

(Translation)

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## Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



February 8, 2023

Company name: JAPAN MATERIAL Co., Ltd.  
Stock exchange listing: Tokyo and Nagoya Stock Exchanges in Japan  
Stock code: 6055  
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Scheduled filing date of Quarterly Report: February 13, 2023  
Scheduled payment date of cash dividends: —  
Supplemental materials prepared for quarterly financial results: None  
Quarterly IR briefing: None

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

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Apr. 1, 2022 – Dec. 31, 2022)

#### 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	%
Nine months ended Dec. 31, 2022	35,432	29.5	9,245	31.3	9,407	31.7	6,535	34.7
Dec. 31, 2021	27,367	9.3	7,043	12.1	7,142	13.7	4,852	11.8

(Note) Comprehensive income: Nine months ended Dec. 31, 2022: ¥7,084 million (39.6%)

Nine months ended Dec. 31, 2021: ¥5,075 million (18.1%)

	Basic earnings per share	Diluted earnings per share
Nine months ended Dec. 31, 2022	¥ 63.67	¥ —
Dec. 31, 2021	47.28	—

#### 1.2 Consolidated financial position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Dec. 31, 2022	50,983	42,470	83.3
As of Mar. 31, 2022	45,502	37,202	81.8

(Reference) Equity: As of Dec. 31, 2022: ¥42,470 million

As of Mar. 31, 2022: ¥37,202 million

## 2. Dividends

	Annual dividends per share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
FY2021	¥ —	¥ 0.00	¥ —	¥ 18.00	¥ 18.00
FY2022	—	0.00	—		
FY2022 (forecast)				20.00	20.00

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

## 3. Forecast of Consolidated Financial Results for the FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full-year	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
	45,000	18.5	11,000	17.9	11,000	13.3	7,500	11.4	73.07

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

### \* Notes

- Changes in significant subsidiaries during the period under review: None  
(Changes in specified subsidiaries that caused a change in the scope of consolidation)  
Newly added: -  
Excluded: -
- Adoption of special accounting methods for preparing quarterly consolidated financial statements: None
- Changes in accounting policies and accounting estimates, and restatements
  - Changes in accounting policies due to revisions in accounting standards, etc.: Yes
  - Changes in accounting policies other than a. above: None
  - Changes in accounting estimates: None
  - Restatements: None
- Number of shares issued (ordinary shares)
  - Number of shares issued at the end of the period (including treasury shares)
 

As of Dec. 31, 2022	105,149,520 shares
As of Mar. 31, 2022	105,149,520 shares
  - Number of treasury shares at the end of the period
 

As of Dec. 31, 2022	2,497,740 shares
As of Mar. 31, 2022	2,512,923 shares
  - Average number of shares issued and outstanding during the period (cumulative quarterly period)
 

Nine months ended Dec. 31, 2022	102,645,569 shares
Nine months ended Dec. 31, 2021	102,622,516 shares

\* This summary of quarterly financial results is not subject to quarterly review 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 3 “1.3 Future Outlook” for forecast assumptions and notes on usage.

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## 1. Qualitative Information Regarding the Quarterly Financial Results

### 1.1 Operating Results

During the nine months ended December 31, 2022, the Japanese economy showed signs of mild recovery as activity restrictions due to the COVID-19 pandemic were eased. However, the outlook still remains uncertain due to the international situation surrounding Ukraine and surging prices of raw materials and energy, as well as drastic exchange rate fluctuation and COVID-19 resurgence.

The industry to which the JAPAN MATERIAL Group (hereinafter the “Group”) belongs has a growth trend of demand for semiconductors, supported by an increase in demand for semiconductors for vehicles and data centers that are contributed by the wider use of IoT and 5G (the fifth generation mobile communications system) despite a decline in demand for some consumer electronics products such as smartphones, computers, and televisions.

Under such circumstances, in the Group’s Electronics business, 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, performed strongly thanks to continuous capital investment while new capital investments were partly postponed at semiconductor plants, the main customers. 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, also remained strong, led by the sales and management of specialty gases and the semiconductor manufacturing equipment maintenance service while there was an impact of a decline in production at some of the semiconductor plants, the main customers.

Sales of digital signage-related products remained solid for the Graphics Solution business. However, segment profit declined year-on-year due to expenses incurred for exhibiting at exhibitions.

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 nine months ended December 31, 2022 were ¥35,432 million (up 29.5% year-on-year), with operating profit of ¥9,245 million (up 31.3% year-on-year), ordinary profit of ¥9,407 million (up 31.7% year-on-year), and profit attributable to owners of parent of ¥6,535 million (up 34.7% year-on-year).

#### 1.1.1 Electronics business

Segment net sales were ¥34,360 million (up 30.6% year-on-year) with segment profit of ¥10,152 million (up 31.5% year-on-year).

#### 1.1.2 Graphics Solution business

Segment net sales were ¥912 million (up 0.3% year-on-year) with segment profit of ¥122 million (down 6.7% year-on-year).

#### 1.1.3 Solar Power business

Segment net sales were ¥159 million (up 5.2% year-on-year) with segment profit of ¥85 million (up 27.3% year-on-year).

### 1.2 Financial Position

#### (Assets)

Total assets at the end of the third quarter under review amounted to ¥50,983 million, up ¥5,480 million from the end of the previous fiscal year.

This was mainly due to increases in notes and accounts receivable - trade, contract assets of ¥6,242 million, merchandise and finished goods of ¥1,948 million, raw materials and supplies of ¥1,293 million, and advance payments to suppliers included in other of current assets of ¥1,114 million, which were more than offset by a decrease in cash and deposits of ¥6,425 million.

#### (Liabilities)

Total liabilities at the end of the third quarter under review amounted to ¥8,512 million, up ¥212 million from the end of the previous fiscal year.

This was mainly due to increases in accounts payable - other of ¥633 million and long-term accounts payable - other included in other of non-current liabilities of ¥550 million, which were more than offset by a decrease in notes and accounts payable - trade of ¥765 million

(Net assets)

Total net assets at the end of the third quarter under review amounted to ¥42,470 million, up ¥5,268 million from the end of the previous fiscal year.

This was attributed mainly to an increase in retained earnings due to the recording of profit attributable to owners of parent of ¥6,535 million despite a decrease caused by the dividend payment of ¥1,847 million, and a ¥540 million increase in foreign currency translation adjustment.

### 1.3 Future Outlook

No change has been made to the forecast of consolidated financial results released in the “Consolidated Financial Results FY2021” dated May 13, 2022. The forecast of results is based on the information available currently, but there is possibility that our future business activity and operating results may be affected by such factors as potential further slowdown in the economic activity in Japan and overseas due to the COVID-19 pandemic, delays in the capital investment by major customers, and a potential significant drop in operating rates of customer plants.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### 2.1 Quarterly Consolidated Balance Sheets

(Yen in thousands)

	As of Mar. 31, 2022	As of Dec. 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,863,817	3,437,884
Notes and accounts receivable - trade, and contract assets	15,584,694	21,827,520
Merchandise and finished goods	1,270,742	3,219,169
Work in process	1,605,243	1,654,891
Raw materials and supplies	2,031,232	3,324,301
Other	3,010,379	4,302,794
<b>Total current assets</b>	<b>33,366,109</b>	<b>37,766,562</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,562,025	5,779,505
Other, net	3,609,069	4,589,736
<b>Total property, plant and equipment</b>	<b>9,171,094</b>	<b>10,369,242</b>
Intangible assets	43,955	41,980
Investments and other assets		
Lease receivables and investment assets	1,927,255	1,240,868
Other	993,704	1,564,429
<b>Total investments and other assets</b>	<b>2,920,959</b>	<b>2,805,298</b>
<b>Total non-current assets</b>	<b>12,136,009</b>	<b>13,216,521</b>
<b>Total assets</b>	<b>45,502,119</b>	<b>50,983,083</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,658,962	2,893,625
Short-term borrowings	134,262	—
Accounts payable - other	428,943	1,062,317
Accrued expenses	376,134	482,464
Income taxes payable	1,493,419	1,362,650
Provision for bonuses	602,907	326,063
Other	350,128	620,492
<b>Total current liabilities</b>	<b>7,044,758</b>	<b>6,747,614</b>
Non-current liabilities		
Lease liabilities	575,004	463,743
Retirement benefit liability	589,567	658,914
Asset retirement obligations	27,389	33,301
Other	62,985	608,607
<b>Total non-current liabilities</b>	<b>1,254,947</b>	<b>1,764,566</b>
<b>Total liabilities</b>	<b>8,299,705</b>	<b>8,512,180</b>

(Yen in thousands)

	As of Mar. 31, 2022	As of Dec. 31, 2022
Net assets		
Shareholders' equity		
Share capital	1,317,815	1,317,815
Capital surplus	1,618,109	1,643,180
Retained earnings	35,090,894	39,779,228
Treasury shares	(1,060,135)	(1,053,767)
Total shareholders' equity	36,966,683	41,686,456
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(555)	7,316
Foreign currency translation adjustment	237,030	777,732
Remeasurements of defined benefit plans	(743)	(602)
Total accumulated other comprehensive income	235,730	784,446
Total net assets	37,202,413	42,470,902
Total liabilities and net assets	45,502,119	50,983,083

## 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 thousands)

	From Apr. 1, 2021 to Dec. 31, 2021	From Apr. 1, 2022 to Dec. 31, 2022
Net sales	27,367,182	35,432,367
Cost of sales	18,169,798	23,438,486
Gross profit	9,197,383	11,993,880
Selling, general and administrative expenses	2,154,184	2,748,845
Operating profit	7,043,198	9,245,034
Non-operating income		
Interest income	4,347	9,031
Dividend income	4,953	10,248
Foreign exchange gains	69,075	101,900
Rental income	11,750	16,569
Subsidy income	8,066	19,132
Other	8,626	13,861
Total non-operating income	106,820	170,743
Non-operating expenses		
Interest expenses	4,965	6,065
Rental expenses on real estate	2,544	2,190
Other	323	511
Total non-operating expenses	7,832	8,767
Ordinary profit	7,142,187	9,407,010
Extraordinary income		
Gain on sale of non-current assets	278	9
Total extraordinary income	278	9
Extraordinary losses		
Loss on sale and retirement of non-current assets	7,325	30,953
Retirement benefit expenses	121,338	—
Total extraordinary losses	128,663	30,953
Profit before income taxes	7,013,802	9,376,066
Income taxes - current	2,011,924	2,752,054
Income taxes - deferred	149,580	88,219
Total income taxes	2,161,504	2,840,273
Profit	4,852,297	6,535,792
Profit attributable to owners of parent	4,852,297	6,535,792



Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Yen in thousands)

	From Apr. 1, 2021 to Dec. 31, 2021	From Apr. 1, 2022 to Dec. 31, 2022
Profit	4,852,297	6,535,792
Other comprehensive income		
Valuation difference on available-for-sale securities	2,869	7,872
Foreign currency translation adjustment	220,091	540,701
Remeasurements of defined benefit plans, net of tax	449	141
Total other comprehensive income	223,410	548,715
Comprehensive income	5,075,708	7,084,507
Comprehensive income attributable to:		
Owners of parent	5,075,708	7,084,507
Non-controlling interests	—	—

## 2.3 Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

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

Not applicable.

(Changes in Accounting Policies)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Guidance") from the beginning of the first quarter of the fiscal year ending March 31, 2023, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. The application has no impact on the Quarterly Consolidate Financial Statements for the nine months ended December 31, 2022.

(Additional Information)

Impact of COVID-19

We made no material change to the assumptions regarding the impact of COVID-19 described in (Additional Information) (Impact of COVID-19) of the Annual Securities Report for the previous fiscal year.

(Segment Information, etc.)

[Segment Information]

I. Nine months ended December 31, 2021 (From Apr. 1, 2021 to Dec. 31, 2021)

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

(Yen in thousands)

	Reportable segments			Total
	Electronics	Graphics Solution	Solar Power	
Net sales				
To external customers	26,306,292	909,284	151,605	27,367,182
Inter-segment sales or transfers	–	–	–	–
Total	26,306,292	909,284	151,605	27,367,182
Segment profit	7,717,988	130,967	67,358	7,916,313

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 thousands)

Profit	Amount
Reportable segment total	7,916,313
Corporate expenses (Note)	(876,479)
Other	3,364
Operating profit on quarterly consolidated statements of income	7,043,198

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

II. Nine months ended December 31, 2022 (From Apr. 1, 2022 to Dec. 31, 2022)

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

(Yen in thousands)

	Reportable segments			Total
	Electronics	Graphics Solution	Solar Power	
Net sales				
To external customers	34,360,786	912,075	159,505	35,432,367
Inter-segment sales or transfers	–	–	–	–
Total	34,360,786	912,075	159,505	35,432,367
Segment profit	10,152,084	122,201	85,774	10,360,060

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 thousands)

Profit	Amount
Reportable segment total	10,360,060
Corporate expenses (Note)	(1,122,775)
Other	7,748
Operating profit on quarterly consolidated statements of income	9,245,034

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