

(Translation)

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Consolidated Financial Results
FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
[Japanese GAAP]



May 13, 2024

Company name: JAPAN MATERIAL Co., Ltd.
Stock exchange listing: Tokyo and Nagoya Stock Exchanges in Japan
Stock code: 6055
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Scheduled Ordinary General Meeting of Shareholders: June 26, 2024
Scheduled payment date of cash dividends: June 27, 2024
Scheduled filing date of Annual Securities Report: June 26, 2024
Supplemental materials prepared for financial results: None
IR briefing: Yes (for institutional investors and securities analysts in Japanese)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for FY2023 (Apr. 1, 2023 – Mar. 31, 2024)

1.1 Consolidated operating results (% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2023	48,592	4.4	7,759	(30.1)	8,230	(27.2)	5,681	(28.1)
FY2022	46,534	22.5	11,097	18.9	11,307	16.4	7,904	17.4

(Note) Comprehensive income: FY2023: ¥5,929 million, (27.3%)
FY2022: ¥8,155 million, 15.6%

	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
FY2023	¥ 55.32	¥ –	% 12.5	% 15.1	% 16.0
FY2022	¥ 77.00	¥ –	% 19.6	% 23.1	% 23.8

(Reference) Share of profit/loss of entities accounted for using equity method: FY2023 (¥8 million), FY2022: –

1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of Mar. 31, 2024	¥ million 56,427	¥ million 47,920	% 84.4	¥ 463.37
As of Mar. 31, 2023	52,433	43,541	83.0	424.17

(Reference) Equity: As of Mar. 31, 2024: ¥47,605 million
As of Mar. 31, 2023: ¥43,541 million

1.3 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
	¥ million	¥ million	¥ million	¥ million
FY2023	4,227	(5,099)	(2,133)	5,367
FY2022	4,741	(3,413)	(2,078)	8,287

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Dividends on equity (consolidated)
	Q1-end	Q2-end	Q3-end	Year-end	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
FY2022	–	0.00	–	20.00	20.00	2,053	26.0	5.1
FY2023	–	0.00	–	20.00	20.00	2,054	36.2	4.5
FY2024(forecast)	–	0.00	–	22.00	22.00		32.3	

3. Forecast of Consolidated Financial Results for the FY2024 (Apr. 1, 2024 – Mar. 31, 2025)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
1st half	23,000	0.8	4,200	35.7	4,200	22.2	2,900	26.5	28.23
Full-year	50,000	2.9	10,000	28.9	10,000	21.5	7,000	23.2	68.13

* Notes

1. Changes in significant subsidiaries during the period: None

(Changes in specified subsidiaries that caused a change in the scope of consolidation)

Newly added: -

Excluded: -

2. Changes in accounting policies and accounting estimates, and restatements

a. Changes in accounting policies due to revisions in accounting standards, etc.: None

b. Changes in accounting policies other than a. above: None

c. Changes in accounting estimates: None

d. Restatements: None

3. Number of shares issued (ordinary shares)

a. Number of shares issued at the end of the period (including treasury shares)

As of Mar. 31, 2024 105,149,520 shares

As of Mar. 31, 2023 105,149,520 shares

b. Number of treasury shares at the end of the period

As of Mar. 31, 2024 2,411,340 shares

As of Mar. 31, 2023 2,497,740 shares

c. Average number of shares issued and outstanding during the period

FY2023 102,700,796 shares

FY2022 102,647,003 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the FY2023 (Apr. 1, 2023 - Mar. 31, 2024)

1.1 Non-consolidated operating results (% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2023	31,347	(0.1)	4,177	(44.1)	6,532	(31.8)	4,599	(32.6)
FY2022	31,367	28.0	7,480	30.9	9,571	26.7	6,828	30.4

	Basic earnings per share	Diluted earnings per share
	¥	¥
FY2023	44.78	—
FY2022	66.53	—

1.2 Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of Mar. 31, 2024	46,136	39,740	86.1	386.81
As of Mar. 31, 2023	43,346	36,918	85.2	359.64

(Reference) Equity: As of Mar. 31, 2024: ¥39,740 million

As of Mar. 31, 2023: ¥36,918 million

* This summary of financial results is not subject to audit by certified public accountants or an audit firm.

* Notes for proper use of forecasts and other remarks

Forecasts contain forward-looking statements based on estimates made as of the day of release of these materials. Actual results may differ materially depending on a number of factors including but not limited to potential risks and uncertainties. Please refer to page 4 “1.4 Future Outlook” for forecast assumptions and notes on usage.

(Change of units for stating the amounts)

The amounts of items and other matters stated in the Company’s quarterly consolidated financial statements were previously stated in units of thousand yen; however, during and after the first quarter of the fiscal year under review, units of million yen are used in stating such amounts. For easier comparison, units of million yen are also used for the previous consolidated fiscal year.

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1. Overview of Operating Results

1.1 Operating Results

During the fiscal year ended March 31, 2024 (hereinafter the “current fiscal year”), the Japanese economy made progress in returning to normalcy in the economic activity with the downgrading of COVID-19’s legal status to Class 5. However, the outlook still remains uncertain due to continued high prices of resources and materials and price hikes resulting from fluctuation of exchange rates, amid the unstable international situation represented by the prolongation of Russia and Ukraine situation and a slowdown in China’s economic growth.

In the industry to which the JAPAN MATERIAL Group (hereinafter the “Group”) belongs, the overall supply-demand balance for semiconductors loosened as demand for data centers slowed down, as well as due to a decline in demand for some consumer electronics products such as smartphones, computers, and televisions, despite robust demand related to power semiconductors and generative AI as well as signs of recovery in the semiconductor market such as the opening of a new semiconductor plant in the Kyushu region and ongoing construction of a new semiconductor plant in Hokkaido.

Under such circumstances, in the Group’s Electronics business, performance of the divisions engaged in the manufacture of specialty gas supply equipment and the design and construction of supply piping (hereinafter the “initial divisions”), which are driven by capital investment of customers, was impacted by the slowdown of capital investments at NAND flash memory plants, the main customers, while capital investment continued at logic semiconductor plants.

Performance of the divisions engaged in the sales and management of specialty gases and the provision of technical services (hereinafter the “operations divisions”), which are driven by production activity, was impacted by a decline in production at NAND flash memory plants, the main customers.

Sales of digital signage-related products remained strong for the Graphics Solution business.

In the Solar Power business, we currently operate three solar power plants in Mie Prefecture that are running smoothly.

As a result, net sales for the current fiscal year were ¥48,592 million (up 4.4% year-on-year), with operating profit of ¥7,759 million (down 30.1% year-on-year), ordinary profit of ¥8,230 million (down 27.2% year-on-year), and profit attributable to owners of parent of ¥5,681 million (down 28.1% year-on-year).

Financial results by segments are follows:

1.1.1 Electronics business

In the initial divisions, despite being impacted by the slowdown of capital investments at NAND flash memory plants, sales remained solid compared with the previous fiscal year due to the capital investment being continued at logic semiconductor plants. However, segment profit decreased due to the worsening cost ratio prompted by the soaring prices of materials.

In the operations divisions, due to the expansion of the Total Facility Management (TFM) service, one of the Group’s strong features, and as a result of acquiring the shares of GBS (SINGAPORE) PTE. LTD. and making it a consolidated subsidiary on August 4, 2023, sales increased compared with the previous fiscal year. However, segment profit decreased due to an impact of a decline in production at NAND flash memory plants.

As a result, net sales were ¥46,923 million (up 4.3% year-on-year) with segment profit of ¥8,836 million (down 28.1% year-on-year).

* Total Facility Management (TFM) service

The Group is a total solutions group engaged in the infrastructure business relating to the supply of ultrapure water and specialty chemicals, as well as specialty gases, which are vital to the production process in semiconductor and LCD plants. The Group covers a comprehensive range of operations by the initial divisions and the operations divisions. The initial divisions are engaged in the development and manufacture of specialty gas supply equipment and the design and construction of supply piping from the specialty gas supply equipment to customers’ manufacturing equipment. The operations divisions are engaged in the sales and management of specialty gases and the provision of technical services to other relevant business.

1.1.2 Graphics Solution business

Sales and profit remained strong for the Graphics Solution business thanks to the continuation of proactive sales activities primarily for products for digital signage and graphics products such as video processors.

As a result, net sales were ¥1,460 million (up 9.3% year-on-year) with segment profit of ¥249 million (up 8.0% year-on-year)

1.1.3 Solar Power business

We currently operate three solar power plants in Mie Prefecture and sales and profit remained strong.

As a result, net sales were ¥208 million (up 1.3% year-on-year) with segment profit of ¥118 million (up 9.0% year-on-year).

1.2 Financial Position

(Assets)

Total assets at the end of the current fiscal year amounted to ¥56,427 million, up ¥3,993 million from the end of the previous fiscal year. This was mainly due to increases in notes and accounts receivable – trade, and contract assets of ¥5,287 million, building and structures of ¥2,379 million, customer-related etc. intangible assets of ¥955 million and goodwill of ¥864 million which were partially offset by decreases in cash and deposits of ¥3,719 million, advance payments to suppliers included in current assets of ¥1,148 million, lease receivables and investments in leases of ¥855 million and raw materials and supplies of ¥461 million.

(Liabilities)

Total liabilities at the end of the current fiscal year amounted to ¥8,506 million, down ¥385 million from the end of the previous fiscal year. This was mainly due to decreases in income taxes payable of ¥597 million and accounts payable - other of ¥283 million which were partially offset by increases in retirement benefit liability of ¥253 million and accrued expenses of ¥178 million.

(Net assets)

Total net assets at the end of the current fiscal year amounted to ¥47,920 million, up ¥4,378 million from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of ¥3,628 million due to the recording of profit attributable to owners of parent of ¥5,681 million despite a decrease caused by the dividend payment of ¥2,053 million.

1.3 Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year amounted to ¥5,367 million, down ¥2,920 million from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥4,227 million, previous fiscal year was ¥4,741 million. The cash inflow factors include profit before income taxes of ¥8,060 million, decrease in advance payments to suppliers of ¥1,242 million, depreciation of ¥898 million and decrease in lease receivables and investments in leases of ¥855 million which were partially offset by the cash outflow factors such as increase in trade receivables of ¥4,824 million and income taxes paid of ¥3,049 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥5,099 million, previous fiscal year was ¥3,413 million. The cash inflow factors include proceeds from withdrawal of time deposits of ¥3,314 million, which were partially offset by the cash outflow factors such as purchase of property, plant and equipment of ¥3,855 million, payments into time deposits of ¥2,427 million and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥1,902 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,133 million, previous fiscal year was ¥2,078 million. The cash outflows factors include dividends paid of ¥2,053 million.

(Reference) Cash flow indicators

	As of Mar. 31, 2020	As of Mar. 31, 2021	As of Mar. 31, 2022	As of Mar. 31, 2023	As of Mar. 31, 2024
Equity ratio (%)	78.0	81.5	81.8	83.0	84.4
Equity ratio based on fair value (%)	419.0	345.1	392.5	461.6	438.6
Interest-bearing debt to cash flow ratio (%)	10.2	12.4	19.6	12.2	12.2
Interest coverage ratio (times)	1,055.9	1,108.2	698.9	657.7	529.8

Equity ratio: $\text{Equity} / \text{Total assets}$

Equity ratio based on fair value: $\text{Market capitalization} / \text{Total assets}$

Interest-bearing debt to cash flow ratio: $\text{Interest-bearing debt} / \text{Cash flows}$

Interest coverage ratio: $\text{Cash flows} / \text{Interest payment}$

(Notes) a. Each indicator is calculated using financial figures on a consolidated basis.

b. Market capitalization is calculated based on the number of shares issued and outstanding, excluding treasury shares.

c. The amount of cash flows is equal to net cash provided by operating activities in the consolidated statements of cash flows. The amount of interest-bearing debt is equal to the total amount of liabilities on the consolidated balance sheets that incur interest charges. The amount of interest payment is equal to that of interest paid on the consolidated statements of cash flows.

1.4 Future Outlook

With regard to the Japanese economy, economic recovery is expected in response to improvements in the employment and income situation. However, the economic outlook is expected to remain uncertain due to factors concerning the world economy, such as the prolongation of Russia and Ukraine situation, continued high prices of resources and materials, and the yen's continuing depreciation.

Under such circumstances, demand related to power semiconductors and generative AI is expected to remain solid, and inventory adjustments in semiconductors are expected to make headway. As a result, the slackening of semiconductor supply and demand is expected to gradually improve. The Group is striving to develop its business to respond to customer requirements; the initial divisions respond to customers' capital investment and the operations divisions respond to customers' production activities. Accordingly, for the next fiscal year ending March 31, 2025, we expect net sales of ¥50,000 million, up 2.9% year-on-year, operating profit of ¥10,000 million, up 28.9% year-on-year, ordinary profit of ¥10,000 million, up 21.5% year-on-year, and profit attributable to owners of parent of ¥7,000 million, up 23.2% year-on-year.

Outlook by segment is as follows:

1.4.1 Electronics business

In the operations divisions, we will actively recruit engineers, develop and secure them within the Group to meet customer demands, thereby expanding our business areas. We will also strive to differentiate us from our competitors by leveraging the Total Facility Management (TFM) service, which is the Group's strength, and to strengthen our stable revenue base by delivering value higher than our customers expect. In the initial divisions, as we expect our main customers to continue to make capital investment, we will ensure to receive orders from them through proactive sales activities.

1.4.2 Graphics Solution business

We will offer total solutions encompassing the production of product content and the building of systems to a wider range of customers in the digital signage field. We will also strive to increase sales through proactive sales activities, promoting products for digital signage, such as contactless interactive signage, and graphics products, such as video processors.

Under our management philosophy of "Always Safety First", we will continue to contribute to the development of a sustainably society, deepen cooperation with our stakeholders to achieve further growth, and strengthen our environmental, social, and governance initiatives from the perspective of the SDGs.

2. Basic Approach to Selection of Accounting Standards

The Group's policy for the time being is to prepare the consolidated financial statements in accordance with Japanese GAAP, considering the potential to compare the consolidated financial statements between periods and between companies.

The Group will adopt International Financial Reporting Standards (IFRS) in a timely manner, considering the domestic and overseas circumstances.

3. Consolidated Financial Statements and Major Notes

3.1 Consolidated Balance Sheets

(Yen in millions)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	9,839	6,119
Notes and accounts receivable - trade, and contract assets	17,343	22,630
Lease receivables and investments in leases	855	464
Merchandise and finished goods	2,674	2,936
Work in process	1,037	1,201
Raw materials and supplies	4,059	3,597
Other	2,687	1,542
Allowance for doubtful accounts	(62)	(82)
Total current assets	38,433	38,409
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,198	11,105
Accumulated depreciation	(1,926)	(2,453)
Buildings and structures, net	6,272	8,651
Machinery, equipment and vehicles	2,220	2,400
Accumulated depreciation	(1,624)	(1,804)
Machinery, equipment and vehicles, net	596	595
Tools, furniture and fixtures	1,334	1,547
Accumulated depreciation	(1,008)	(1,130)
Tools, furniture and fixtures, net	326	417
Land	2,334	2,334
Leased assets	338	374
Accumulated depreciation	(95)	(181)
Leased assets, net	243	192
Construction in progress	1,442	1,912
Total property, plant and equipment	11,214	14,104
Intangible assets		
Goodwill	—	864
Customer-related intangible assets	—	835
Technology-related intangible assets	—	120
Other	43	60
Total intangible assets	43	1,880
Investments and other assets		
Investment securities	172	311
Lease receivables and investment assets	1,020	556
Guarantee deposits	106	116
Deferred tax assets	751	675
Other	1,073	704
Allowance for doubtful accounts	(383)	(331)
Total investments and other assets	2,741	2,032
Total non-current assets	13,999	18,018
Total assets	52,433	56,427

(Yen in millions)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,588	2,686
Accounts payable - other	1,016	733
Accrued expenses	408	587
Income taxes payable	2,046	1,448
Provision for bonuses	639	651
Other	432	701
Total current liabilities	7,132	6,809
Non-current liabilities		
Lease liabilities	412	253
Retirement benefit liability	708	961
Asset retirement obligations	30	28
Other	608	453
Total non-current liabilities	1,759	1,697
Total liabilities	8,891	8,506
Net assets		
Shareholders' equity		
Share capital	1,317	1,317
Capital surplus	1,643	1,821
Retained earnings	41,147	44,776
Treasury shares	(1,053)	(1,017)
Total shareholders' equity	43,054	46,897
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	69
Foreign currency translation adjustment	505	763
Remeasurements of defined benefit plans	(26)	(124)
Total accumulated other comprehensive income	487	707
Non-controlling interests	—	315
Total net assets	43,541	47,920
Total liabilities and net assets	52,433	56,427

3.2 Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Yen in millions)

	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Net sales	46,534	48,592
Cost of sales	31,535	36,572
Gross profit	14,998	12,019
Selling, general and administrative expenses	3,900	4,260
Operating profit	11,097	7,759
Non-operating income		
Interest income	13	38
Dividend income	10	6
Foreign exchange gains	163	376
Rental income	20	15
Subsidy income	20	14
Other	14	41
Total non-operating income	243	492
Non-operating expenses		
Interest expenses	7	7
Share of loss of entities accounted for using equity method	—	8
Rental expenses on real estate	2	3
Provision of allowance for doubtful accounts	23	—
Other	0	2
Total non-operating expenses	33	21
Ordinary profit	11,307	8,230
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	72	165
Loss on valuation of shares of subsidiaries	19	—
Other	—	4
Total extraordinary losses	92	169
Profit before income taxes	11,214	8,060
Income taxes - current	3,466	2,414
Income taxes - deferred	(156)	(62)
Total income taxes	3,310	2,352
Profit	7,904	5,708
Profit attributable to non-controlling interests	—	27
Profit attributable to owners of parent	7,904	5,681

Consolidated Statements of Comprehensive Income

(Yen in millions)

	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Profit	7,904	5,708
Other comprehensive income		
Valuation difference on available-for-sale securities	8	61
Foreign currency translation adjustment	268	257
Remeasurements of defined benefit plans, net of tax	(25)	(98)
Total other comprehensive income	251	220
Comprehensive income	8,155	5,929
Comprehensive income attributable to:		
owners of parent	8,155	5,900
non-controlling interests	—	28

3.3 Consolidated Statements of Changes in Equity

Previous fiscal year (From Apr. 1, 2022 to Mar. 31, 2023)

(Yen in millions)

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of period	1,317	1,618	35,090	(1,060)	36,966
Changes during period					
Dividends of surplus			(1,847)		(1,847)
Profit attributable to owners of parent			7,904		7,904
Acquisition of treasury share		(1)		(0)	(2)
Disposal of treasury share		26		6	33
Net changes in items other than shareholders' equity					
Total changes during period	—	25	6,056	6	6,088
Balance at end of period	1,317	1,643	41,147	(1,053)	43,054

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(0)	237	(0)	235	—	37,202
Changes during period						
Dividends of surplus						(1,847)
Profit attributable to owners of parent						7,904
Acquisition of treasury share						(2)
Disposal of treasury share						33
Net changes in items other than shareholders' equity	8	268	(25)	251	—	251
Total changes during period	8	268	(25)	251	—	6,339
Balance at end of period	7	505	(26)	487	—	43,541

Current fiscal year (From Apr. 1, 2023 to Mar. 31, 2024)

(Yen in millions)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,317	1,643	41,147	(1,053)	43,054
Changes during period					
Dividends of surplus			(2,053)		(2,053)
Profit attributable to owners of parent			5,681		5,681
Acquisition of treasury share					
Disposal of treasury share		178		36	214
Net changes in items other than shareholders' equity					
Total changes during period	—	178	3,628	36	3,842
Balance at end of period	1,317	1,821	44,776	(1,017)	46,897

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7	505	(26)	487	—	43,541
Changes during period						
Dividends of surplus						(2,053)
Profit attributable to owners of parent						5,681
Acquisition of treasury share						
Disposal of treasury share						214
Net changes in items other than shareholders' equity	61	257	(98)	220	315	535
Total changes during period	61	257	(98)	220	315	4,378
Balance at end of period	69	763	(124)	707	315	47,920

3.4 Consolidated Statements of Cash Flows

(Yen in millions)

	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Cash flows from operating activities		
Profit before income taxes	11,214	8,060
Depreciation	710	898
Amortization of goodwill	—	54
Increase (decrease) in allowance for doubtful accounts	283	(39)
Increase (decrease) in provision for bonuses	36	11
Increase (decrease) in retirement benefit liability	82	111
Interest and dividend income	(23)	(44)
Interest expenses	7	7
Foreign exchange losses (gains)	22	(10)
Loss (gain) on sale and retirement of non-current assets	72	164
Decrease (increase) in trade receivables	(1,810)	(4,824)
Decrease (increase) in inventories	(2,822)	465
Net decrease (increase) in lease receivables and investments in leases	968	855
Decrease (increase) in guarantee deposits	16	—
Increase (decrease) in trade payables	(1,159)	(200)
Decrease (increase) in advance payments to suppliers	(557)	1,242
Other, net	633	486
Subtotal	7,676	7,239
Interest and dividends received	14	45
Interest paid	(7)	(7)
Income taxes paid	(2,942)	(3,049)
Net cash provided by (used in) operating activities	4,741	4,227
Cash flows from investing activities		
Payments into time deposits	(2,045)	(2,427)
Proceeds from withdrawal of time deposits	1,486	3,314
Purchase of property, plant and equipment	(2,815)	(3,855)
Purchase of intangible assets	(9)	(22)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,902)
Other, net	(29)	(206)
Net cash provided by (used in) investing activities	(3,413)	(5,099)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(152)	—
Dividends paid	(1,847)	(2,053)
Other, net	(78)	(80)
Net cash provided by (used in) financing activities	(2,078)	(2,133)
Effect of exchange rate change on cash and cash equivalents	54	85
Net increase (decrease) in cash and cash equivalents	(695)	(2,920)
Cash and cash equivalents at beginning of period	8,983	8,287
Cash and cash equivalents at end of period	8,287	5,367

3.5 Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Segment Information, etc.)

[Segment Information]

3.5.1 Overview of reportable segments

a. Decision procedures for reportable segments

The Group's reportable segments are the business units for which the Group is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic review to determine the distribution of management resources and evaluate their business results.

The Group has business divisions categorized by the sale of products and by the type of services, develops comprehensive strategies to market products and services in Japan and abroad, and conducts operations based on the strategies.

b. Types of products and services handled in each reportable segment

The Electronics business is mainly engaged in the manufacture of specialty gas supply equipment, the design and construction of supply piping, the sales and management of specialty gases, and the provision of technical services. The Graphics Solution business is mainly engaged in the sale of graphic boards and digital signage products. The Solar Power business is engaged in the sale of solar power generated to electric utilities.

3.5.2 Method of calculating the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Methods of accounting procedures for the reportable business segments are methods in accordance with the accounting policies adopted for preparation of the consolidated financial statements.

The amounts of reportable segment profit or loss is based on operating profit or loss. The amounts of inter-segment sales or transfers are determined based on current market prices.

3.5.3 Information on the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Previous fiscal year (From Apr. 1, 2022 to Mar. 31, 2023)

(Yen in millions)

	Reportable segments			Total
	Electronics	Graphics Solution	Solar Power	
Net sales				
To external customers	44,991	1,336	205	46,534
Inter-segment sales or transfers	–	–	–	–
Total	44,991	1,336	205	46,534
Segment profit	12,282	230	109	12,622
Segment assets	43,509	860	837	45,207
Other items				
Depreciation	548	7	70	626
Increase in property, plant and equipment and intangible assets	2,533	2	–	2,535

Current fiscal year (From Apr. 1, 2023 to Mar. 31, 2024)

(Yen in millions)

	Reportable segments			Total
	Electronics	Graphics Solution	Solar Power	
Net sales				
To external customers	46,923	1,460	208	48,592
Inter-segment sales or transfers	–	–	–	–
Total	46,923	1,460	208	48,592
Segment profit	8,836	249	118	9,204
Segment assets	51,030	851	767	52,649
Other items				
Depreciation	732	5	62	801
Increase in property, plant and equipment and intangible assets	3,668	0	–	3,668

3.5.4 Differences between total amounts of reportable segments and amounts presented on the consolidated financial statements, and details of the differences (reconciliations)

(Yen in millions)

Net sales	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Reportable segment total	46,534	48,592
Elimination of inter-segment transactions	–	–
Net sales on the consolidated financial statements	46,534	48,592

(Yen in millions)

Profit	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Reportable segment total	12,622	9,204
Corporate expenses (Note)	(1,534)	(1,458)
Other	9	12
Operating profit on the consolidated financial statements	11,097	7,759

(Note) Corporate expenses mainly consist of general and administrative expenses not allocated to any reportable segments.

(Yen in millions)

Assets	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Reportable segment total	45,207	52,649
Corporate assets (Note)	7,225	3,777
Total assets on the consolidated financial statements	52,433	56,427

(Note) Corporate assets mainly consist of the Company's surplus funds (cash and deposits, etc.) and assets related to administrative divisions, which are not allocated to any reportable segments.

(Yen in millions)

Other items	Reportable segment total		Adjustments		Amounts presented on the consolidated financial statements	
	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Depreciation	626	801	83	97	710	898
Increase in property, plant and equipment and intangible assets	2,535	3,668	275	340	2,810	4,009

(Note) The adjustments of depreciation are the amounts incurred in administrative divisions of the headquarters. The adjustments of increase in property, plant and equipment and intangible assets are the cost of such assets in administrative divisions of the headquarters.

(Summary of Revenue Recognition)

Disaggregation of revenue from contracts with customers
 Previous fiscal year (From Apr. 1, 2022 to Mar. 31, 2023)

(Yen in millions)

	Reportable Segments			Total
	Electronics	Graphics Solution	Solar Power	
Manufacture of specialty gas supply equipment	1,556	–	–	1,556
Design and construction of supply piping	15,272	–	–	15,272
Sales and management of specialty gases	15,346	–	–	15,346
Technical services	11,684	–	–	11,684
Sale of graphic boards	–	1,336	–	1,336
Solar power	–	–	205	205
Other	152	–	–	152
Profit from contracts with customers	44,011	1,336	205	45,554
Other profit	979	–	–	979
Net sales to external customers	44,991	1,336	205	46,534

Current fiscal year (From Apr. 1, 2023 to Mar. 31, 2024)

(Yen in millions)

	Reportable Segments			Total
	Electronics	Graphics Solution	Solar Power	
Manufacture of specialty gas supply equipment	1,659	–	–	1,659
Design and construction of supply piping	16,296	–	–	16,296
Sales and management of specialty gases	15,092	–	–	15,092
Technical services	12,892	–	–	12,892
Sale of graphic boards	–	1,460	–	1,460
Solar power	–	–	208	208
Other	191	–	–	191
Profit from contracts with customers	46,131	1,460	208	47,800
Other profit	791	–	–	791
Net sales to external customers	46,923	1,460	208	48,592

(Per-share Information)

	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Net assets per share	424.17 yen	463.37 yen
Basic earnings per share	77.00 yen	55.32 yen

(Notes) a. Diluted earnings per share is not presented because the Company has no potential shares.

b. The basis for calculation of basic earnings per share is as follows:

	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (¥ in millions)	7,904	5,681
Amount not attributable to ordinary shareholders (¥ in millions)	—	—
Profit attributable to ordinary shareholders of parent (¥ in millions)	7,904	5,681
Average number of ordinary shares issued and outstanding during the period (shares)	102,647,003	102,700,796

c. The basis for calculation of net assets per share is as follows:

	As of Mar. 31, 2023	As of Mar. 31, 2024
Total net assets (¥ in millions)	43,541	47,920
Amount deducted from total net assets (¥ in millions)	—	315
(of which non-controlling interests, ¥ in millions)	(—)	(315)
Amount of net assets related to ordinary shares at the end of the period (¥ in millions)	43,541	47,605
Number of ordinary shares used to calculate net assets per share at the end of the period (shares)	102,651,780	102,738,180

(Subsequent Events)

Not applicable.