



August 3, 2022

**Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023
(Three Months Ended June 30, 2022)**

[Japanese GAAP]

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Listing: Tokyo Stock Exchange
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Scheduled date of filing of Quarterly Report: August 4, 2022
 Scheduled date of payment of dividend: –
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on August 3, 2022 at 15:00. (GMT +9).

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

**1. Consolidated Financial Results for the Three Months Ended June 30, 2022
(April 1, 2022 – June 30, 2022)**

(1) Consolidated results of operations (Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2022	6,160	11.7	2,020	4.1	2,206	7.8	1,607	15.6
Three months ended Jun. 30, 2021	5,517	12.1	1,940	40.8	2,046	43.9	1,390	42.9

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2022: 2,815 (up 16.5%)
 Three months ended Jun. 30, 2021: 2,416 (up 795.4%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2022	61.97		–	
Three months ended Jun. 30, 2021	52.95		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Jun. 30, 2022	41,720		35,203		84.4	
As of Mar. 31, 2022	40,892		33,166		81.1	

Reference: Shareholders' equity (million yen) As of Jun. 30, 2022: 35,203 As of Mar. 31, 2022: 33,166

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/22	–	27.00	–	30.00	57.00
FY3/23	–	–	–	–	–
FY3/23 (forecasts)	–	33.00	–	33.00	66.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	12,200	4.7	4,100	(5.8)	4,100	(7.5)	2,850	(7.4)	109.89
Full year	26,500	9.3	9,100	1.2	9,100	(1.4)	6,300	(1.1)	242.90

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

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

Newly added: –

Excluded: –

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2022:	27,541,754 shares	As of Mar. 31, 2022:	27,541,754 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2022:	1,608,474 shares	As of Mar. 31, 2022:	1,608,474 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2022:	25,933,280 shares	Three months ended Jun. 30, 2021:	26,256,942 shares
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Note 1: The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ substantially from these forecasts for a number of reasons.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Changes in Accounting Policies	9
Segment Information	10

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first three months of the fiscal year ending March 31, 2023 (hereinafter the “period under review”), the domestic economy saw a recovery of consumer spending thanks to eased behavioral restrictions, however, a decrease in export due to a temporary downward trend in overseas economies, the increased raw material costs that impaired the manufacturing industry, and the supply chain stagnation had a negative impact on business sentiment. Companies continued to show a modest recovery trend in their capital investments by resuming investments that had been postponed.

Overseas, in China, consumer spending was sluggish and production in the manufacturing industry declined due to strict activity restrictions in some regions. In Europe and the United States, although behavioral restrictions to prevent the spread of COVID-19 were eased, Russia's invasion of Ukraine caused soaring energy and resource prices and supply-chain disruption, which needs close monitoring on an ongoing basis.

As for the business environment surrounding the JCU Group, although the shipments of smartphones decreased, with the 5G commercialization, IoT, and teleworking as keywords, the technological innovation and increased volume of data communications contributed to an increase in demand mainly for semiconductor package substrates for 5G related components, infrastructure such as data centers, and high-performance electronic devices. In the automotive industry, we saw an increase in demand and temporary improvement in semiconductor shortages mainly in China, however, automobile production and sales volume remained unchanged compared to the same period of the previous fiscal year in which the recovery trend was strong.

The results of operations of the JCU Group were as follows.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2021 – Jun. 30, 2021)	Current period (Apr. 1, 2022 – Jun. 30, 2022)	Year-over-year % change
Net sales	5,517	6,160	Up 11.7%
Operating profit	1,940	2,020	Up 4.1%
Ordinary profit	2,046	2,206	Up 7.8%
Profit attributable to owners of parent	1,390	1,607	Up 15.6%

The results of operations by segment were as follows.

Chemicals Business

Chemicals for electronics industry

China: Demand for PWBs for high-performance electronic devices other than smartphones increased with IoT and teleworking as keywords, despite a decrease in shipments of smartphones. As a result, demand for chemicals remained unchanged.

Taiwan: Demand for semiconductor package substrates for high-performance electronic devices and servers increased. Demand for chemicals increased significantly.

South Korea: Although the semiconductor market was brisk, demand for chemicals decreased because some manufactures of semiconductor package substrates began to reduce inventories.

Chemicals for decoration

Japan: Due to semiconductor shortage and supply chain stagnation, automobile production was adjusted, and demand for chemicals decreased.

China: The recovery trend in the automotive industry continued, and demand for chemicals increased thanks to a temporary improvement in shortage of semiconductors.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2021 – Jun. 30, 2021)	Current period (Apr. 1, 2022 – Jun. 30, 2022)	Year-over-year % change
Net sales	5,329	5,881	Up 10.4%
Segment profit	2,215	2,239	Up 1.1%

Machine Business

Net sales and order backlog increased substantially thanks to the resumption of the projects that had been postponed due to the pandemic and an increase in demand for new investments in plating machines for the electronics industry.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2021 – Jun. 30, 2021)	Current period (Apr. 1, 2022 – Jun. 30, 2022)	Year-over-year % change
Net sales	187	278	Up 48.3%
Segment profit (loss)	(45)	21	–
Orders received	313	165	Down 47.1%
Order backlog	278	1,981	Up 612.3%

Other businesses

The Other businesses posted sales of 0 million yen (down 28.4% year over year) with a segment loss of 4 million yen (as compared with a segment loss of 4 million yen a year earlier).

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Assets

Total assets at the end of the period under review increased 828 million yen (up 2.0%) from the end of the previous fiscal year to 41,720 million yen.

Current assets increased 919 million yen (up 2.8%) to 33,426 million yen mainly due to increases in cash and deposits and notes receivable-trade, which were partially offset by decreases in accounts receivable-trade and contract assets.

Non-current assets decreased 91 million yen (down 1.1%) to 8,293 million yen mainly due to a decrease in deferred tax assets, which was partially offset by increases in buildings and structures, net, and construction in progress.

Liabilities

Total liabilities at the end of the period under review decreased 1,209 million yen (down 15.7%) from the end of the previous fiscal year to 6,516 million yen.

Current liabilities decreased 1,151 million yen (down 17.2%) to 5,560 million yen. This was mainly due to decreases in notes and accounts payable-trade, income taxes payable as a result of the payment of income taxes, and provision for bonuses.

Non-current liabilities decreased 57 million yen (down 5.6%) to 956 million yen mainly due to a decrease in long-term borrowings.

Net assets

Total net assets at the end of the period under review increased 2,037 million yen (up 6.1%) from the end of the previous fiscal year to 35,203 million yen. This was due to increases in retained earnings from profit attributable to owners of parent and foreign currency translation adjustment, which were partially offset by a decrease in retained earnings as a result of payment of cash dividends.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Regarding the future outlook, chemicals demand for decoration of automotive components is expected to pick up slightly in the long run despite the temporary influence of semiconductor and part shortages. In addition, chemicals demand for the electronics industry is projected to expand mainly in semiconductor package substrates in conjunction with the proliferation of 5G and further technological innovation. Given these circumstances, JCU's long-term goal is to become *a global company that continues to grow in a sustainable fashion*. To be more specific, we want to be an enterprise whose business is closely linked with ESG and SDGs and that can thrive in any country. To that end, we formulated a new medium-term management plan called "Next 50 Innovation 2nd" (covering the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024) and we have been implementing this plan based on a basic policy of *strengthening core businesses* and *building an operational foundation from an ESG perspective*. Regarding the first half and the full-year consolidated forecasts for the fiscal year ending March 31, 2023, there are no revisions to the forecasts announced on May 11, 2022.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	First quarter of FY3/23 (As of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	19,519,073	20,462,902
Notes receivable-trade	2,131,152	2,292,423
Accounts receivable-trade	6,104,224	6,087,268
Contract assets	265,932	148,933
Merchandise and finished goods	2,546,395	2,500,864
Work in process	50,518	56,789
Raw materials and supplies	1,035,295	1,051,365
Other	1,014,726	988,900
Allowance for doubtful accounts	(160,303)	(162,824)
Total current assets	32,507,015	33,426,623
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,398,156	3,475,337
Machinery, equipment and vehicles, net	993,340	982,957
Tools, furniture and fixtures, net	405,379	435,929
Land	522,824	522,824
Leased assets, net	48,217	46,026
Construction in progress	91,463	161,658
Total property, plant and equipment	5,459,382	5,624,733
Intangible assets		
Other	55,162	54,031
Total intangible assets	55,162	54,031
Investments and other assets		
Investment securities	1,672,695	1,653,811
Deferred tax assets	788,461	538,837
Other	409,774	422,494
Total investments and other assets	2,870,931	2,615,143
Total non-current assets	8,385,476	8,293,908
Total assets	40,892,491	41,720,532

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	First quarter of FY3/23 (As of Jun. 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,817,220	1,162,647
Electronically recorded obligations-operating	919,638	879,504
Short-term borrowings	369,222	373,659
Current portion of long-term borrowings	335,926	321,772
Lease obligations	12,673	12,813
Income taxes payable	1,461,117	853,830
Provision for bonuses	387,231	201,894
Other	1,409,166	1,754,104
Total current liabilities	6,712,196	5,560,226
Non-current liabilities		
Long-term borrowings	540,698	461,942
Lease obligations	63,042	59,786
Retirement benefit liability	80,138	91,587
Deferred tax liabilities	27,649	38,086
Asset retirement obligations	252,345	255,289
Other	50,046	50,046
Total non-current liabilities	1,013,921	956,739
Total liabilities	7,726,117	6,516,965
Net assets		
Shareholders' equity		
Share capital	1,245,044	1,245,044
Capital surplus	1,186,499	1,186,499
Retained earnings	33,303,033	34,132,060
Treasury shares	(4,567,395)	(4,567,395)
Total shareholders' equity	31,167,182	31,996,209
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	122,075	56,038
Foreign currency translation adjustment	1,877,115	3,151,318
Total accumulated other comprehensive income	1,999,191	3,207,357
Total net assets	33,166,373	35,203,566
Total liabilities and net assets	40,892,491	41,720,532

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Three-month Period)**

(Thousands of yen)

	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)
Net sales	5,517,021	6,160,299
Cost of sales	1,971,073	2,419,221
Gross profit	3,545,948	3,741,077
Selling, general and administrative expenses		
Salaries and allowances	546,362	583,599
Bonuses	161,737	204,648
Retirement benefit expenses	34,716	33,678
Depreciation	88,354	98,575
Provision of allowance for doubtful accounts	904	–
Other	773,361	800,466
Total selling, general and administrative expenses	1,605,436	1,720,968
Operating profit	1,940,511	2,020,109
Non-operating income		
Interest income	7,553	9,893
Dividend income	16,482	22,271
Foreign exchange gains	43,427	198,028
Reversal of allowance for doubtful accounts	–	7,130
Other	52,356	6,255
Total non-operating income	119,819	243,579
Non-operating expenses		
Interest expenses	2,043	2,865
Share of loss of entities accounted for using equity method	10,741	54,224
Other	751	402
Total non-operating expenses	13,537	57,492
Ordinary profit	2,046,793	2,206,197
Extraordinary income		
Gain on change in equity	–	76,268
Gain on sale of non-current assets	472	2,836
Gain on sale of investment securities	385	–
Total extraordinary income	857	79,105
Extraordinary losses		
Loss on sale of non-current assets	34	–
Loss on retirement of non-current assets	266	652
Loss on liquidation of subsidiaries	1,775	–
Total extraordinary losses	2,076	652
Profit before income taxes	2,045,574	2,284,650
Income taxes-current	339,262	380,502
Income taxes-deferred	316,073	297,122
Total income taxes	655,335	677,624
Profit	1,390,238	1,607,025
Profit attributable to owners of parent	1,390,238	1,607,025

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

	(Thousands of yen)	
	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)
Profit	1,390,238	1,607,025
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,258)	(66,037)
Foreign currency translation adjustment	1,022,283	1,226,644
Share of other comprehensive income of entities accounted for using equity method	18,017	47,558
Total other comprehensive income	1,026,041	1,208,165
Comprehensive income	2,416,280	2,815,191
Comprehensive income attributable to:		
Owners of parent	2,416,280	2,815,191

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)

Not applicable.

Changes in Accounting Policies

We have applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021; hereinafter the “Implementation Guidance on Fair Value Measurement Accounting Standard”) from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Accounting Standard, we have decided to prospectively apply the new accounting policy prescribed in the Implementation Guidance on Fair Value Measurement Accounting Standard. This decision has no impact on the quarterly financial statements for the period under review.

Segment Information

I. First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)

1. Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	5,329,116	187,634	5,516,750	271	5,517,021	–	5,517,021
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	5,329,116	187,634	5,516,750	271	5,517,021	–	5,517,021
Segment profit (loss)	2,215,598	(45,939)	2,169,659	(4,357)	2,165,301	(224,789)	1,940,511

Notes: 1. The “Other” businesses segment represents business activities that are not included in either of the two reportable segments, and includes the cultivation and sales of grapevines for wine production and grape seedlings.

2. Details of the above adjustments to segment profit (loss) are as follows.

To segment profit

(Thousands of yen)

	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Inter-segment transaction elimination	–
Corporate expenses*	(224,789)
Total	(224,789)

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

3. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

II. First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)

1. Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	5,881,771	278,333	6,160,105	194	6,160,299	–	6,160,299
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	5,881,771	278,333	6,160,105	194	6,160,299	–	6,160,299
Segment profit (loss)	2,239,724	21,852	2,261,576	(4,011)	2,257,565	(237,455)	2,020,109

Notes: 1. The “Other” businesses segment represents business activities that are not included in either of the two reportable segments, and includes the cultivation and sales of grapevines for wine production and grape seedlings.
2. Details of the above adjustments to segment profit (loss) are as follows.

To segment profit (Thousands of yen)

	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)
Inter-segment transaction elimination	–
Corporate expenses*	(237,455)
Total	(237,455)

* Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

3. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

* This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.