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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

February 6, 2025

Company Name: Arisawa Mfg. Co., Ltd. Stock exchange listing: Tokyo
 Stock code: 5208 (URL <https://www.arisawa.co.jp/>)
 Representative: Representative Director and CEO: Yuta Arisawa
 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 briefing: None

(Amounts less than one million yen are rounded down.)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	37,782	22.4	3,812	488.1	4,089	469.3	3,004	206.0
December 31, 2023	30,859	(8.0)	648	(69.7)	718	(73.5)	981	(63.1)

(Note) Comprehensive income For the nine months ended December 31, 2024: 3,150 million yen [52.8%]
 For the nine months ended December 31, 2023: 2,062 million yen [(34.2%)]

	Earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	90.43	90.34
December 31, 2023	29.64	29.62

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	71,260	46,685	65.5	1,405.22
March 31, 2024	68,816	46,246	67.2	1,394.08

(Reference) Total equity As of December 31, 2024: 46,679 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	—	42.00	—		
Fiscal year ending March 31, 2025 (Forecast)				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
Full Year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	49,200	16.8	4,500	203.3	5,000	235.9	3,500	113.4	105.36

(Note) 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 (February 6, 2025).

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the changes in scope of consolidation): None
- (2) Application of special accounting methods for preparing 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 December 31, 2024:	33,600,524 shares	As of March 31, 2024:	33,566,924 shares
ii) Number of treasury shares at the end of the period:	As of December 31, 2024:	382,085 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):	Nine months ended December 31, 2024:	33,222,132 shares	Nine months ended December 31, 2023:	33,115,378 shares

(Note) The shares of the Company (81,200 shares in 3Q 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 (53,938 shares in 3Q of the year ending March 31, 2025 and 83,867 shares in 3Q of the year ended March 31, 2024).

* 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. 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 Third Quarter

During the current consolidated cumulative third quarter (from April 1, 2024 to December 31, 2024), the Japanese economy maintained a moderate recovery trend due to an increase in demand from inbound tourism and an improvement in the employment and income situation, etc. Meanwhile, the outlook for the economy remains uncertain due to concerns of an economic slowdown in China caused by the real estate downturn, the impact of U.S. policy trends, fluctuations in interest rates and exchange rates, ongoing increases in global prices, and prolonged geopolitical risks, etc.

Under such circumstances, the results of operations of our group for the current consolidated cumulative third quarter showed net sales of 37,782 million yen (an increase of 22.4% year-on-year) due to strong business performances in electronic materials, one of our main business fields, and in display materials. The results in terms of profit and loss are as follows: operating profit was 3,812 million yen (an increase of 448.1% year-on-year); ordinary profit was 4,089 million yen (an increase of 469.3% year-on-year); and profit attributable to owners of parent was 3,004 million yen (an increase of 206.0% year-on-year).

Business results with respect to each segment are as follows.

(Electronic materials)

Net sales were 23,795 million yen (an increase of 29.3% year-on-year) mainly due to an increase in sales of flexible printed circuit board materials and glass cloth for printed circuit boards, while the segment profit was 2,181 million yen (273.3 times year-on-year) due to an improvement in capacity utilization, in addition to an increase in sales, etc.

(Industrial application structural materials)

Net sales were 8,097 million yen (an increase of 5.5% year-on-year) mainly due to an increase in sales of FRP vessels for water purification, despite a weak performance of honeycomb panels for aircraft. Segment profit was 1,412 million yen (an increase of 58.7% year-on-year) due to a change in product mix in addition to an increase in sales.

(Electric insulation materials)

Net sales were 1,821 million yen (a decrease of 3.8% year-on-year) mainly due to a decrease in infrastructure-related sales, while the segment profit was 100 million yen (a decrease of 52.3% year-on-year).

(Display materials)

Net sales were 3,795 million yen (an increase of 44.6% year-on-year) mainly due to an increase in sales of 3D-related materials and polarization control optical components, while the segment profit was 1,305 million yen (an increase of 100.1% year-on-year).

(Other)

Net sales were 271 million yen (an increase of 2.6% year-on-year).

(2) Summary of Financial Position for the Third Quarter

Total assets as of the end of the current consolidated cumulative third quarter were 71,260 million yen, an increase of 2,443 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,011 million yen in notes and accounts receivable-trade, and contract assets, an increase of 870 million yen in merchandise and finished goods, an increase of 1,327 million yen in raw materials and supplies and a decrease of 1,739 million yen in cash and deposits, respectively.

Total liabilities were 24,574 million yen, an increase of 2,004 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 1,238 million yen in notes and accounts payable-trade, an increase of 912 million yen in short-term borrowings, an increase of 125 million yen in long-term borrowings and a decrease of 2,214 million yen in current portion of long-term borrowings, respectively.

Total net assets were 46,685 million yen, an increase of 438 million yen compared with the end of the previous fiscal year. This was largely due to an increase of 276 million yen in retained earnings, etc.

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

The forecast of consolidated business results for the cumulative fiscal year ending March 31, 2025, has been revised based on recent business trends. For details, please refer to the “Notice Concerning Revisions to Consolidated Financial Forecasts” disclosed today (February 6, 2025).

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	18,163,338	16,424,287
Notes and accounts receivable - trade, and contract assets	16,515,625	17,526,751
Securities	—	100,120
Merchandise and finished goods	4,587,271	5,457,389
Work in process	2,515,667	2,808,217
Raw materials and supplies	4,359,283	5,686,545
Other	983,820	1,276,825
Allowance for doubtful accounts	(27,285)	(24,842)
Total current assets	47,097,722	49,255,295
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,372,500	7,218,256
Other, net	11,589,443	11,225,793
Total property, plant and equipment	17,961,943	18,444,050
Intangible assets	382,749	316,517
Investments and other assets		
Investment securities	2,327,455	2,141,330
Other	1,092,275	1,147,947
Allowance for doubtful accounts	(45,463)	(45,082)
Total investments and other assets	3,374,267	3,244,195
Total non-current assets	21,718,961	22,004,762
Total assets	68,816,683	71,260,057

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,014,220	8,252,764
Current portion of bonds payable	10,800	—
Short-term borrowings	5,301,635	6,213,766
Current portion of long-term borrowings	3,120,516	906,485
Income taxes payable	269,618	825,968
Provision for product warranties	28,739	26,840
Provision for bonuses	589,881	340,690
Provision for bonuses for directors (and other officers)	3,618	2,105
Other	3,083,775	3,671,619
Total current liabilities	19,422,805	20,240,240
Non-current liabilities		
Long-term borrowings	1,970,976	3,176,001
Provision for share awards	68,536	17,625
Retirement benefit liability	485,167	406,093
Asset retirement obligations	99,583	99,947
Other	523,416	635,075
Total non-current liabilities	3,147,680	4,334,742
Total liabilities	22,570,486	24,574,982
Net assets		
Shareholders' equity		
Share capital	7,862,036	7,880,116
Capital surplus	3,212,781	3,244,143
Retained earnings	32,253,196	32,529,480
Treasury shares	(460,640)	(471,641)
Total shareholders' equity	42,867,374	43,182,099
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	515,045	563,636
Deferred gains or losses on hedges	(1,706)	(5,274)
Foreign currency translation adjustment	2,870,994	2,962,641
Remeasurements of defined benefit plans	(32,930)	(23,773)
Total accumulated other comprehensive income	3,351,402	3,497,230
Share acquisition rights	27,419	5,745
Total net assets	46,246,196	46,685,075
Total liabilities and net assets	68,816,683	71,260,057

(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)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	30,859,791	37,782,255
Cost of sales	25,866,716	28,849,943
Gross profit	4,993,075	8,932,312
Selling, general and administrative expenses	4,344,882	5,120,258
Operating profit	648,192	3,812,053
Non-operating income		
Interest income	80,920	62,576
Dividend income	31,789	25,686
Subsidy income	35,652	102,066
Foreign exchange gains	132,411	183,340
Other	71,273	80,415
Total non-operating income	352,046	454,085
Non-operating expenses		
Interest expenses	146,157	142,742
Share of loss of entities accounted for using equity method	47,177	—
Compensation expenses	57,084	—
Other	31,565	34,130
Total non-operating expenses	281,984	176,873
Ordinary profit	718,254	4,089,266
Extraordinary income		
Gain on sale of non-current assets	1,799	4,269
Gain on reversal of share acquisition rights	19,454	15,981
Other	656,042	3,174
Total extraordinary income	677,296	23,425
Extraordinary losses		
Loss on retirement of non-current assets	38,216	15,360
Impairment losses	8,541	6,970
Other	96	—
Total extraordinary losses	46,855	22,331
Profit before income taxes	1,348,694	4,090,360
Income taxes	366,995	1,086,092
Profit	981,699	3,004,267
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	981,699	3,004,267

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

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	981,699	3,004,267
Other comprehensive income		
Valuation difference on available-for-sale securities	(121,908)	48,591
Deferred gains or losses on hedges	14,417	(3,568)
Foreign currency translation adjustment	1,175,105	91,647
Remeasurements of defined benefit plans, net of tax	21,970	9,157
Share of other comprehensive income of entities accounted for using equity method	(9,147)	—
Total other comprehensive income	1,080,438	145,827
Comprehensive income	2,062,137	3,150,094
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,062,137	3,150,094
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. have been applied from the beginning of the 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 the 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 nine months ended December 31, 2023, and the consolidated financial statements for the fiscal year ended March 31, 2024, have been prepared on a retroactive basis. This change in accounting policies has no impact on the quarterly consolidated financial statements for the nine months ended December 31, 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 third quarter.

(Notes to Segment Information, etc.)

[Segment Information]

I Nine months ended December 31, 2023 (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	Total		
Sales							
Revenues from external customers	18,402,636	7,672,916	1,894,257	2,625,267	30,595,077	264,714	30,859,791
Transactions with other segments	—	—	—	—	—	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, 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 consolidated third quarter is 8,541 thousand yen.

II Nine months ended December 31, 2024 (from April 1, 2024, to December 31, 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	Total		
Sales							
Revenues from external customers	23,795,391	8,097,859	1,821,859	3,795,601	37,510,712	271,542	37,782,255
Transactions with other segments	—	—	—	—	—	766,785	766,785
Net sales	23,795,391	8,097,859	1,821,859	3,795,601	37,510,712	1,038,328	38,549,040
Segment profit	2,181,281	1,412,014	100,961	1,305,140	4,999,397	156,606	5,156,003

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	4,999,397
Profit in the category “Other”	156,606
Elimination of inter-segment transactions	4,664
Unallocated corporate expenses (See Note)	(1,246,739)
Adjustment of inventories	(101,875)
Operating profit shown on the quarterly consolidated statements of income	3,812,053

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 consolidated third quarter is 6,970 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 third quarter were not prepared. In this regard, the amounts of depreciation (including amortization of intangible assets) for the previous and current consolidated cumulative third quarter are as follows.

	(Thousands of yen)	
	Previous consolidated cumulative third quarter (From April 1, 2023 to December 31, 2023)	Current consolidated cumulative third quarter (From April 1, 2024 to December 31, 2024)
Depreciation	1,683,120	1,559,958