

(Translation)

Notes:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]



February 12, 2025

Company name: JAPAN MATERIAL Co., Ltd.
Stock exchange listing: Tokyo and Nagoya Stock Exchanges in Japan
Stock code: 6055
Website: <https://www.j-materials.jp/>
Representative: Hisao Tanaka, President and Representative Director
Contact: Keisuke Hase, Director and Managing Executive Officer, Administrative Division Director
Tel. +81-59-399-3821

Scheduled payment date of cash dividends: —
Supplemental materials prepared for financial results: None
IR briefing: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Apr. 1, 2024 – Dec. 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine months ended Dec. 31, 2024	35,352	(2.2)	6,846	24.8	7,126	23.9	4,878	25.7
Dec. 31, 2023	36,151	2.0	5,484	(40.7)	5,751	(38.9)	3,881	(40.6)

(Note) Comprehensive income: Nine months ended Dec. 31, 2024: ¥4,937 million, 11.9%
Nine months ended Dec. 31, 2023: ¥4,410 million, (37.7%)

	Basic earnings per share	Diluted earnings per share
Nine months ended Dec. 31, 2024	¥ 47.48	¥ —
Dec. 31, 2023	37.79	—

(Note) During the fiscal year ended March 31, 2024, the Company finalized the provisional accounting treatment for business combinations. The figures for the nine months ended December 31, 2023 reflected the details of the finalization of the provisional accounting treatment.

1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio
As of Dec. 31 2024	¥ million 58,918	¥ million 50,943	% 85.8
As of Mar. 31, 2024	56,427	47,920	84.4

(Reference) Equity: As of Dec. 31, 2024: ¥50,548 million
As of Mar. 31, 2024: ¥47,605 million

2. Dividends

	Annual dividends per share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
FY2023	¥ —	¥ 0.00	¥ —	¥ 20.00	¥ 20.00
FY2024	—	0.00	—		
FY2024 (forecast)				22.00	22.00

(Note) Changes from the most recently released dividend forecast: None

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	%	¥
Full-year	50,000	2.9	10,000	28.9	10,000	21.5	7,000	23.2	68.13

(Note) Changes from the most recently released financial results forecast: None

* Notes

1. Significant changes in the scope of consolidation during the period: None

Newly added: -

Excluded: -

2. Adoption of special accounting methods for preparing quarterly consolidated financial statements: None

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

a. Changes in accounting policies due to revisions in accounting standards, etc.: Yes

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

c. Changes in accounting estimates: None

d. Restatements: None

Note: For details, please refer to page 8 “(Note on changes in accounting policies), 2.3 Notes to Quarterly Consolidated Financial Statements, 2. Quarterly Consolidated Financial Statements and Major Notes” of the attached materials.

4. Number of shares issued (ordinary shares)

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

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

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

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

As of Dec. 31, 2024 2,394,440 shares

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

c. Average number of shares issued and outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended Dec. 31, 2024 102,748,320 shares

Nine months ended Dec. 31, 2023 102,689,580 shares

* Quarterly Consolidated Financial Statements reviewed by certified public accountant or an audit firm: None

* 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 3 “1.3 Future Outlook, 1. Analysis of Results of Operations and Financial Condition” for forecast assumptions and notes on usage.

Table of Contents

1. Analysis of Results of Operations and Financial Condition	2
1.1 Operating Results	2
1.2 Financial Position	2
1.3 Future Outlook.....	3
2. Quarterly Consolidated Financial Statements and Major Notes.....	4
2.1 Quarterly Consolidated Balance Sheets.....	4
2.2 Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	6
Quarterly Consolidated Statement of Income	
Nine Months Ended December 31	6
Quarterly Consolidated Statement of Comprehensive Income	
Nine Months Ended December 31	7
2.3 Notes to Quarterly Consolidated Financial Statements	8
(Note on Changes in Accounting Policies)	8
(Notes to Segment Information, etc.....	8
(Notes in the Case of Significant Changes in Amount of Shareholders' Equity)	9
(Going Concern Assumption).....	9
(Notes to Consolidated Statements of Cash Flows).....	9

1. Analysis of Results of Operations and Financial Condition

1.1 Operating Results

During the fiscal year ended March 31, 2024, the Company finalized the provisional accounting treatment for business combinations. The company used the amount after the finalization of the provisional accounting treatment on year-on-year comparison and analysis.

During the nine months ended December 31, 2024, the Japanese economy remained on a modest recovery trend owing to growing demand from inbound tourists and improvements in the employment and income situation. However, the outlook still remains uncertain due to the unstable overseas situation and exchange rates as well as the new U.S. Administration's policy making.

In the industry to which the JAPAN MATERIAL Group (hereinafter the "Group") belongs, demand for semiconductors related to generative AI remained solid, but demand for other semiconductors still remained weak.

Under such circumstances, in the Group's Electronics business, the 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, remained sluggish due to the slowdown of capital investments at semiconductor plants, the main customers. Meanwhile, 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, remained strong, led by the sales and management of specialty gases and the maintenance service for semiconductor manufacturing equipment, thanks to an improvement in the operating rates of NAND flash memory plants, the main customers.

Sales of digital signage-related products and products for the broadcasting industry remained brisk.

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

As a result, net sales for the current fiscal year were ¥35,352 million (down 2.2% year-on-year), with operating profit of ¥6,846 million (up 24.8% year-on-year), ordinary profit of ¥7,126 million (up 23.9 % year-on-year), and profit attributable to owners of parent of ¥4,878 million (up 25.7% year-on-year).

1.1.1 Electronics business

Segment net sales were ¥33,785 million (down 3.3% year-on-year) with segment profit of ¥7,570 million (up 20.1% year-on-year).

1.1.2 Graphics Solution business

Segment net sales were ¥1,412 million (up 36.9% year-on-year) with segment profit of ¥241 million (up 42.7% year-on-year)

1.1.3 Solar Power business

Segment net sales were ¥154 million (down 5.7% year-on-year) with segment profit of ¥88 million (down 7.0% year-on-year).

1.2 Financial Position

(Assets)

Total assets at the end of the nine months under review amounted to ¥58,918 million, up ¥2,491 million from the end of the previous fiscal year.

This was mainly due to increases in cash and deposits of ¥5,451 million and property, plant and equipment of ¥1,029 million which were partially offset by decreases in notes and accounts receivable – trade, and contract account of ¥2,715 million and advanced payments to suppliers included in other, current assets of ¥924 million.

(Liabilities)

Total liabilities at the end of the nine months under review amounted to ¥7,975 million, down ¥530 million from the end of the previous fiscal year.

This was mainly due to an increase in note and account payable – trade of ¥323 million, which were more than offset by decreases in income taxes payable of ¥574 million and provision for bonuses of ¥267 million.

(Net assets)

Total net assets at the end of the nine months under review amounted to ¥50,943 million, up ¥3,022 million from the end of the previous fiscal year.

This was attributed mainly to increases in retained earnings due to the recording of profit attributable to owners of parent of ¥4,878 million and non-controlling interests of ¥78 million, which were partially offset by a decrease caused by the dividend payment of ¥2,054 million.

1.3 Future Outlook

No change has been made to the forecast of consolidated financial results released in the “Consolidated Financial Results FY2023 dated May 13, 2024. The forecast of results is based on the information available currently, but there is a possibility that our future business activity and operating results may be affected by such factors as potential changes in the schedule of capital investments by major customers and a potential significant drop in the operating rates of customer plants.

2. Quarterly Consolidated Financial Statements and Major Notes

2.1 Quarterly Consolidated Balance Sheets

(Yen in millions)

	As of Mar. 31, 2024	As of Dec. 31, 2024
Assets		
Current assets		
Cash and deposits	6,119	11,570
Notes and accounts receivable - trade, and contract assets	22,630	19,915
Merchandise and finished goods	2,936	2,864
Work in process	1,201	1,430
Raw materials and supplies	3,597	3,790
Other	2,007	1,002
Allowance for doubtful accounts	(82)	(75)
Total current assets	38,409	40,498
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,651	11,154
Other, net	5,452	3,979
Total property, plant and equipment	14,104	15,133
Intangible assets		
Goodwill	864	771
Other	1,016	951
Total intangible assets	1,880	1,723
Investments and other assets		
Lease receivables and investment assets	556	350
Other	1,807	1,323
Allowance for doubtful accounts	(331)	(109)
Total investments and other assets	2,032	1,563
Total non-current assets	18,018	18,420
Total assets	56,427	58,918
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,686	3,010
Accounts payable - other	733	905
Accrued expenses	587	657
Income taxes payable	1,448	873
Provision for bonuses	651	383
Other	701	757
Total current liabilities	6,809	6,587
Non-current liabilities		
Lease liabilities	253	132
Retirement benefit liability	961	1,049
Asset retirement obligations	28	28
Other	453	177
Total non-current liabilities	1,697	1,388
Total liabilities	8,506	7,975

(Yen in millions)

	As of Mar. 31, 2024	As of Dec. 31, 2024
Net assets		
Shareholders' equity		
Share capital	1,317	1,317
Capital surplus	1,821	1,849
Retained earnings	44,776	47,704
Treasury shares	(1,017)	(1,010)
Total shareholders' equity	46,897	49,861
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69	70
Foreign currency translation adjustment	763	722
Remeasurements of defined benefit plans	(124)	(105)
Total accumulated other comprehensive income	707	687
Non-controlling interests	315	394
Total net assets	47,920	50,943
Total liabilities and net assets	56,427	58,918

2.2 Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended December 31

(Yen in millions)

	From Apr. 1, 2023 to Dec. 31, 2023	From Apr. 1, 2024 to Dec. 31, 2024
Net sales	36,151	35,352
Cost of sales	27,600	24,843
Gross profit	8,551	10,508
Selling, general and administrative expenses	3,066	3,661
Operating profit	5,484	6,846
Non-operating income		
Interest income	31	33
Dividend income	6	6
Share of profit of entities accounted for using equity method	—	80
Foreign exchange gains	167	126
Rental income	11	11
Subsidy income	13	9
Other	47	18
Total non-operating income	277	287
Non-operating expenses		
Interest expenses	6	4
Rental expenses on real estate	2	2
Other	1	0
Total non-operating expenses	10	7
Ordinary profit	5,751	7,126
Extraordinary income		
Gain on sale of non-current assets	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on sale and retirement of non-current assets	146	11
Other	2	—
Total extraordinary losses	149	11
Profit before income taxes	5,602	7,115
Income taxes - current	1,544	1,980
Income taxes - deferred	163	175
Total income taxes	1,708	2,156
Profit	3,894	4,959
Profit attributable to non-controlling interests	13	80
Profit attributable to owners of parent	3,881	4,878

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Yen in millions)

	From Apr. 1, 2023 to Dec. 31, 2023	From Apr. 1, 2024 to Dec. 31, 2024
Profit	3,894	4,959
Other comprehensive income		
Valuation difference on available-for-sale securities	35	1
Foreign currency translation adjustment	477	(42)
Remeasurements of defined benefit plans, net of tax	3	19
Total other comprehensive income	516	(21)
Comprehensive income	4,410	4,937
Comprehensive income attributable to:		
Owners of parent	4,379	4,858
Non-controlling interests	31	78

2.3 Notes to Quarterly Consolidated Financial Statements

(Note on Changes in Accounting Policies)

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

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the “2022 Revised Accounting Standard”) and other regulations from the beginning of the nine months ended December 31, 2024.

Regarding the amendments on the classification of income taxes, etc. (taxation on other comprehensive income), the Company complies with the transitional treatments specified in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to paragraph 65-2, (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the “2022 Revised Guidance”). This change in accounting policy has no impact on the quarterly consolidated financial statements.

Furthermore, regarding the amendments related to the review of the treatment in the consolidated financial statements for the deferral of tax on gains and losses arising from the sale of shares of subsidiaries within the group, the Company has applied the 2022 Revised Guidance from the beginning of the nine months ended December 31, 2024. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements for each quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been restated accordingly. This change in accounting policy has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Notes to Segment Information, etc.)

[Segment Information]

I. Nine months ended December 31, 2023 (From Apr. 1, 2023 to Dec. 31, 2023)

1. Information on the amounts of net sales and profit or loss by reportable segment

(Yen in millions)

	Reportable segments			Total
	Electronics	Graphics Solution	Solar Power	
Net sales				
To external customers	34,955	1,031	164	36,151
Inter-segment sales or transfers	–	–	–	–
Total	34,955	1,031	164	36,151
Segment profit	6,305	169	94	6,569

2. Differences between total profit/loss amounts of reportable segments and amounts presented on the quarterly consolidated statements of income, and details of the differences (reconciliations)

(Yen in millions)

Profit	Amount
Reportable segment total	6,569
Corporate expenses (Note)	(1,095)
Other	10
Operating profit on quarterly consolidated statements of income	5,484

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

3. At the end of the previous fiscal year, the Company finalized the provisional accounting treatment for business combinations. The segment profit figures reflected the details of the finalization of the provisional accounting treatment.

II. Nine months ended December 31, 2024 (From Apr. 1, 2024 to Dec. 31, 2024)

1. Information on the amounts of net sales and profit or loss by reportable segment and revenue analysis

(Yen in millions)

	Reportable segments			Total
	Electronics	Graphics Solution	Solar Power	
Net sales				
To external customers	33,785	1,412	154	35,352
Inter-segment sales or transfers	–	–	–	–
Total	33,785	1,412	154	35,352
Segment profit	7,570	241	88	7,900

2. Differences between total profit/loss amounts of reportable segments and amounts presented on the quarterly consolidated statements of income, and details of the differences (reconciliations)

(Yen in millions)

Profit	Amount
Reportable segment total	7,900
Corporate expenses (Note)	(1,083)
Other	28
Operating profit on quarterly consolidated statements of income	6,846

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

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

Not applicable

(Going Concern Assumption)

Not applicable

(Notes to Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2024 have not been prepared.

Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for the nine months ended December 31, 2024 are as follows.

	From Apr. 1, 2023 to Dec. 31, 2023	From Apr. 1, 2024 to Dec. 31, 2024
Depreciation	¥604 million	¥849 million
Amortization of goodwill	¥21 million	¥104 million

(Note) At the end of the previous fiscal year, the Company finalized the provisional accounting treatment for business combinations. The figures for the previous consolidated first nine months reflected the details of the finalization of the provisional accounting treatment.