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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

May 7, 2025

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Stock code: 5208
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Inquiries: Director and Senior Managing Operating Officer:

Stock exchange listing: Tokyo
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Scheduled date of annual general meeting of shareholders: June 26, 2025
Scheduled date to file annual securities report: June 25, 2025
Preparation of supplementary material on financial results:
Holding of financial results briefing:

Scheduled date to commence dividend payments: June 27, 2025

Yes
Yes (for analysis)

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

1. Consolidated financial results for the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	49,815	18.3	4,893	229.8	5,267	253.9	3,969	142.1
March 31, 2024	42,114	(1.4)	1,483	(33.4)	1,488	(45.2)	1,639	(42.6)

(Note) Comprehensive income: For the fiscal year ended March 31, 2025: 5,024 million yen [81.9%]
For the fiscal year ended March 31, 2024: 2,761 million yen [7.1%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	119.49	119.39	8.4	7.5	9.8
March 31, 2024	49.51	49.46	3.5	2.2	3.5

(Reference) Equity method investment gain: For the fiscal year ended March 31, 2025: ----- million yen
For the fiscal year ended March 31, 2024: (47) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	71,736	48,559	67.7	1,461.64
March 31, 2024	68,816	46,246	67.2	1,394.08

(Reference) Equity: As of March 31, 2025: 48,553 million yen, As of March 31, 2024: 46,218 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	4,548	(2,076)	(4,086)	16,371
March 31, 2024	3,219	(1,061)	(3,415)	17,700

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	---	20.00	---	40.00	60.00	1,994	121.2	4.3
March 31, 2025	---	42.00	---	54.00	96.00	3,196	80.3	6.7
March 31, 2026 (Forecast)	---	44.00	---	44.00	88.00		91.4	

(Note) The year-end dividend for the fiscal year ended March 31, 2025 has been changed from 42 yen to 54 yen per share. For details, please refer to the "Notice Concerning Revision of Dividend Forecasts for the Fiscal Year Ended March 31, 2025" announced today (May 7, 2025).

3. Forecasts of consolidated financial results for the year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	24,600	(2.3)	2,100	(23.2)	2,200	(24.6)	1,500	(29.3)	45.16
Full year	51,400	3.2	4,500	(8.0)	4,500	(14.6)	3,200	(19.4)	96.33

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the changes in scope of consolidation): None
- (2) 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

- (3) Number of issued shares (common shares)

- i) Total number of issued shares at the end of the period (including treasury shares):
- ii) Number of treasury shares at the end of the period:
- iii) Average number of shares during the period (cumulative from the beginning of the fiscal year):

As of March 31, 2025:	33,600,524 shares	As of March 31, 2024:	33,566,924 shares
As of March 31, 2025:	382,116 shares	As of March 31, 2024:	413,233 shares
Fiscal year ended March 31, 2025:	33,221,218 shares	Fiscal year ended March 31, 2024:	33,121,675 shares

(Note) The shares of the Company (81,200 shares in the year ended 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 (60,660 shares in the year ended March 31, 2025 and 83,536 shares in the year ended March 31, 2024).

(Reference) Overview of non-consolidated results

1. Non-consolidated financial results for the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

- (1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Earnings	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	30,267	14.0	2,707	198.9	3,018	118.3	2,338	56.5
March 31, 2024	26,560	3.1	905	(17.5)	1,382	(41.6)	1,494	(44.1)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended March 31, 2025	Yen 70.39	Yen 70.34
March 31, 2024	45.11	45.07

- (2) Non-consolidated financial position

	Total asset	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2025	48,926	37,008	75.6	1,113.92
March 31, 2024	48,837	37,492	76.7	1,130.03

(Reference) Equity As of March 31, 2025: 37,002 million yen
As of March 31, 2024: 37,464 million yen

* Financial results reports are exempt from audit 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., (4) Future Outlook" of the attached materials on page 4 for information concerning business forecast.

Contents of Attached Materials

1.	Summary of Business Results, etc.....	2
	(1) Summary of Business Results for the Current Year.....	2
	(2) Summary of Financial Position for the Current Year.....	2
	(3) Summary of Cash Flows for the Current Year.....	3
	(4) Future Outlook.....	4
2.	Basic Concept of Selection of Accounting Standards.....	4
3.	Consolidated Financial Statements and Major Notes.....	5
	(1) Consolidated Balance Sheet	5
	(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
	(Consolidated Statements of Income)	7
	(Consolidated Statement of Comprehensive Income).....	8
	(3) Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets.....	9
	(4) Consolidated Statements of Cash Flows.....	11
	(5) Notes Related to Consolidated Financial Statements.....	13
	(Notes on Going Concern Assumption).....	13
	(Notes to Changes in Accounting Policies).....	13
	(Segment Information, etc.).....	13
	(Per Share Information).....	18

1. Summary of Business Results, etc.

(1) Summary of Business Results for the Current Year

During the current consolidated fiscal year, the Japanese economy continued to recover moderately due to a rebound in personal consumption and an increase in inbound tourism demand on the back of an improvement in the employment and income situation. Meanwhile, the outlook for overseas markets remained uncertain due to economic stagnation in China caused by the real estate recession, prolonged geopolitical risks such as the situations in Russia, Ukraine and the Middle East, and concerns about the impact of U.S. policy trends.

Under such circumstances, the results of operations of our group for the current consolidated fiscal year showed net sales of 49,815 million yen (an increase of 18.3% year-on-year) due to a recovery in demand for smartphones and semiconductors in electronic materials, one of our main business fields, as well as the strong performance in display materials. The results in terms of profit and loss are as follows: operating profit was 4,893 million yen (an increase of 229.8% year-on-year); ordinary profit was 5,267 million yen (an increase of 253.9% year-on-year); and profit attributable to owners of parent was 3,969 million yen (an increase of 142.1% year-on-year).

Business results with respect to each segment are as follows,

(Electronic materials)

Net sales were 31,477 million yen (an increase of 25.4% year-on-year) due to an increase in net sales of flexible printed circuit board materials and glass cloth for printed circuit boards, while the segment profit was 2,854 million yen (an increase of 997.1% 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 10,616 million yen (an increase of 0.1% year-on-year) mainly due to an increase in sales of FRP vessels for water purification etc., despite a weak performance of honeycomb panels for aircraft. Segment profit was 1,761 million yen (an increase of 19.3% year-on-year) due to a change in product mix.

(Electric insulation materials)

Net sales were 2,456 million yen (a decrease of 3.0% year-on-year) mainly due to a decrease in infrastructure-related sales, while the segment profit was 170 million yen (a decrease of 45.9% year-on-year).

(Display materials)

Net sales were 4,913 million yen (an increase of 39.0% year-on-year) mainly due to an increase in sales of 3D-related materials and polarization control optical components, while the segment profit was 1,729 million yen (an increase of 83.9% year-on-year).

(Other)

Net sales were 351 million yen (an increase of 3.8% year-on-year).

(2) Summary of Financial Position for the Current Year

Total assets as of the end of the current consolidated fiscal year were 71,736 million yen, an increase of 2,919 million yen compared with the end of the previous consolidated fiscal year. This was largely due to an increase of 1,530 million yen in merchandise and finished goods, an increase of 1,388 million yen in raw materials and supplies, an increase of 802 million yen in property, plant and equipment, and a decrease of 1,302 million yen in cash and deposits, respectively.

Total liabilities were 23,177 million yen, an increase of 606 million yen compared with the end of the previous consolidated fiscal year. This was largely due to an increase of 690 million yen in notes and accounts payable-trade, an increase of 1,706 million yen in long-term borrowings, and a decrease of 2,159 million yen in current portion of long-term borrowings, respectively.

Total net assets were 48,559 million yen, an increase of 2,312 million yen compared with the end of the previous consolidated fiscal year. This was largely due to an increase of 1,241 million yen in retained earnings and an increase of 892 million yen in foreign currency translation adjustment, respectively.

(3) Summary of Cash Flows for the Current Year

Cash and cash equivalents (hereinafter referred to as the “Funds”) as of the end of the current consolidated fiscal year were 16,371 million yen, a decrease of 1,328 million yen compared with the end of the previous consolidated fiscal year.

The status of each cash flow for the current consolidated fiscal year and the major factors are as follows.

(Cash Flows from Operating Activities)

Funds earned from operating activities were 4,548 million yen (3,219 million yen was earned in the previous consolidated fiscal year). This was largely due to an increase in the funds comprising 5,263 million yen in profit before income taxes and 2,122 million yen in depreciation, etc., as well as a decrease in the funds comprising 2,920 million yen in increase in inventories.

(Cash Flows from Investing Activities)

Funds disbursed from investing activities were 2,076 million yen (1,061 million yen was disbursed in the previous consolidated fiscal year). This was largely due to a decrease in the funds comprising the expenditure of 2,210 million yen for purchases of property, plant and equipment.

(Cash Flows from Financing Activities)

Funds disbursed from financing activities were 4,086 million yen (3,415 million yen was disbursed in the previous consolidated fiscal year). This was largely due to a decrease of 2,723 million yen for dividends paid.

(Reference) Transitions of Cash Flows related Index

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equity ratio (%)	69.5	67.2	67.7
Equity ratio on a basis of market price (%)	61.3	54.8	64.1
Ratio of cash flows to interest bearing debt (year)	3.0	3.4	2.2
Interest coverage ratio (times)	23.2	15.6	23.2

(Note) Equity ratio: Net worth / Total assets

Equity ratio on a basis of market price: Total market value of shares / Total assets
Ratio of cash flows to interest bearing debt: Interest bearing debts / Cash flows from operating activities
Interest coverage ratio: Cash flows from operating activities / Interest paid

1. Each index is based on financial figures on a consolidated basis.
2. Total market value of shares is calculated by final share price at the end of the period × total number of outstanding shares at the end of the period (after deducting treasury shares).
3. As for operating cash flows, "Cash flows from operating activities" in the consolidated cash flows statement is used.
4. Interest bearing debts cover all the debts appropriated on the consolidated balance sheet, on which interest is paid. As for interest, "Interest paid" in the consolidated cash flows statement is used.

(4) Future Outlook

The future outlook for the economy remains uncertain due to concerns about the impact on the global economy from changes in trade policies of various countries, including U.S. reciprocal tariffs, as well as ongoing geopolitical risks and concerns about a slowdown in the Chinese economy.

Under such circumstances, Arisawa Group formulated a medium-term business plan covering the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030. We aim to enhance our corporate value from both business and financial perspectives by leveraging our human resources and addressing environmental and social issues. We have set a goal of achieving ROIC of 8.0% or more by the fiscal year ending March 31, 2030. For details, please refer to the "Medium-Term Business Plan (FY2025 - FY2029)" announced today.

The impact of the reciprocal tariff policy on the Company's business is under investigation and is not reflected in the forecast at this time. In light of this, for the fiscal year ending March 31, 2026, we expect consolidated net sales of 51,400 million yen (an increase of 3.2% year-on-year), operating income of 4,500 million yen (a decrease of 8.0% year-on-year), ordinary income of 4,500 million yen (a decrease of 14.6% year-on-year), and the profit attributable to owners of parent of 3,200 million (a decrease of 19.4% year-on-year). We will continue to monitor demand fluctuations and promptly announce revisions when the impact on our business performance is determined.

2. Basic Concept of Selection of Accounting Standards

Our Company Group will maintain the policy of preparing consolidated financial statements in compliance with Japanese standards, considering the possibility of comparison of consolidated financial statements for multiple periods and among companies.

In this regard, we will properly respond to the application of the IFRS, considering the situations in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	18,163,338	16,861,091
Notes and accounts receivable - trade, and contract assets	16,515,625	16,674,196
Securities	—	100,020
Merchandise and finished goods	4,587,271	6,117,372
Work in process	2,515,667	2,740,780
Raw materials and supplies	4,359,283	5,747,978
Other	983,820	1,317,955
Allowance for doubtful accounts	(27,285)	(32,071)
Total current assets	47,097,722	49,527,322
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,845,428	24,373,520
Accumulated depreciation	(16,472,928)	(17,103,063)
Buildings and structures, net	6,372,500	7,270,456
Machinery, equipment and vehicles	33,785,241	35,218,531
Accumulated depreciation	(29,195,592)	(30,381,205)
Machinery, equipment and vehicles, net	4,589,649	4,837,326
Land	2,035,377	2,038,587
Construction in progress	3,877,197	3,305,096
Other	3,911,513	4,317,800
Accumulated depreciation	(2,824,293)	(3,004,494)
Other, net	1,087,219	1,313,306
Total property, plant and equipment	17,961,943	18,764,772
Intangible assets	382,749	300,488
Investments and other assets		
Investment securities	2,327,455	1,969,043
Long-term loans receivable	41,302	41,269
Deferred tax assets	750,560	716,384
Other	300,411	463,155
Allowance for doubtful accounts	(45,463)	(45,797)
Total investments and other assets	3,374,267	3,144,054
Total non-current assets	21,718,961	22,209,315
Total assets	68,816,683	71,736,638

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,014,220	7,704,382
Current portion of bonds payable	10,800	—
Short-term borrowings	5,301,635	4,926,408
Current portion of long-term borrowings	3,120,516	961,467
Lease liabilities	130,047	225,594
Income taxes payable	269,618	848,061
Provision for product warranties	28,739	29,690
Provision for bonuses	589,881	727,947
Provision for bonuses for directors (and other officers)	3,618	6,358
Other	2,953,727	3,152,750
Total current liabilities	19,422,805	18,582,660
Non-current liabilities		
Long-term borrowings	1,970,976	3,677,101
Provision for share awards	68,536	26,729
Lease liabilities	354,223	443,780
Deferred tax liabilities	82,298	231,092
Retirement benefit liability	485,167	42,212
Asset retirement obligations	99,583	103,856
Other	86,894	70,025
Total non-current liabilities	3,147,680	4,594,797
Total liabilities	22,570,486	23,177,458
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	33,494,893
Treasury shares	(460,640)	(471,686)
Total shareholders' equity	42,867,374	44,147,466
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	515,045	428,851
Deferred gains or losses on hedges	(1,706)	2,298
Foreign currency translation adjustment	2,870,994	3,763,293
Remeasurements of defined benefit plans	(32,930)	211,525
Total accumulated other comprehensive income	3,351,402	4,405,967
Share acquisition rights	27,419	5,745
Total net assets	46,246,196	48,559,180
Total liabilities and net assets	68,816,683	71,736,638

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	42,114,483	49,815,616
Cost of sales	34,759,486	38,194,139
Gross profit	7,354,996	11,621,477
Selling, general and administrative expenses		
Freight and packing costs	859,077	1,029,929
Salaries and allowances	1,894,731	2,211,897
Provision for bonuses	136,684	190,135
Provision for bonuses for directors (and other officers)	3,618	6,358
Retirement benefit expenses	74,082	76,282
Provision of allowance for doubtful accounts	19,521	16,716
Other	2,883,503	3,196,952
Total selling, general and administrative expenses	5,871,219	6,728,271
Operating profit	1,483,777	4,893,205
Non-operating income		
Interest income	116,832	89,223
Dividend income	31,808	25,702
Foreign exchange gains	48,485	241,538
Subsidy income	59,277	125,337
Other	109,991	131,846
Total non-operating income	366,395	613,648
Non-operating expenses		
Interest expenses	202,432	190,557
Share of loss of entities accounted for using equity method	47,175	—
Rental expenses	29,161	28,842
Compensation expenses	57,084	—
Other	25,763	19,727
Total non-operating expenses	361,617	239,127
Ordinary profit	1,488,556	5,267,726
Extraordinary income		
Gain on sale of non-current assets	2,121	4,515
Gain on sale of investment securities	679,044	2,502
Gain on reversal of share acquisition rights	19,454	15,981
Other	—	664
Total extraordinary income	700,620	23,663
Extraordinary losses		
Impairment losses	15,524	9,209
Loss on disaster	57,443	—
Loss on sale of non-current assets	—	2,003
Loss on retirement of non-current assets	43,625	16,788
Other	96	—
Total extraordinary losses	116,689	28,000
Profit before income taxes	2,072,487	5,263,389
Income taxes - current	606,733	1,014,832
Income taxes - deferred	(174,019)	278,876
Total income taxes	432,714	1,293,709
Profit	1,639,772	3,969,679
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,639,772	3,969,679

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,639,772	3,969,679
Other comprehensive income		
Valuation difference on available-for-sale securities	48,627	(86,194)
Deferred gains or losses on hedges	11,951	4,004
Foreign currency translation adjustment	944,542	892,299
Remeasurements of defined benefit plans, net of tax	94,439	244,455
Share of other comprehensive income of entities accounted for using equity method	22,358	—
Total other comprehensive income	1,121,919	1,054,564
Comprehensive income	2,761,692	5,024,244
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,761,692	5,024,244
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,847,873	3,198,618	34,293,471	(512,975)	44,826,987
Changes during period					
Issuance of new shares	14,162	14,162			28,325
Dividends of surplus			(3,649,595)		(3,649,595)
Profit attributable to owners of parent			1,639,772		1,639,772
Purchase of treasury shares				(269)	(269)
Disposal of treasury shares			(2,142)	52,605	50,462
Change in scope of equity method			(28,310)		(28,310)
Net changes in items other than shareholders' equity					
Total changes during period	14,162	14,162	(2,040,274)	52,335	(1,959,613)
Balance at end of period	7,862,036	3,212,781	32,253,196	(460,640)	42,867,374

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	466,417	(13,657)	1,904,093	(127,370)	2,229,483	51,243	47,107,714
Changes during period							
Issuance of new shares							28,325
Dividends of surplus							(3,649,595)
Profit attributable to owners of parent							1,639,772
Purchase of treasury shares							(269)
Disposal of treasury shares							50,462
Change in scope of equity method							(28,310)
Net changes in items other than shareholders' equity	48,627	11,951	966,900	94,439	1,121,919	(23,824)	1,098,095
Total changes during period	48,627	11,951	966,900	94,439	1,121,919	(23,824)	(861,518)
Balance at end of period	515,045	(1,706)	2,870,994	(32,930)	3,351,402	27,419	46,246,196

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,862,036	3,212,781	32,253,196	(460,640)	42,867,374
Changes during period					
Issuance of new shares	18,080	18,080			36,160
Dividends of surplus			(2,727,983)		(2,727,983)
Profit attributable to owners of parent			3,969,679		3,969,679
Purchase of treasury shares				(122,611)	(122,611)
Disposal of treasury shares		13,281		111,565	124,847
Net changes in items other than shareholders' equity					
Total changes during period	18,080	31,361	1,241,696	(11,046)	1,280,092
Balance at end of period	7,880,116	3,244,143	33,494,893	(471,686)	44,147,466

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	515,045	(1,706)	2,870,994	(32,930)	3,351,402	27,419	46,246,196
Changes during period							
Issuance of new shares							36,160
Dividends of surplus							(2,727,983)
Profit attributable to owners of parent							3,969,679
Purchase of treasury shares							(122,611)
Disposal of treasury shares							124,847
Net changes in items other than shareholders' equity	(86,194)	4,004	892,299	244,455	1,054,564	(21,673)	1,032,891
Total changes during period	(86,194)	4,004	892,299	244,455	1,054,564	(21,673)	2,312,983
Balance at end of period	428,851	2,298	3,763,293	211,525	4,405,967	5,745	48,559,180

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	2,072,487	5,263,389
Depreciation	2,206,551	2,122,697
Impairment losses	15,524	9,209
Loss on disaster	57,443	—
Share-based payment expenses	44,998	47,721
Increase (decrease) in provision for product warranties	(16,150)	(287)
Increase (decrease) in provision for bonuses	63,085	138,065
Increase (decrease) in provision for bonuses for directors (and other officers)	1,456	2,740
Increase (decrease) in allowance for doubtful accounts	52,133	12,880
Increase (decrease) in provision for share awards	22,551	26,729
Increase (decrease) in retirement benefit liability	(79,831)	(88,115)
Interest and dividend income	(148,640)	(114,926)
Subsidy income	(59,277)	(125,337)
Interest expenses	202,432	190,557
Foreign exchange losses (gains)	(79,672)	(77,361)
Share of loss (profit) of entities accounted for using equity method	47,175	—
Loss (gain) on sale of investment securities	(678,948)	(2,502)
Loss (gain) on sale of non-current assets	(2,121)	(2,911)
Loss on retirement of property, plant and equipment	6,639	2,066
Loss on valuation of golf club membership	175	—
Gain on reversal of share acquisition rights	(19,454)	(15,981)
Other extraordinary loss (income)	—	(664)
Decrease (increase) in trade receivables	(2,875,018)	117,504
Decrease (increase) in inventories	955,835	(2,920,741)
Increase (decrease) in trade payables	1,676,428	569,185
Increase (decrease) in accrued consumption taxes	318,211	(27,813)
Decrease (increase) in other assets	191,995	(356,941)
Increase (decrease) in other liabilities	280,943	279,858
Subtotal	4,256,954	5,049,021
Interest and dividends received	148,810	130,064
Interest paid	(205,746)	(196,074)
Payments associated with disaster loss	(23,376)	—
Income taxes refund (paid)	(1,016,101)	(559,605)
Subsidies received	59,277	125,337
Net cash provided by (used in) operating activities	3,219,818	4,548,742

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from investing activities		
Payments into time deposits	(138,737)	(490,000)
Proceeds from withdrawal of time deposits	1,757,058	470,092
Purchase of property, plant and equipment	(3,544,286)	(2,210,733)
Proceeds from sale of property, plant and equipment	2,420	4,615
Purchase of intangible assets	(235,300)	(39,330)
Purchase of investment securities	(3,942)	(152)
Proceeds from sale of investment securities	826,011	168,724
Proceeds from sale of shares of subsidiaries and associates	245,244	—
Loan advances	—	(60,000)
Proceeds from collection of loans receivable	26,399	80,000
Decrease (increase) in investments and other assets	3,675	(125)
Net cash provided by (used in) investing activities	(1,061,455)	(2,076,909)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	111,639	(460,774)
Proceeds from long-term borrowings	3,221,122	2,626,812
Repayments of long-term borrowings	(2,988,557)	(3,275,601)
Repayments of lease liabilities	(125,349)	(150,341)
Redemption of bonds	(16,800)	(10,800)
Proceeds from issuance of shares	23,956	30,467
Purchase of treasury shares	(269)	(122,611)
Dividends paid	(3,641,317)	(2,723,982)
Net cash provided by (used in) financing activities	(3,415,575)	(4,086,831)
Effect of exchange rate change on cash and cash equivalents	421,390	286,058
Net increase (decrease) in cash and cash equivalents	(835,822)	(1,328,939)
Cash and cash equivalents at beginning of period	18,535,854	17,700,031
Cash and cash equivalents at end of period	17,700,031	16,371,091

(5) Notes Related to Consolidated Financial Statements

(Notes on Going Concern Assumption)

No applicable matter

(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 current consolidated fiscal year.

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 consolidated financial statements.

In addition, regarding 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 consolidated financial statements for the fiscal year ended December 31, 2023, have been prepared on a retroactive basis. This change in accounting policies has no impact on the consolidated financial statements for the fiscal year ended December 31, 2023.

(Segment Information, etc.)

[Segment Information]

1. Outline of reportable segments

Reportable segments of the Company are those constituent units of the Company who make available separate financial information and also are subject to periodic review by the board of directors aimed at determining the distribution of management resources and evaluating business results.

The Company has manufacturing and sales systems in place for each category of product and service at its head office, etc. and conducts business activities based on the comprehensive strategies that the Company develops for the domestic and overseas markets as to its products and services.

The Company’s business, therefore, consists of several segments that represent each category of product and service and are based on the said manufacturing and sales systems. Such segments are the four (4) reportable segments of the Company, i.e. “Electronic materials business”, “Industrial application structural materials business”, “Electrical insulating materials business” and “Display materials business”.

“Electronic materials business” produces materials for flexible and rigid printed circuit boards, etc. “Industrial application structural materials business” produces FRP vessels for water purification, honeycomb panels prepregs for aircraft and pultrusion molded products, etc. “Electrical insulating materials business” produces glass cloth, glass tapes and prepregs for electrical insulation, etc. “Display materials business” produces 3D display filters and polarization control optical components, etc.

2. Method of calculating the amount of net sales, profit or loss, assets, liabilities and other items with respect to each reportable segment

The accounting methods applied to the reported business segments are basically the same as those stated in the “Important Matters Underlying Preparation of Consolidated Financial Statements” of the Financial Report. The amount of profit or loss recorded for each reportable segment is based on the operating profit or loss (before amortization of goodwill).

Inter-segment revenues and transfers are based on the prevailing market price.

3. Information on the amount of net sales, profit or loss, assets, liabilities and other items with respect to each reportable segment

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Reportable segments					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Reportable segments		
Sales							
Revenues from external customers	25,105,697	10,601,698	2,532,845	3,535,427	41,775,670	338,813	42,114,483
Transactions with other segments	—	—	—	—	—	907,946	907,946
Net sales	25,105,697	10,601,698	2,532,845	3,535,427	41,775,670	1,246,759	43,022,429
Operating profit (loss)	260,132	1,476,470	314,815	940,287	2,991,706	199,020	3,190,726
Assets	35,947,462	11,028,442	2,743,730	3,620,968	53,340,604	1,707,779	55,048,383
Other items							
Depreciation	1,613,468	205,173	115,239	96,951	2,030,831	22,751	2,053,583
Increase in property, plant and equipment and intangible assets	2,567,110	517,741	52,721	134,168	3,271,742	11,748	3,283,491

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.

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Reportable segments					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Reportable segments		
Sales							
Revenues from external customers	31,477,376	10,616,059	2,456,849	4,913,663	49,463,948	351,668	49,815,616
Transactions with other segments	—	—	—	—	—	1,019,696	1,019,696
Net sales	31,477,376	10,616,059	2,456,849	4,913,663	49,463,948	1,371,364	50,835,313
Operating profit (loss)	2,854,015	1,761,963	170,209	1,729,304	6,515,491	209,743	6,725,235
Assets	38,301,935	11,753,925	2,140,981	4,565,108	56,761,951	1,528,931	58,290,883
Other items							
Depreciation	1,413,002	316,969	97,879	118,519	1,946,370	27,466	1,973,836
Increase in property, plant and equipment and intangible assets	1,238,549	377,184	81,941	140,909	1,838,584	31,021	1,869,606

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.

4. Difference between the total amount of reportable segments and the pertinent amount shown on the consolidated financial statements, as well as the key components of such difference (Matters concerning difference adjustment)

(Thousands of yen)		
<u>Net sales</u>	<u>Previous consolidated fiscal year</u>	<u>Current consolidated fiscal year</u>
Total of reportable segments	41,775,670	49,463,948
Net sales in the category "Other"	1,246,759	1,371,364
Elimination of inter-segment transactions	(907,946)	(1,019,696)
Net sales shown on the consolidated financial statements	42,114,483	49,815,616

(Thousands of yen)		
<u>Profit</u>	<u>Previous consolidated fiscal year</u>	<u>Current consolidated fiscal year</u>
Total of reportable segments	2,991,706	6,515,491
Profit in the category "Other"	199,020	209,743
Elimination of inter-segment transactions	6,265	8,268
Unallocated corporate expenses (See Note)	(1,683,849)	(1,754,171)
Adjustment of inventories	(29,365)	(86,127)
Operating profit shown on the consolidated financial statements	1,483,777	4,893,205

Note: "Unallocated corporate assets" are mostly general and administrative expenses that are not attributable to any of the reportable segments.

(Thousands of yen)		
<u>Assets</u>	<u>Previous consolidated fiscal year</u>	<u>Current consolidated fiscal year</u>
Total of reportable segments	53,340,604	56,761,951
Assets in the category "Other"	1,707,779	1,528,931
Elimination of claims to administrative departments of the head office	(601,907)	(673,606)
Unallocated corporate assets (See Note)	14,399,572	14,205,489
Adjustment of inventories	(29,365)	(86,127)
Operating profit shown on the consolidated financial statements	68,816,683	71,736,638

Note: "Unallocated corporate assets" are mostly investment securities, etc. that are not attributable to any of the reportable segments

(Thousands of yen)								
Other item	Total of reportable segments		Other		Adjustment		Amount shown on the consolidated financial statements	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation	2,030,831	1,946,370	22,751	27,466	152,968	148,860	2,206,551	2,122,697
Increase in property, plant and equipment and intangible assets	3,271,742	1,838,584	11,748	31,021	165,563	275,730	3,449,055	2,145,336

Note: The adjustment to "Increase in property, plant and equipment and intangible assets" represents capital investment in the assets used for the common corporate purpose.

[Related Information]

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

1. Information by product and service

(Thousands of yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Total
Net sales to external customers	25,105,697	10,601,698	2,532,845	3,535,427	338,813	42,114,483

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	P.R. China	Other country or region	Total
18,378,391	12,490,626	11,245,465	42,114,483

Note: Net sales are categorized by country or region on the basis of customer locations.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Taiwan	P.R. China	Other country or region	Total
10,850,913	3,179,193	3,070,127	861,709	17,961,943

3. Information by major customer

Out of net sales to external customers, as there is no customer who accounts for 10% or more of the net sales in the consolidated statements of income, statement is omitted.

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

1. Information by product and service

(Thousands of yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Total
Net sales to external customers	31,477,376	10,616,059	2,456,849	4,913,663	351,668	49,815,616

2. Information by region

(1) Net sales

(Thousands of yen)

Japan	P.R. China	Other country or region	Total
20,580,334	14,171,847	15,063,434	49,815,616

Note: Net sales are categorized by country or region on the basis of customer locations.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Taiwan	P.R. China	Other country or region	Total
10,575,848	3,842,148	2,964,424	1,382,350	18,764,772

3. Information by major customer

Out of net sales to external customers, as there is no customer who accounts for 10% or more of the net sales in the consolidated statements of income, statement is omitted.

[Information on impairment loss on non-current assets with respect to each reportable segment]

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Unallocated/ Eliminated	Total
Impairment loss	—	15,524	—	—	—	—	15,524

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Unallocated/ Eliminated	Total
Impairment loss	—	9,209	—	—	—	—	9,209

[Information on amortization of goodwill and unamortized balance with respect to each reportable segment]

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

No applicable matter

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

No applicable matter

[Information on gain on bargain purchase with respect to each reportable segment]

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

No applicable matter

Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)

No applicable matter

(Per Share Information)

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
Net assets per share	1,394.08 yen	1,461.64 yen
Basic earnings per share	49.51 yen	119.49 yen
Diluted earnings per share	49.46 yen	119.39 yen

Note: The bases of calculation of net income per share and fully diluted net income per share are as follows.

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (From April 1, 2024 to March 31, 2025)
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	1,639,772	3,969,679
Amount not attributable to common stockholders (Thousands of yen)	—	
Profit attributable to owners of parent pertaining to common stock (Thousands of yen)	1,639,772	3,969,679
Average number of shares of common stock during the year	33,121,675	33,221,218
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (Thousands of yen)	—	—
Increase in the number of shares of common stock	32,644	27,606
(Number of shares subject to stock acquisition rights included in the figure above)	(32,644)	(27,606)
Outline of dilutive shares that were not included in the calculation of fully diluted net income per share due to a lack of dilutive effect	—	—

Note: The Company's shares, which are shown as treasury shares in shareholders' equity and which a trust account for employee stock ownership plan holds, are included in the number of treasury shares excluded in the calculation of the average number of shares of common stock during the period when net income (or loss) per share is calculated (83,536 shares for the previous consolidated fiscal year and 60,660 shares for the current consolidated fiscal year).