30, 2020, the Company has confirmed no beneficial ownerships of the number of shares as of September 30, 2024. Therefore, such number of shares is not included in above-mentioned Status of Major Shareholders. Details of the Report on Bulk Holding are as follows:

Bulk Holders	: Nippon Value Investors KK
Address	: 8-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Number of shareholdings etc.	: 1,421,500
Holding ratio of share certificates, etc.	: 3.91%

5. Though it is described in the Amendment Report on Bulk Holding available for public inspection as of June 6, 2024 that Nomura Securities Co., Ltd. and joint holders thereof hold the shares described below as of May 31, 2024, the Company has confirmed no beneficial ownerships of the number of shares as of September 30, 2024. Therefore, such number of shares is not included in above-mentioned Status of Major Shareholders. Details of the Report on Bulk Holding are as follows:

Bulk Holders	: Nomura Securities Co., Ltd. and two joint holders thereof
Address	: 13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo
Number of shareholdings etc.	: 1,451,354
Holding ratio of share certificates, etc.	: 4.32%

6. Though it is described in the Amendment Report on Bulk Holding available for public inspection as of September 5, 2024 that Strategic Capital, Inc. holds the shares described below as of August 29, 2024, the Company has confirmed no beneficial ownerships of the number of shares as of September 30, 2024. Therefore, such number of shares is not included in above-mentioned Status of Major Shareholders. Details of the Report on Bulk Holding are as follows:

Bulk Holders	: Strategic Capital, Inc.
Address	: 14-15, Higashi 3-chome, Shibuya-ku, Tokyo
Number of shareholdings etc.	: 1,666,500
Holding ratio of share certificates, etc.	: 4.96%

The Company has confirmed the change of major shareholders in the Change Report of the Report on Bulk Holding as of June 27, 2024, so we submitted the Extraordinary Report (change of major shareholders) as of June 28, 2024.

(6) Status of Voting Rights

1) Shares issued and outstanding

As of September 30, 2024

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 300,800	---	---
Shares with full voting rights (Other) (See Note 1 and Note 2)	Common stock 33,207,600	332,076	---
Shares constituting less than one full unit (See Note 3)	Common stock 91,124	---	---
Number of shares issued and outstanding	33,599,524	---	---
Total number of voting rights held by shareholders	---	332,076	---

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. 4,900 shares of the Company which a trust account for employee stock ownership plan holds are included in the row “Shares with full voting rights (Other)”. 49 units of voting rights for shares with full voting rights of such trust account are included in the column “Number of voting rights”.

3. 65 shares of treasury shares are included in the row “Shares constituting less than one full unit”.

2) Treasury Shares, etc.

As of September 30, 2024

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	300,800	---	300,800	0.89
Total	---	300,800	---	300,800	0.89

Note: 4,900 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 Semi-annual Consolidated Financial Statements

The Semi-annual consolidated financial statements of the Company are prepared in compliance with the “Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministerial Ordinance No. 28 of the Ministry of Finance, 1976 ; hereinafter referred to as the “Regulations for Consolidated Financial Statements”).

In addition, the Company falls under the category of a company listed in the upper column of Item 1 of the table in Article 24-5, paragraph 1 of the Financial Instruments and Exchange Act, and has prepared its Type 1 interim consolidated financial statements in accordance with the provisions of Part 1 and Part 3 of the Regulations for Consolidated Financial Statements.

2. Certification of Audit

The Company received an interim review of its semi-annual consolidated financial statements for the current semi-annual consolidated accounting period (from April 1, 2024 to September 30, 2024) conducted by Ernst & Young ShinNihon LLC under the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

1. Semi-annual Consolidated Financial Statements

(1) Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	18,163,338	18,251,105
Notes and accounts receivable-trade, and contract assets	* 16,515,625	17,516,721
Securities	—	100,240
Merchandise and finished goods	4,587,271	5,400,736
Work in process	2,515,667	2,759,627
Raw materials and supplies	4,359,283	5,419,869
Other	983,820	1,089,990
Allowance for doubtful accounts	(27,285)	(45,422)
Total current assets	47,097,722	50,492,867
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,372,500	7,457,245
Other, net	11,589,443	11,746,088
Total property, plant and equipment	17,961,943	19,203,334
Intangible assets	382,749	342,523
Investments and other assets		
Investment securities	2,327,455	2,319,870
Other	1,092,275	1,242,303
Allowance for doubtful accounts	(45,463)	(45,139)
Total investments and other assets	3,374,267	3,517,034
Total non-current assets	21,718,961	23,062,892
Total assets	68,816,683	73,555,759

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024	
Liabilities			
Current liabilities			
Notes and accounts payable-trade	*	7,014,220	8,424,043
Current portion of bonds payable		10,800	—
Short-term borrowings		5,301,635	5,775,313
Current portion of long-term borrowings		3,120,516	1,020,102
Income taxes payable		269,618	956,045
Provision for product warranties		28,739	29,203
Provision for bonuses		589,881	956,242
Provision for bonuses for directors (and other officers)		3,618	1,530
Other	*	3,083,775	3,369,505
Total current liabilities		19,422,805	20,531,987
Non-current liabilities			
Long-term borrowings		1,970,976	3,234,923
Provision for share awards		68,536	4,729
Retirement benefit liability		485,167	436,405
Asset retirement obligations		99,583	104,486
Other		523,416	726,667
Total non-current liabilities		3,147,680	4,507,211
Total liabilities		22,570,486	25,039,198
Net assets			
Shareholders' equity			
Share capital		7,862,036	7,879,586
Capital surplus		3,212,781	3,243,612
Retained earnings		32,253,196	33,045,823
Treasury shares		(460,640)	(353,773)
Total shareholders' equity		42,867,374	43,815,249
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities		515,045	543,569
Deferred gains or losses on hedges		(1,706)	2,131
Foreign currency translation adjustment		2,870,994	4,176,519
Remeasurements of defined benefit plans		(32,930)	(26,825)
Total accumulated other comprehensive income		3,351,402	4,695,394
Share acquisition rights		27,419	5,916
Total net assets		46,246,196	48,516,560
Total liabilities and net assets		68,816,683	73,555,759

(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income

[Semi-annual Consolidated Statements of Income]

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	19,895,480	25,172,413
Cost of sales	16,998,186	18,981,450
Gross profit	2,897,293	6,190,962
Selling, general and administrative expenses	* 2,727,479	* 3,456,554
Operating profit	169,814	2,734,407
Non-operating income		
Interest income	53,404	49,148
Dividend income	19,635	12,056
Subsidy income	29,410	86,583
Foreign exchange gains	80,385	94,675
Other	46,615	56,889
Total non-operating income	229,451	299,352
Non-operating expenses		
Interest expenses	92,406	96,295
Share of loss of entities accounted for using equity method	43,023	—
Other	45,432	20,411
Total non-operating expenses	180,862	116,706
Ordinary profit	218,403	2,917,053
Extraordinary income		
Gain on sale of non-current assets	781	1,601
Gain on reversal of share acquisition rights	19,454	15,981
Other	656,042	19
Total extraordinary income	676,277	17,602
Extraordinary losses		
Loss on retirement of non-current assets	33,003	3,492
Impairment losses	6,557	4,646
Total extraordinary losses	39,560	8,138
Profit before income taxes	855,120	2,926,517
Income taxes	291,676	804,450
Profit	563,444	2,122,066
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	563,444	2,122,066

[Semi-annual Consolidated Statements of Comprehensive Income]

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	563,444	2,122,066
Other comprehensive income		
Valuation difference on available-for-sale securities	(183,718)	28,524
Deferred gains or losses on hedges	13,657	3,837
Foreign currency translation adjustment	978,884	1,305,525
Remeasurements of defined benefit plans, net of tax	14,646	6,104
Share of other comprehensive income of entities accounted for using equity method	(9,282)	—
Total other comprehensive income	814,187	1,343,992
Comprehensive income	1,377,632	3,466,058
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,377,632	3,466,058
Comprehensive income attributable to non-controlling interests	—	—

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	855,120	2,926,517
Depreciation	1,104,523	1,012,213
Share-based payment expenses	21,999	23,573
Gain on reversal of share acquisition rights	(19,454)	(15,981)
Increase (decrease) in allowance for doubtful accounts	34,184	17,097
Increase (decrease) in provision for bonuses	(22,616)	366,360
Increase (decrease) in provision for product warranties	(6,855)	(1,534)
Increase (decrease) in provision for bonuses for directors (and other officers)	(762)	(2,087)
Increase (decrease) in provision for share awards	11,071	8,187
Increase (decrease) in retirement benefit liability	(43,837)	(39,978)
Interest and dividend income	(73,039)	(61,204)
Subsidy income	(29,410)	(86,583)
Interest expenses	92,406	96,295
Foreign exchange losses (gains)	(151,210)	3,812
Share of loss (profit) of entities accounted for using equity method	43,023	—
Loss (gain) on sale of short-term and long-term investment securities	(656,042)	(19)
Loss (gain) on sale of non-current assets	(781)	(1,601)
Loss on retirement of property, plant and equipment	1,682	1,477
Impairment losses	6,557	4,646
Loss on valuation of golf club membership	175	—
Decrease (increase) in trade receivables	(1,538,621)	(378,965)
Decrease (increase) in inventories	90,251	(1,793,798)
Increase (decrease) in trade payables	890,233	1,199,465
Increase (decrease) in accrued consumption taxes	276,640	(74,399)
Decrease (increase) in other assets	222,760	(247,887)
Increase (decrease) in other liabilities	(86,227)	215,871
Subtotal	1,021,773	3,171,477
Interest and dividends received	99,527	66,989
Interest paid	(90,679)	(100,783)
Subsidies received	29,410	86,583
Income taxes refund (paid)	(356,390)	34,389
Net cash provided by (used in) operating activities	703,642	3,258,656

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from investing activities		
Payments into time deposits	(200,000)	(190,000)
Proceeds from withdrawal of time deposits	1,653,392	190,000
Purchase of property, plant and equipment	(1,383,741)	(1,335,076)
Proceeds from sale of property, plant and equipment	1,068	1,601
Purchase of intangible assets	(23,172)	(18,700)
Proceeds from sale of investment securities	824,135	2,191
Proceeds from sale of shares of subsidiaries and associates	210,317	—
Loan advances	—	(40,000)
Proceeds from collection of loans receivable	23,810	40,000
Decrease (increase) in investments and other assets	(3,787)	(1,883)
Net cash provided by (used in) investing activities	1,102,021	(1,351,867)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	16,776	305,551
Proceeds from long-term borrowings	2,141,828	455,910
Repayments of long-term borrowings	(1,857,761)	(1,597,428)
Repayments of lease liabilities	(62,060)	(101,059)
Redemption of bonds	(8,400)	(10,800)
Proceeds from issuance of shares	9,063	29,577
Purchase of treasury shares	(239)	(140)
Dividends paid	(2,974,133)	(1,327,032)
Net cash provided by (used in) financing activities	(2,734,927)	(2,245,422)
Effect of exchange rate change on cash and cash equivalents	599,653	412,528
Net increase (decrease) in cash and cash equivalents	(329,609)	73,894
Cash and cash equivalents at beginning of period	18,535,854	17,700,031
Cash and cash equivalents at end of period	* 18,206,244	* 17,773,925

[Notes]

(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 six months period ended September 30, 2024.

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 semi-annual 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 semi-annual consolidated financial statements for the six months ended September 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 semi-annual consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024.

(Particular accounting treatments applied in preparation of semi-annual consolidated financial statements)

<Calculation of tax expenses>

Tax expenses are calculated by multiplying the semi-annual 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 semi-annual consolidated accounting period.

(Notes Related to Semi-annual Consolidated Balance Sheets)

* Notes, etc. maturing at the end of the semi-annual consolidated accounting period

For accounting treatment of notes, electronically recorded monetary claims and electronically recorded obligations maturing at the end of the semi-annual consolidated accounting period, settlement is made as of the clearing date of each note or as of the settlement date of each electronically recorded monetary claim and electronically recorded obligation, as the case may be. As the end of the previous consolidated fiscal year falls on a bank holiday, the following notes, electronically recorded monetary claims and electronically recorded obligations maturing at the end of the previous consolidated fiscal year are included in their respective balances as of the end of the previous consolidated fiscal year.

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Notes and accounts receivable-trade, and contract assets	51,722	—
Notes and accounts payable-trade	98,419	—
Current liabilities and others (Non-operating notes payable, Electronically recorded obligations-non-operating)	21,536	—

(Notes Related to Semi-annual Consolidated Statements of Income)

- * Major items under selling, general and administrative expenses and their respective amounts are as follows.

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Salaries, allowances and bonuses	835,482	1,069,842
Provision for bonuses	111,626	216,715
Provision for bonuses for directors (and other officers)	1,400	1,530
Retirement benefit expenses	36,352	37,361
Provision of allowance for doubtful accounts	33,716	17,421

(Notes Related to Semi-annual Consolidated Statements of Cash Flows)

- * The correlation between the balance of cash and cash equivalents at the end of the current semi-annual consolidated accounting period and the amounts shown for the corresponding items on the semi-annual consolidated balance sheets is as follows.

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash and deposits	18,796,244	18,251,105
Time deposits with a deposit term of more than three months	(590,000)	(477,179)
Cash and cash equivalents	18,206,244	17,773,925

(Notes Related to Shareholders' Equity, etc.)

I Six months ended September 30, 2023 (From April 1, 2023 to September 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.

2. Dividends whose record date belongs to the current semi-annual consolidated accounting period but whose effective date is subsequent to the end of the current semi-annual consolidated accounting period

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
Board of Directors' Meeting of August 3, 2023	Common stock	664,390	20.00	September 30, 2023	December 4, 2023	Retained earnings

Note: "Total amount of dividends" includes dividends of 1,654 thousand yen on the Company's shares which a trust account for employee stock ownership plan holds.

II Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

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 27, 2024	Common stock	1,329,439	40.00	March 31, 2024	June 28, 2024	Retained earnings

Note: "Total amount of dividends" includes dividends of 3,292 thousand yen on the Company's shares which a trust account for employee stock ownership plan holds.

2. Dividends whose record date belongs to the current semi-annual consolidated accounting period but whose effective date is subsequent to the end of the current semi-annual consolidated accounting period

(Resolution)	Class of shares	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
Board of Directors' Meeting of November 7, 2024	Common stock	1,398,543	42.00	September 30, 2024	December 3, 2024	Retained earnings

Note: "Total amount of dividends" includes dividends of 205 thousand yen on the Company's shares which a trust account for employee stock ownership plan holds.

(Segment Information, etc.)

[Segment Information]

I Six months ended September 30, 2023 (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	Electrical insulating materials	Display materials	Reportable segments		
Sales							
Revenues from external customers	11,725,893	5,101,193	1,232,897	1,677,607	19,737,592	157,888	19,895,480
Transactions with other segments	—	—	—	—	—	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	(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 semi-annual 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 semi-annual 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, the carrying amount was reduced to its memorandum value for the assets in which investments could not be expected to recover due to a downturn in profitability, and the reduced amount was shown to extraordinary losses as impairment losses.

In this regard, the amount of the relevant impairment losses shown in the current semi-annual consolidated accounting period is 6,557 thousand yen.

II Six months ended September 30, 2024 (From April 1, 2024 to September 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	Electrical insulating materials	Display materials	Reportable segments		
Sales							
Revenues from external customers	15,228,606	6,026,554	1,179,849	2,545,225	24,980,235	192,177	25,172,413
Transactions with other segments	—	—	—	—	—	501,461	501,461
Net sales	15,228,606	6,026,554	1,179,849	2,545,225	24,980,235	693,639	25,673,875
Segment profit	1,296,499	1,181,772	33,008	920,799	3,432,079	113,821	3,545,901

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 semi-annual 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	3,432,079
Profit in the category “Other”	113,821
Elimination of inter-segment transactions	3,439
Unallocated corporate expenses (See Note)	(771,870)
Adjustment of inventories	(43,061)
Operating profit shown on the semi-annual consolidated statements of income	2,734,407

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, the carrying amount was reduced to its memorandum value for the assets in which investments could not be expected to recover due to a downturn in profitability, and the reduced amount was shown to extraordinary losses as impairment losses.

In this regard, the amount of the relevant impairment losses shown in the current semi-annual consolidated accounting period is 4,646 thousand yen.

(For Revenue Recognition)

Information on the breakdown of revenue from contracts with customers

Six months ended September 30, 2023 (From April 1, 2023 to September 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	11,725,893	2,641,895	1,232,897	1,015,897	16,616,583	157,888	16,774,472
Goods transferred over time	—	2,459,297	—	661,710	3,121,008	—	3,121,008
Revenue from contracts with customers	11,725,893	5,101,193	1,232,897	1,677,607	19,737,592	157,888	19,895,480
Other revenue	—	—	—	—	—	—	—
Net sales to external customers	11,725,893	5,101,193	1,232,897	1,677,607	19,737,592	157,888	19,895,480

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.

Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

(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	15,228,606	3,319,993	1,179,849	1,681,149	21,409,599	192,177	21,601,776
Goods transferred over time	—	2,706,560	—	864,075	3,570,636	—	3,570,636
Revenue from contracts with customers	15,228,606	6,026,554	1,179,849	2,545,225	24,980,235	192,177	25,172,413
Other revenue	—	—	—	—	—	—	—
Net sales to external customers	15,228,606	6,026,554	1,179,849	2,545,225	24,980,235	192,177	25,172,413

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 earnings per share and diluted earnings per share with their respective bases of calculation are as follows.

	Six months ended September 30, 2023	Six months ended September 30, 2024
(1) Earnings per share	17.02 yen	63.91 yen
(Basis of calculation)		
Profit attributable to owners of the parent (Thousands of yen)	563,444	2,122,066
Amount not attributable to common stockholders (Thousands of yen)	—	—
Profit attributable to owners of the parent pertaining to common stock (Thousands of yen)	563,444	2,122,066
Average number of shares of common stock during the period	33,104,555	33,205,170
(2) Diluted earnings per share	17.00 yen	63.83 yen
(Basis of calculation)		
Adjustment of profit attributable to owners of the parent (Thousands of yen)	—	—
Increase in the number of shares of common stock	35,529	42,135
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: The Company's shares which are shown as treasury share in shareholders' equity and which a trust account for employee stock ownership plan holds are included in the number of treasury share 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 (84,499 shares for the previous semi-annual consolidated accounting period and 59,347 shares for the current semi-annual consolidated accounting period).

(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 November 7, 2024.

- (1) Total amount of interim dividends 1,398,543 thousand yen
- (2) Interim dividends per share 42.00 yen
- (3) Effective date and payment commencement date December 3, 2024

Note: 1. Payment will be made to the shareholders listed or recorded on the shareholder registry as of September 30, 2024.

- 2. The above total amount of the interim dividends includes dividends of 205 thousand yen 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' Review Report on the Interim Consolidated Financial Statements

November 14, 2024

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

Ernst & Young ShinNihon LLC
Niigata office

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

Ken Takahashi
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, an interim review of the semi-annual consolidated financial statements of Arisawa Mfg. Co., Ltd. listed in the "Status of Accounting" for the semi-annual consolidated accounting period (from April 1, 2024 to September 30, 2024) of the consolidated fiscal year from April 1, 2024 to March 31, 2025, consisting of the semi-annual consolidated balance sheets, semi-annual consolidated statements of income, semi-annual consolidated statements of comprehensive income, semi-annual consolidated statements of cash flows and notes.

In our interim review, no matter has come to our attention that causes us to believe that the above semi-annual 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 September 30, 2024 as well as the results of their operations and the status of their cash flows in the semi-annual consolidated accounting period ended September 30, 2024 in accordance with the corporate accounting standards generally accepted in Japan.

Basis for the Conclusion of Auditors

We conducted our interim review in accordance with the interim review standards generally accepted in Japan. Our responsibility in the interim review standards is stated in "The Responsibility of Auditors in the Interim Review Report of the Semi-annual 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 Semi-annual Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the semi-annual consolidated financial statements in accordance with the corporate accounting standards 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 semi-annual consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the semi-annual consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the semi-annual consolidated financial statements based on the going concern assumption and disclosing the items regarding the going concern assumption in accordance with the corporate accounting standards generally accepted in Japan if such items are required to be disclosed.

The responsibility of the Corporate Auditors and the Board of Corporate Auditors is to monitor the execution of Directors' duties in the improvement and operation of the financial reporting process.

Responsibility of Auditors in the Interim Review Report of the Semi-annual Consolidated Financial Statements.

The responsibility of auditors is to express a conclusion on the semi-annual consolidated financial statements from an independent standpoint in the interim review report based on our interim review.

Auditors make professional judgements and conduct the followings with an attitude of professional skepticism through an interim review process in accordance with the interim 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 interim review procedures. The interim 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 semi-annual 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 corporate accounting standards 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 semi-annual consolidated financial statements in the interim review report, or if the notes regarding a material uncertainty in the semi-annual consolidated financial statements are inappropriate, it is required to express a qualified conclusion or a negative conclusion to the semi-annual consolidated financial statements. Conclusion by the auditors is based on the audit evidence obtained by the day of the interim 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 semi-annual consolidated financial statements are found to contain any matters that would lead one to believe that those are not in accordance with the corporate accounting standards generally accepted in Japan but also whether the presentation, structure, and contents of the semi-annual consolidated financial statements including related notes as well as the semi-annual 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 a conclusion about the semi-annual consolidated financial statements. The auditors are responsible for direction, supervision, and review of the interim review regarding the semi-annual consolidated financial statements. The auditors assume responsibility for an audit opinion all by themselves.

We make reports to the Corporate Auditors and the Board of Corporate Auditors on the scope of a planned interim review and its timing of conduct, and material interim review findings.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we complied with the code of professional ethics on independence in Japan, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where countermeasures to eliminate obstacles or safeguards to reduce obstacles to an acceptable level are applicable, related countermeasures and safeguards.

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 interim review report is separately archived by the Company (the company submitting the Semi-annual Report).
2. XBRL data are not included in the subject of the interim review.