



May 11, 2022

## Summary of Financial Results for the Fiscal Year Ended March 31, 2022

[Japanese GAAP]

Company name: JCU CORPORATION Listing: Tokyo Stock Exchange  
 Stock code: 4975 URL: <https://www.jcu-i.com/>  
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Scheduled date of Annual General Meeting of Shareholders: June 28, 2022  
 Scheduled date of filing of Annual Securities Report: June 29, 2022  
 Scheduled date of payment of dividend: June 14, 2022  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on May 11, 2022 at 15:00. (GMT +9).

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 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	%
FY3/22	24,256	14.5	8,990	32.2	9,231	33.4	6,370	35.3
FY3/21	21,192	(5.1)	6,799	8.0	6,922	10.9	4,708	6.6

Note: Comprehensive income (million yen) FY3/22: 8,315 (up 77.2%) FY3/21: 4,691 (up 13.9%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to sales
	Yen	Yen	%	%	%
FY3/22	243.82	-	20.9	24.3	37.1
FY3/21	178.33	-	17.8	20.3	32.1

Reference: Equity in earnings of affiliates (million yen) FY3/22: (115) FY3/21: (76)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	40,892	33,166	81.1	1,278.91
As of Mar. 31, 2021	35,224	27,703	78.6	1,055.10

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 33,166 As of Mar. 31, 2021: 27,703

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/22	5,091	1,044	(2,873)	16,845
FY3/21	6,779	(557)	(2,350)	12,685

### 2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/21	-	25.00	-	25.00	50.00	1,316	28.0	5.0
FY3/22	-	27.00	-	30.00	57.00	1,484	23.4	4.9
FY3/23 (forecasts)	-	33.00	-	33.00	66.00		27.2	

### 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)	109.90
Full year	26,500	9.3	9,100	1.2	9,100	(1.4)	6,300	(1.1)	242.93

**\* 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) 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

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2022: 27,541,754 shares As of Mar. 31, 2021: 27,865,318 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2022: 1,608,474 shares As of Mar. 31, 2021: 1,608,313 shares

3) Average number of shares outstanding during the period

FY3/22: 26,128,474 shares FY3/21: 26,403,741 shares

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)**

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/22	12,730	9.5	2,820	56.5	7,301	23.1	6,045	26.5
FY3/21	11,624	(4.8)	1,801	36.9	5,932	51.0	4,779	43.2

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/22	231.37	-
FY3/21	181.03	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	29,560	24,802	83.9	956.38
As of Mar. 31, 2021	26,947	21,709	80.6	826.82

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 24,802 As of Mar. 31, 2021: 21,709

Note 1: The quarterly financial report is not subject to audit 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.

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## 1. Overview of Results of Operations

### (1) Results of Operations

In the fiscal year ended March 31, 2022 (hereafter, “the fiscal year under review”), while the domestic economy was characterized by a strong trend in the information and communications sector, the consumption in the service sector such as travel accommodation and food service was stagnant because people stayed at home more due to the declaration of state of emergency and the application of Quasi-State of Emergency. Exports had signs of a pickup helped by the recovery of the domestic automobile production. The companies in both manufacturing and non-manufacturing industries started to take a positive stance on their capital investment like they restarted their postponed investment.

Overseas, because of the successful in containing the spread of COVID-19, China has maintained economic growth higher than other countries. In addition, as the shortage of electricity that limited production was relaxed, the production of the manufacturing industry recovered. In Europe and the United States, while the resumption of economic activities progressed thanks to vaccination rollout, the rebound of COVID-19, and prolonged supply constraints in raw materials and semiconductors are hampering the production recovery in the manufacturing industry.

As for the business environment surrounding the JCU Group, with the 5G commercialization, IoT, and teleworking as keywords, the technological innovation and increased data communications volume contributed to an increase in demand for PWBs used for 5G related components, infrastructure such as data centers, and high-performance electronic devices. Demand for semiconductor package substrates was also brisk, reflecting strong growth in the semiconductor industry. In the automotive industry, due to the expanding demand and the temporarily relaxed semiconductor shortage, the automobile production and sales volumes increased mainly in China.

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

(Millions of yen, unless otherwise stated)

	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)	Year-over-year % change
Net sales	21,192	24,256	Up 14.5%
Operating profit	6,799	8,990	Up 32.2%
Ordinary profit	6,922	9,231	Up 33.4%
Profit attributable to owners of parent	4,708	6,370	Up 35.3%

As a result of the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), net sales decreased by 25 million yen, and operating profit and ordinary profit both decreased by 6 million yen each for the fiscal year under review.

The results of operations by segment were as follows.

#### Chemicals Business

##### Chemicals for electronics industry

China: Demand for PWBs for high-performance electronic devices such as tablets and for servers increased. Demand for chemicals increased significantly due to operations of newly acquired production lines being fully in progress.

Taiwan: Demand for semiconductor package substrates for high-performance electronic devices and for servers increased. Demand for chemicals increased due to the acquisition of new production lines.

South Korea: Demand for semiconductor package substrates increased due to strong demand for semiconductors. Demand for chemicals increased due to the acquisition of new production lines.

##### Chemicals for decoration

Japan: Although the recovery trend in the automotive industry is slowing down due to a shortage of semiconductor and other materials, demand for chemicals increased as the industry remained

strong until the second quarter.

China: Although the productions of the automotive industry were affected by the shortage of semiconductors and others, the recovery trend in the automotive industry continued and demand for chemicals increased significantly.

(Millions of yen, unless otherwise stated)

Chemicals Business	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)	Year-over-year % change
Net sales	19,147	22,948	Up 19.9%
Segment profit (loss)	7,788	10,007	Up 28.5%

As a result of the application of the Revenue Recognition Accounting Standard, net sales and segment profit both decreased by 25 million yen and 6 million yen, respectively, for the fiscal year under review.

### Machine Business

Net sales decreased substantially because in the plating machines for the automobiles, the progress in the satisfaction of performance obligation was delayed. However, due to the resumption of postponed projects, and the increasing demand for new investment in plating machines in electronics industry, order backlog increased significantly.

(Millions of yen, unless otherwise stated)

Machine Business	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)	Year-over-year % change
Net sales	2,035	1,306	Down 35.8%
Segment profit (loss)	(108)	(88)	-
Orders received	911	3,199	Up 250.9%
Order backlog	131	2,076	Up 1,473.1%

There is no impact from the application of the Revenue Recognition Accounting Standard.

### Other businesses

The Other businesses posted sales of 0 million yen (down 96.9% year over year) with a segment loss of 17 million yen (as compared with a segment loss of 57 million yen a year earlier).

## (2) Financial Position

### Assets, liabilities and net assets

#### Assets

Total assets at the end of the fiscal year under review increased 5,668 million yen (up 16.1%) from the end of the previous fiscal year to 40,892 million yen. Current assets increased 5,782 million yen (up 21.6%) to 32,507 million yen mainly due to increase in cash and deposits, increases in notes and accounts receivable-trade, and contract assets. Non-current assets decreased 114 million yen (down 1.3%) to 8,385 million yen mainly due to decrease in investment securities.

#### Liabilities

Total liabilities at the end of the fiscal year under review increased 205 million yen (up 2.7%) from the end of the previous fiscal year to 7,726 million yen. Current liabilities increased 661 million yen (up 10.9%) to 6,712 million yen mainly due to increases in notes and accounts payable-trade and accrued income taxes. Non-current liabilities decreased 456 million yen (down 31.0%) to 1,013 million yen.

#### Net assets

Net assets at the end of the fiscal year under review increased 5,462 million yen (up 19.7%) from the end of the previous fiscal year to 33,166 million yen. This was mainly due to increases in foreign currency translation adjustment and retained earnings, which were partially offset by purchase of treasury shares and a decrease in valuation difference on available-for-sale securities.

**(3) Cash Flows**

Cash and cash equivalents at the end of the fiscal year under review increased 4,159 million yen (up 32.8%) over the end of the previous fiscal year to 16,845 million yen.

The details of cash flows from each activity and the major components of changes are as follows.

**Cash flows from operating activities**

Net cash provided by operating activities decreased 1,688 million yen (down 24.9%) year over year to 5,091 million yen. This was mainly due to a year over year increase of 2,359 million yen (up 34.5%) in profit before income taxes, which was partly offset by a year over year increase of 588 million yen in trade receivables and contract assets, a year over year increase of 820 million yen in inventories and a year over year increase of 426 million yen in advance payments.

**Cash flows from investing activities**

Net cash provided in investing activities increased 1,602 million yen year over year to 1,044 million yen mainly due to a decrease in time deposits and a decrease in purchase of property, plant and equipment.

**Cash flows from financing activities**

Net cash used in financing activities increased 522 million yen year over year to 2,873 million yen mainly due to an increase in purchase of treasury shares.

**(4) Outlook**

Regarding the future outlook, demand chemicals for decoration for automotive components is expected to pick up slightly in the long run despite the temporary influence of semiconductor and part shortages. In addition, demand chemicals for electronics industry is projected to expand mainly in semiconductor package substrates in conjunction with the proliferation of 5G and further 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 have 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 will be implementing this plan based on a basic policy of *strengthening core businesses and building an operational foundation from an ESG perspective*.

**Influence of the Russian-Ukrainian situation on the Group performance****1) Rise in the prices of raw materials produced in Russia**

As the Company use no materials produced in Russia, we expect no direct influence at present.

**2) Rise in the prices of distribution cost caused by higher crude oil price and other factors**

Most of our products are produced in the production bases of our oversea group companies. For that, as the ratio of products exported overseas is small, the influence is also small. Therefore, the influence is slight

**3) Depreciation of the yen**

Most of our oversea group company businesses are done in local currencies. As we announce the translated values as the performance values for the consolidated results, the depreciation of the yen is a factor to increase our profit.

Regarding the consolidated forecast for the fiscal year ending March 31, 2023, JCU expects 26,500 million yen in net sales, 9,100 million yen in operating profit, 9,100 million yen in ordinary profit and 6,300 million yen in profit attributable to owners of parent. We prepare for the world situation to some extent as of the announcement. However, if our performance of the Group is expected to be affected significantly due to the prolonged situation, we will notify immediately.

## **2. Basic Approach for the Selection of Accounting Standards**

The Group will continue to prepare its consolidated financial statements using Japanese GAAP for the time being, primarily to ensure cross-sectional as well as inter-temporal comparability.

We will, however, make an appropriate policy decision on whether or not we should apply the International Financial Reporting Standards (IFRS) by carefully considering trends in our foreign investor ownership ratio and application of IFRS by our industry peers.

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

(Thousands of yen)

	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	16,674,852	19,519,073
Notes and accounts receivable-trade	7,195,195	-
Notes receivable-trade	-	2,131,152
Accounts receivable-trade	-	6,104,224
Contract assets	-	265,932
Merchandise and finished goods	1,902,772	2,546,395
Work in process	52,530	50,518
Raw materials and supplies	548,113	1,035,295
Other	473,323	1,014,726
Allowance for doubtful accounts	(122,527)	(160,303)
<b>Total current assets</b>	<b>26,724,260</b>	<b>32,507,015</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	5,452,415	5,791,262
Accumulated depreciation	(2,131,553)	(2,393,105)
Buildings and structures, net	3,320,861	3,398,156
Machinery, equipment and vehicles	2,766,955	3,031,634
Accumulated depreciation	(1,869,259)	(2,038,294)
Machinery, equipment and vehicles, net	897,695	993,340
Tools, furniture and fixtures	2,496,683	2,614,782
Accumulated depreciation	(2,054,482)	(2,209,402)
Tools, furniture and fixtures, net	442,201	405,379
Land	522,824	522,824
Leased assets	175,764	175,823
Accumulated depreciation	(118,708)	(127,605)
Leased assets, net	57,055	48,217
Construction in progress	72,342	91,463
<b>Total property, plant and equipment</b>	<b>5,312,981</b>	<b>5,459,382</b>
<b>Intangible assets</b>		
Other	62,462	55,162
<b>Total intangible assets</b>	<b>62,462</b>	<b>55,162</b>
<b>Investments and other assets</b>		
Investment securities	1,938,702	1,672,695
Deferred tax assets	795,067	788,461
Other	390,729	409,774
<b>Total investments and other assets</b>	<b>3,124,498</b>	<b>2,870,931</b>
<b>Total non-current assets</b>	<b>8,499,943</b>	<b>8,385,476</b>
<b>Total assets</b>	<b>35,224,203</b>	<b>40,892,491</b>

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,378,652	1,817,220
Electronically recorded obligations-operating	859,887	919,638
Short-term borrowings	247,360	369,222
Current portion of long-term borrowings	387,610	335,926
Lease obligations	12,207	12,673
Income taxes payable	1,203,817	1,461,117
Provision for bonuses	404,562	387,231
Advances received	35,684	-
Contract liabilities	-	19,540
Other	1,520,635	1,389,625
<b>Total current liabilities</b>	<b>6,050,416</b>	<b>6,712,196</b>
<b>Non-current liabilities</b>		
Long-term borrowings	613,357	540,698
Lease obligations	75,716	63,042
Retirement benefit liability	71,751	80,138
Deferred tax liabilities	45,542	27,649
Asset retirement obligations	246,125	252,345
Other	417,635	50,046
<b>Total non-current liabilities</b>	<b>1,470,128</b>	<b>1,013,921</b>
<b>Total liabilities</b>	<b>7,520,544</b>	<b>7,726,117</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,235,517	1,245,044
Capital surplus	1,176,972	1,186,499
Retained earnings	29,236,578	33,303,033
Treasury shares	(4,000,041)	(4,567,395)
<b>Total shareholders' equity</b>	<b>27,649,026</b>	<b>31,167,182</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	231,754	122,075
Foreign currency translation adjustment	(177,121)	1,877,115
<b>Total accumulated other comprehensive income</b>	<b>54,632</b>	<b>1,999,191</b>
<b>Total net assets</b>	<b>27,703,658</b>	<b>33,166,373</b>
<b>Total liabilities and net assets</b>	<b>35,224,203</b>	<b>40,892,491</b>

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

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	21,192,063	24,256,069
Cost of sales	7,887,942	8,526,799
Gross profit	13,304,121	15,729,269
Selling, general and administrative expenses		
Salaries and allowances	2,227,572	2,250,227
Bonuses	651,654	706,316
Retirement benefit expenses	131,920	121,698
Depreciation	431,792	394,569
Provision of allowance for doubtful accounts	-	21,950
Other	3,061,228	3,243,905
Total selling, general and administrative expenses	6,504,168	6,738,668
Operating profit	6,799,952	8,990,600
Non-operating income		
Interest income	66,863	56,683
Dividend income	31,046	34,066
Foreign exchange gains	-	213,372
Subsidy income	38,626	88,858
Reversal of allowance for doubtful accounts	55,552	-
Other	35,505	10,573
Total non-operating income	227,593	403,555
Non-operating expenses		
Interest expenses	10,178	8,128
Foreign exchange losses	6,346	-
Share of loss of entities accounted for using equity method	76,805	115,394
Commission for purchase of treasury shares	1,499	21,239
Other	10,019	17,438
Total non-operating expenses	104,848	162,201
Ordinary profit	6,922,697	9,231,954
Extraordinary income		
Gain on sale of non-current assets	2,205	1,012
Gain on sale of investment securities	-	385
Gain on liquidation of subsidiaries	60,145	-
Total extraordinary income	62,350	1,397
Extraordinary losses		
Loss on sale of non-current assets	1,275	335
Loss on retirement of non-current assets	3,922	25,092
Impairment loss	76,864	-
Loss on valuation of investment securities	56,484	-
Loss on liquidation of subsidiaries	-	2,274
Total extraordinary losses	138,546	27,702
Profit before income taxes	6,846,501	9,205,649
Income taxes-current	2,195,883	2,771,911
Income taxes-deferred	(58,890)	63,216
Total income taxes	2,136,992	2,835,127
Profit	4,709,508	6,370,521
Profit attributable to non-controlling interests	854	-
Profit attributable to owners of parent	4,708,654	6,370,521

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Profit	4,709,508	6,370,521
Other comprehensive income		
Valuation difference on available-for-sale securities	147,766	(109,678)
Foreign currency translation adjustment	(92,426)	2,018,433
Share of other comprehensive income of entities accounted for using equity method	(73,321)	35,803
Total other comprehensive income	(17,981)	1,944,558
Comprehensive income	4,691,527	8,315,080
Comprehensive income attributable to:		
Owners of parent	4,693,528	8,315,080
Non-controlling interests	(2,000)	-

**(3) Consolidated Statement of Changes in Shareholders' Equity**

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	1,220,259	1,172,720	25,851,911	(2,999,938)	25,244,952
Changes during period					
Issuance of new shares	15,258	15,249			30,507
Dividends of surplus			(1,323,987)		(1,323,987)
Profit attributable to owners of parent			4,708,654		4,708,654
Change in ownership interest of parent due to transactions with non-controlling interests		(10,998)			(10,998)
Purchase of treasury shares				(1,000,103)	(1,000,103)
Net changes of items other than shareholders' equity					-
Total changes during period	15,258	4,251	3,384,667	(1,000,103)	2,404,073
Balance at the end of period	1,235,517	1,176,972	29,236,578	(4,000,041)	27,649,026

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of period	83,987	(14,229)	69,758	12,570	25,327,281
Changes during period					
Issuance of new shares			-		30,507
Dividends of surplus			-		(1,323,987)
Profit attributable to owners of parent			-		4,708,654
Change in ownership interest of parent due to transactions with non-controlling interests			-		(10,998)
Purchase of treasury shares			-		(1,000,103)
Net changes of items other than shareholders' equity	147,766	(162,892)	(15,126)	(12,570)	(27,696)
Total changes during period	147,766	(162,892)	(15,126)	(12,570)	2,376,377
Balance at the end of period	231,754	(177,121)	54,632	-	27,703,658

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	1,235,517	1,176,972	29,236,578	(4,000,041)	27,649,026
Cumulative effects of changes in accounting policies			(8,158)		(8,158)
Restated balance	1,235,517	1,176,972	29,228,420	(4,000,041)	27,640,868
Changes during period					
Issuance of new shares	9,527	9,527			19,054
Dividends of surplus			(1,362,729)		(1,362,729)
Profit attributable to owners of parent			6,370,521		6,370,521
Purchase of treasury shares				(1,500,532)	(1,500,532)
Cancellation of treasury shares			(933,179)	933,179	-
Net changes of items other than shareholders' equity					
Total changes during period	9,527	9,527	4,074,613	(567,353)	3,526,314
Balance at the end of period	1,245,044	1,186,499	33,303,033	(4,567,395)	31,167,182

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of period	231,754	(177,121)	54,632	-	27,703,658
Cumulative effects of changes in accounting policies					(8,158)
Restated balance	231,754	(177,121)	54,632	-	27,695,500
Changes during period					
Issuance of new shares					19,054
Dividends of surplus					(1,362,729)
Profit attributable to owners of parent					6,370,521
Purchase of treasury shares					(1,500,532)
Cancellation of treasury shares					-
Net changes of items other than shareholders' equity	(109,678)	2,054,237	1,944,558	-	1,944,558
Total changes during period	(109,678)	2,054,237	1,944,558	-	5,470,873
Balance at the end of period	122,075	1,877,115	1,999,191	-	33,166,373

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	6,846,501	9,205,649
Depreciation	606,239	619,964
Impairment losses	76,864	-
Increase (decrease) in allowance for doubtful accounts	(56,257)	20,470
Increase (decrease) in provision for bonuses	(14,687)	(17,517)
Increase (decrease) in retirement benefit liability	5,006	6,504
Interest and dividend income	(97,909)	(90,750)
Interest expenses	10,178	8,128
Foreign exchange losses (gains)	35,426	27,603
Share of loss (profit) of entities accounted for using equity method	76,805	115,394
Loss (gain) on sale of non-current assets	(2,205)	(1,012)
Loss on sale of non-current assets	1,275	335
Loss on retirement of non-current assets	3,922	25,092
Loss (gain) on valuation of investment securities	56,484	-
Loss (gain) on sales of investment securities	-	112
Decrease (increase) in trade receivables	1,118,272	-
Decrease (increase) in notes and accounts receivable-trade and contract assets	-	(588,827)
Increase (decrease) in advances received	(73,033)	-
Increase (decrease) in contract liability	-	(18,648)
Decrease (increase) in inventories	(446,541)	(820,265)
Increase (decrease) in trade payables	50,963	238,560
Decrease (increase) in advance payments-trade	218,567	(426,166)
Other, net	(2,005)	(703,459)
Subtotal	8,413,869	7,601,168
Interest and dividends received	102,669	84,953
Interest paid	(10,234)	(8,093)
Income taxes paid	(1,819,594)	(2,588,648)
Income taxes refund	92,831	1,864
Net cash provided by (used in) operating activities	6,779,541	5,091,244
Cash flows from investing activities		
Decrease (increase) in time deposits	64,391	1,447,813
Purchase of property, plant and equipment	(636,781)	(415,600)
Proceeds from sales of property, plant and equipment	2,516	9,246
Purchase of intangible assets	(34,489)	(21,693)
Purchase of investment securities	(1,454)	(1,560)
Proceeds from sales of investment securities	-	30,461
Other, net	47,951	(4,288)
Net cash provided by (used in) investing activities	(557,866)	1,044,378

	(Thousands of yen)	
	FY3/21	FY3/22
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	153,451	115,540
Proceeds from long-term borrowings	330,875	304,534
Repayments of long-term borrowings	(477,932)	(418,650)
Repayments of finance lease obligations	(11,715)	(12,213)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(21,540)	-
Purchase of treasury shares	(1,000,103)	(1,500,532)
Dividends paid	(1,323,581)	(1,361,946)
Dividends paid to non-controlling interests	(31)	-
Net cash provided by (used in) financing activities	(2,350,576)	(2,873,266)
Effect of exchange rate change on cash and cash equivalents	(96,065)	897,542
Net increase (decrease) in cash and cash equivalents	3,775,033	4,159,898
Cash and cash equivalents at beginning of period	8,910,142	12,685,175
Cash and cash equivalents at end of period	12,685,175	16,845,073

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable.

### **Changes in Accounting Policies**

#### Application of the Accounting Standard for Revenue Recognition

We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”) from the beginning of the fiscal year under review. When control of a promised good or service is transferred to a customer, we recognize revenue at the amount expected to be received in exchange for the good or service.

The main changes resulting from the application of the Revenue Recognition Accounting Standard are as follows:

#### (1) Variable consideration

For sales rebates, we previously applied the method of changing the consideration when its amount was fixed. We have changed it to the method of estimating the amount of the variable portion of the consideration for the transaction and including in the transaction price only the portion that is very unlikely to cause a significant reduction in the recognized revenue.

#### (2) Performance obligations satisfied at a point in time

For the sale of chemicals, some of our consolidated subsidiaries previously recognized revenue at the time of shipment, but have now changed their method of recognizing revenue at the time of arrival.

#### (3) Performance obligation satisfied over time

For construction contracts, we previously applied the percentage-of-completion method when achievements in the progress of construction were considered certain. We have changed it to the method of recognizing revenue over time as the performance obligation to transfer the goods or services to a customer is satisfied when control over the goods or services is transferred to the customer over time. Measuring progress towards satisfaction of a performance obligation is based on the ratio of construction costs incurred by the end of each reporting period to the total estimated construction costs. For construction contracts where the period from the date of commencement of the contract to the time when the performance obligation is expected to be completely satisfied is very short, we apply the alternative treatment. In that case, we do not recognize revenue over time, but recognize revenue when the performance obligation is completely satisfied.

The application of the Revenue Recognition Accounting Standard is pursuant to the transitional treatment prescribed in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review, was added to or subtracted from the beginning balance of retained earnings for the fiscal year under review, and then the new accounting policy was applied to the said beginning balance. However, by applying the method prescribed in Paragraph 86 of the Revenue Recognition Accounting Standard, the new accounting policy has not been applied retrospectively to contracts for which substantially all revenues had been recognized in accordance with the previous treatment before the beginning of the fiscal year under review. In addition, applying the method stipulated in proviso (1) to Paragraph 86 of the Revenue Recognition Standard, contract modifications that occurred prior to the beginning of the fiscal year under review were accounted for based on the terms of the contract after reflecting all contract modifications, with the cumulative impact adjusted to retained earnings at the beginning of the fiscal year under review period.

Furthermore, due to the application of the Revenue Recognition Accounting Standard, “Notes and accounts receivable-trade” presented under “Current assets” in the consolidated balance sheet for the previous fiscal year has been included independently in three account titles: “Notes receivable-trade”, “Accounts receivable-trade”, and “Contract assets” from the beginning of the fiscal year under review, and “Advances received,” presented under “Current liabilities” has been included in “Contract liabilities” from the fiscal year under review. In

accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, reclassification based on the new presentation method has not been carried out for the previous fiscal year.

As a result, net sales for the fiscal year under review decreased by 25,477 thousand yen; cost of sales decreased by 103,163 thousand yen; selling, general and administrative expenses increased by 84,054 thousand yen; and operating profit, ordinary profit and profit before income taxes decreased by 6,368 thousand yen each. The impact of this change on per share information of the balance of retained earnings at the beginning of the fiscal year under review and the fiscal year under review is immaterial.

#### Application of the Accounting Standard for Fair Value Measurement

We have applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”) from the beginning of the fiscal year under review. In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019), we have decided to prospectively apply the new accounting policy prescribed in the Fair Value Measurement Accounting Standard. This decision has no impact on the financial statements for the fiscal year under review.

## Segment and Other Information

### 1. Overview of reportable segments

#### (1) Method for identifying reportable segments

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

#### (2) Types of products and services belonging to each reportable segment

The Chemicals Business designs, manufactures and sells surface treatment chemicals as well as sells related materials in domestic and overseas markets.

The Machine Business designs, manufactures and sells surface treatment machines, and sells PWB cleaning equipment utilizing the plasma technology, solar power generation equipment, as well as generates and sells solar power in domestic and overseas markets.

### 2. Calculation methods for sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting treatment methods for reportable business segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are generally operating profit figures.

Internal revenues and transfer amounts between segments are based on transaction prices determined as the result of price negotiations between the transaction parties using asking prices calculated, with market prices and total cost taken into account.

As disclosed in "Changes in accounting policies," the Company applied the Revenue Recognition Standard from the consolidated financial statements for the reporting period, and changed the accounting method for revenue recognition. Accordingly, the Company also changed the method for calculating segment profit or loss for operating segments.

As a result of this change, compared with the previous method, net sales decreased by 25,477 thousand yen and segment profit decreased by 6,368 thousand yen in Chemicals Business.

Segment assets and liabilities are not listed as they are not allocable by business segment.

### 3. Information related to sales and profit/losses, assets, liabilities, and other items for each reportable segment

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on consolidated statement of income (Note 4)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	19,147,087	2,035,551	21,182,639	9,424	21,192,063	-	21,192,063
Inter-segment sales and transfers	371	5,447	5,818	-	5,818	(5,818)	-
Total	19,147,459	2,040,998	21,188,458	9,424	21,197,882	(5,818)	21,192,063
Segment profit (loss)	7,788,091	(108,576)	7,679,514	(57,797)	7,621,717	(821,764)	6,799,952
Other items							
Depreciation expense (Note 3)	562,190	29,350	591,540	841	592,382	13,857	606,239

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on consolidated statement of income (Note 4)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	22,948,955	1,306,821	24,255,777	292	24,256,069	-	24,256,069
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	22,948,955	1,306,821	24,255,777	292	24,256,069	-	24,256,069
Segment profit (loss)	10,007,014	(88,894)	9,918,119	(17,017)	9,901,101	(910,500)	8,990,600
Other items							
Depreciation expense (Note 3)	574,749	28,622	603,371	293	603,665	16,299	619,964

Notes: 1. The “Other” businesses segment represents business activities that are not included in either of the two reportable segments, and includes color processing with sputtering technology, the sales of drinking water and wines and 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)	
	FY3/21	FY3/22
Inter-segment transaction elimination	2,032	-
Corporate expenses*	(823,797)	(910,500)
Total	(821,764)	(910,500)

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

3. Depreciation expenses include amortization related to long-term prepaid expenses. The adjusted amounts of depreciation for the previous fiscal year and the fiscal year under review are corporate expenses.

4. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated financial statements.

(Related information)

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

1. Information for each product and service

(Thousands of yen)

	Surface treatment chemicals and related materials	Surface treatment machines	Plasma surface treatment machines	Environment- related equipment	Other	Total
Sales to outside customers	19,147,087	1,503,799	434,652	39,487	67,036	21,192,063

2. Information for each region

(1) Net sales

(Thousands of yen)

Japan	China	Taiwan	South Korea	Other Asian regions	Other	Total
5,874,128	7,770,267	3,308,232	2,187,546	1,500,198	551,690	21,192,063

Notes: 1. Net sales is based on the locations of customers and classified by country and region.

2. Countries and regions are classified in accordance with geographical proximity

3. Details of the regions excluding Japan, China, Taiwan and South Korea are as follows

Other Asian regions.....Thailand, Vietnam, Indonesia and India

Other.....Mexico and the United States of America

## (2) Property, plant and equipment

(Thousands of yen)

Japan	China	Other Asian regions	Other	Total
2,186,681	2,142,964	913,495	69,840	5,312,981

Note: 1. Details of the regions excluding Japan and China are as follows  
 Other Asian regions.....Taiwan, South Korea, Thailand, Vietnam, Indonesia and India  
 Other.....Mexico and the United States of America

## 3. Information for each major customer

Since no net sales to a specific outside customer exceeded 10% of the net sales reported on the consolidated income statements, the disclosure of segment information by major outside customer is omitted.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

## 1. Information for each product and service

(Thousands of yen)

	Surface treatment chemicals and related materials	Surface treatment machines	Plasma surface treatment machines	Environment-related equipment	Other	Total
Sales to outside customers	22,948,955	920,420	296,122	27,007	63,562	24,256,069

## 2. Information for each region

## (1) Net sales

(Thousands of yen)

Japan	China	Taiwan	South Korea	Other Asian regions	Other	Total
5,693,245	9,465,921	3,888,997	2,586,121	1,774,262	847,519	24,256,069

Notes: 1. Net sales is based on the locations of customers and classified by country and region.  
 2. Countries and regions are classified in accordance with geographical proximity  
 3. Details of the regions excluding Japan, China Taiwan and South Korea are as follows  
 Other Asian regions.....Thailand, Vietnam, Indonesia and India  
 Other.....Mexico and the United States of America

## (2) Property, plant and equipment

(Thousands of yen)

Japan	China	Other Asian regions	Other	Total
2,238,163	2,263,224	893,569	64,424	5,459,382

Note: 1. Details of the regions excluding Japan, and China are as follows  
 Other Asian regions.....Taiwan, South Korea, Thailand, Vietnam, Indonesia and India  
 Other.....Mexico and the United States of America

## 3. Information for each major customer

Since no net sales to a specific outside customer exceeded 10% of the net sales reported on the consolidated income statements, the disclosure of information for each major customer is omitted.

(Information of impairment loss on non-current assets for each reportable segment)

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

As impairment loss on non-current assets of 76,864 thousand yen is mainly related to assets for research and development activities and is not allocated to any reportable segment.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

Not applicable.

(Information related to goodwill amortization and the unamortized balance for each reportable segment)

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

Not applicable.

(Information related to negative goodwill profits for each reportable segment)

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

Not applicable.

### **Material Subsequent Events**

(Establishment of a subsidiary)

The Board of Directors of the Company adopted a resolution at the meeting held on May 11, 2022 to establish a subsidiary as follows.

#### 1. Purpose of establishing the subsidiary

The Group sells surface treatment chemicals for electronics industry as core products. As large-scale investment has increased in electronic components such as semiconductor ones in Malaysia recently, the degree of materiality has risen for the Group. Given these circumstances, the Company has decided to establish the new oversea subsidiary in Malaysia.

#### 2. Summary of the new subsidiary

(1) Name	JCU Malaysia SDN. BHD. (tentative)
(2) Location	Malaysia
(3) Title and name of Representative	To be determined
(4) Business	Production and sales of chemicals, machines, and auxiliary equipment for surface treatment
(5) Capital stock	2.50 million MYR
(6) Establishment	April 2023 (scheduled)
(7) Equity ownership	JCU CORPORATION: 100%