



November 7, 2022

## Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (Six Months Ended September 30, 2022)

[Japanese GAAP]

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Scheduled date of payment of dividend: December 5, 2022

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 November 7, 2022 at 15:00. (GMT +9).

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 – September 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	%
Six months ended Sep. 30, 2022	13,117	12.6	4,680	7.6	4,720	6.6	3,326	8.1
Six months ended Sep. 30, 2021	11,654	20.5	4,350	49.1	4,430	50.0	3,078	53.0

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2022: 5,782 (up 33.8%)  
 Six months ended Sep. 30, 2021: 4,321 (up 209.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2022	128.26	–
Six months ended Sep. 30, 2021	117.30	–

### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Sep. 30, 2022	44,232		38,191		86.3	
As of Mar. 31, 2022	40,892		33,166		81.1	

Reference: Shareholders' equity (million yen) As of Sep. 30, 2022: 38,191 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	–	33.00	–	–	–
FY3/23 (forecasts)	–	–	–	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
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 Sep. 30, 2022:	27,547,477 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 Sep. 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

Six months ended Sep. 30, 2022:	25,934,718 shares	Six months ended Sep. 30, 2021:	26,240,926 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.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first six 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. In the manufacturing industry, both import and production increased on the back of the eased restriction on the parts supply, despite that the increased raw material costs 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 and PCs 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 a decrease in automobile production and sales volume mainly in China, which was attributable to the shortages in parts supply and supply-chain disruption due to the lockdown caused by the spread of COVID-19 infections.

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

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2021 – Sep. 30, 2021)	Current period (Apr. 1, 2022 – Sep. 30, 2022)	Year-over-year % change
Net sales	11,654	13,117	Up 12.6%
Operating profit	4,350	4,680	Up 7.6%
Ordinary profit	4,430	4,720	Up 6.6%
Profit attributable to owners of parent	3,078	3,326	Up 8.1%

The results of operations by segment were as follows.

#### Chemicals Business

##### Chemicals for electronics industry

China: Demand for PWBs for high-performance electronic devices 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, and demand for chemicals increased.

Korea: As a result of demand for the semiconductor market being slacked, demand for chemicals decreased because some manufactures of semiconductor package substrates began to reduce inventories.

##### Chemicals for decoration

Japan: Although semiconductor shortages improved temporarily, demand for chemicals decreased due to supply-chain stagnation.

China: The automobile production and sales volume decreased because of the lockdown caused by the spread of COVID-19 infections, the shortage of parts supply and supply-chain disruption. As a result, demand for chemicals decreased.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2021 – Sep. 30, 2021)	Current period (Apr. 1, 2022– Sep. 30, 2022)	Year-over-year % change
Net sales	11,068	12,122	Up 9.5%
Segment profit	4,820	5,008	Up 3.9%

**Machine Business**

Net sales, orders received 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 – Sep. 30, 2021)	Current period (Apr. 1, 2022– Sep. 30, 2022)	Year-over-year % change
Net sales	585	995	Up 69.9%
Segment profit (loss)	(25)	177	–
Orders received	1,443	1,844	Up 27.8%
Order backlog	1,026	2,942	Up 186.6%

**Other businesses**

The Other businesses posted sales of 0 million yen (down 28.4% year over year) with a segment loss of 8 million yen (as compared with a segment loss of 7 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 3,339 million yen from the end of the previous fiscal year to 44,232 million yen.

Current assets increased 3,614 million yen to 36,121 million yen mainly due to increases in cash and deposits, and notes and accounts receivable-trade, which were partially offset by a decrease in inventories.

Non-current assets decreased 274 million yen to 8,110 million yen mainly due to decreases in investment securities and deferred tax assets, which were partially offset by an increase in property, plant and equipment.

**Liabilities**

Total liabilities at the end of the period under review decreased 1,685 million yen from the end of the previous fiscal year to 6,040 million yen.

Current liabilities decreased 1,529 million yen to 5,182 million yen. This was mainly due to decreases in notes and accounts payable-trade and income taxes payable as a result of the payment of income taxes.

Non-current liabilities decreased 155 million yen to 858 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 5,025 million yen from the end of the previous fiscal year to 38,191 million yen. This was due to increases in foreign currency translation adjustment and retained earnings from profit attributable to owners of parent, 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)	Second quarter of FY3/23 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	19,519,073	23,020,220
Notes receivable-trade	2,131,152	2,084,074
Accounts receivable-trade	6,104,224	7,201,282
Contract assets	265,932	113,369
Merchandise and finished goods	2,546,395	2,083,810
Work in process	50,518	52,543
Raw materials and supplies	1,035,295	898,878
Other	1,014,726	846,931
Allowance for doubtful accounts	(160,303)	(179,232)
Total current assets	32,507,015	36,121,879
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,398,156	3,616,374
Machinery, equipment and vehicles, net	993,340	1,044,054
Tools, furniture and fixtures, net	405,379	447,944
Land	522,824	522,824
Leased assets, net	48,217	43,834
Construction in progress	91,463	176,184
Total property, plant and equipment	5,459,382	5,851,216
Intangible assets		
Other	55,162	49,131
Total intangible assets	55,162	49,131
Investments and other assets		
Investment securities	1,672,695	1,362,864
Deferred tax assets	788,461	409,830
Other	409,774	437,469
Total investments and other assets	2,870,931	2,210,163
Total non-current assets	8,385,476	8,110,511
Total assets	40,892,491	44,232,390

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	Second quarter of FY3/23 (As of Sep. 30, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,817,220	840,589
Electronically recorded obligations-operating	919,638	879,250
Short-term borrowings	369,222	502,279
Current portion of long-term borrowings	335,926	299,665
Lease obligations	12,673	12,775
Income taxes payable	1,461,117	951,998
Provision for bonuses	387,231	403,152
Other	1,409,166	1,293,144
<b>Total current liabilities</b>	<b>6,712,196</b>	<b>5,182,854</b>
<b>Non-current liabilities</b>		
Long-term borrowings	540,698	396,025
Lease obligations	63,042	56,847
Retirement benefit liability	80,138	96,429
Deferred tax liabilities	27,649	15,605
Asset retirement obligations	252,345	258,482
Other	50,046	34,722
<b>Total non-current liabilities</b>	<b>1,013,921</b>	<b>858,112</b>
<b>Total liabilities</b>	<b>7,726,117</b>	<b>6,040,966</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,245,044	1,255,334
Capital surplus	1,186,499	1,196,783
Retained earnings	33,303,033	35,851,300
Treasury shares	(4,567,395)	(4,567,395)
<b>Total shareholders' equity</b>	<b>31,167,182</b>	<b>33,736,024</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	122,075	67,189
Foreign currency translation adjustment	1,877,115	4,388,210
<b>Total accumulated other comprehensive income</b>	<b>1,999,191</b>	<b>4,455,399</b>
<b>Total net assets</b>	<b>33,166,373</b>	<b>38,191,423</b>
<b>Total liabilities and net assets</b>	<b>40,892,491</b>	<b>44,232,390</b>



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

(Thousands of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Net sales	11,654,381	13,117,946
Cost of sales	4,065,258	4,924,681
Gross profit	7,589,122	8,193,264
Selling, general and administrative expenses		
Salaries and allowances	1,104,730	1,163,294
Bonuses	320,765	372,583
Retirement benefit expenses	64,482	63,622
Depreciation	182,745	205,187
Other	1,565,814	1,708,178
Total selling, general and administrative expenses	3,238,538	3,512,866
Operating profit	4,350,584	4,680,398
Non-operating income		
Interest income	28,611	30,279
Dividend income	16,694	22,488
Foreign exchange gains	41,199	362,316
Reversal of allowance for doubtful accounts	412	1,028
Other	61,594	11,382
Total non-operating income	148,512	427,495
Non-operating expenses		
Interest expenses	4,129	3,942
Share of loss of entities accounted for using equity method	49,854	376,084
Other	14,958	7,311
Total non-operating expenses	68,943	387,338
Ordinary profit	4,430,153	4,720,555
Extraordinary income		
Gain on change in equity	–	77,019
Gain on sale of non-current assets	773	3,905
Gain on sale of investment securities	385	–
Gain on sale of businesses	–	60,000
Total extraordinary income	1,158	140,925
Extraordinary losses		
Loss on sale of non-current assets	35	0
Loss on retirement of non-current assets	964	1,078
Loss on liquidation of subsidiaries	1,776	–
Total extraordinary losses	2,775	1,078
Profit before income taxes	4,428,536	4,860,401
Income taxes-current	1,037,165	1,123,206
Income taxes-deferred	313,297	410,929
Total income taxes	1,350,463	1,534,136
Profit	3,078,072	3,326,265
Profit attributable to owners of parent	3,078,072	3,326,265

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

(Thousands of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Profit	3,078,072	3,326,265
Other comprehensive income		
Valuation difference on available-for-sale securities	7,183	(54,886)
Foreign currency translation adjustment	1,201,226	2,457,441
Share of other comprehensive income of entities accounted for using equity method	35,461	53,653
Total other comprehensive income	1,243,871	2,456,208
Comprehensive income	4,321,943	5,782,473
Comprehensive income attributable to:		
Owners of parent	4,321,943	5,782,473

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,428,536	4,860,401
Depreciation	293,873	319,786
Increase (decrease) in allowance for doubtful accounts	(412)	(1,028)
Increase (decrease) in provision for bonuses	(12,424)	11,200
Increase (decrease) in retirement benefit liability	6,939	8,496
Interest and dividend income	(45,305)	(52,767)
Interest expenses	4,129	3,942
Foreign exchange losses (gains)	24,178	63,582
Share of loss (profit) of entities accounted for using equity method	49,854	376,084
Loss (gain) on change in equity	–	(77,019)
Loss (gain) on sale of non-current assets	(737)	(3,905)
Loss on retirement of non-current assets	964	1,078
Loss (gain) on sales of investment securities	(385)	–
Decrease (increase) in trade receivables	(573,873)	–
Decrease (increase) in trade receivables and contract assets	–	(64,615)
Increase (decrease) in advances received	(27,503)	–
Increase (decrease) in contract liabilities	–	129,931
Decrease (increase) in inventories	(920,628)	1,046,914
Increase (decrease) in trade payables	(525,309)	(1,387,549)
Decrease (increase) in advance payments-trade	(216,286)	(1,148)
Other, net	(959,530)	(329,681)
Subtotal	1,526,079	4,903,702
Interest and dividends received	59,890	68,665
Interest paid	(4,165)	(4,459)
Income taxes paid	(1,678,294)	(1,699,038)
Income taxes refund	11	6,482
Net cash provided by (used in) operating activities	(96,479)	3,275,352
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	1,670,761	399,895
Purchase of property, plant and equipment	(144,831)	(237,811)
Proceeds from sales of property, plant and equipment	8,830	3,905
Purchase of intangible assets	(20,413)	(10,460)
Purchase of investment securities	(777)	(784)
Proceeds from sales of investment securities	29,255	–
Other, net	(9,656)	(368)
Net cash provided by (used in) investing activities	1,533,167	154,376

	(Thousands of yen)	
	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	72,552	125,742
Proceeds from long-term borrowings	304,448	–
Repayments of long-term borrowings	(232,830)	(180,934)
Repayments of finance lease obligations	(6,059)	(6,267)
Purchase of treasury shares	(430,554)	–
Dividends paid	(655,879)	(778,165)
Net cash provided by (used in) financing activities	(948,323)	(839,623)
Effect of exchange rate change on cash and cash equivalents	478,656	1,106,566
Net increase (decrease) in cash and cash equivalents	967,020	3,696,671
Cash and cash equivalents at beginning of period	12,685,175	16,845,073
Cash and cash equivalents at end of period	13,652,196	20,541,745

#### (4) Notes to Quarterly Consolidated Financial Statements

##### Going Concern Assumption

Not applicable.

##### Significant Changes in Shareholders' Equity

First six months of FY3/23 (Apr. 1, 2022 – Sep. 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 six months of FY3/22 (Apr. 1, 2021 – Sep. 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	11,068,146	585,963	11,654,110	271	11,654,381	–	11,654,381
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	11,068,146	585,963	11,654,110	271	11,654,381	–	11,654,381
Segment profit (loss)	4,820,438	(25,399)	4,795,038	(7,416)	4,787,622	(437,038)	4,350,584

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 sale 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 six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Inter-segment transaction elimination	–
Corporate expenses*	(437,038)
Total	(437,038)

\* 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 six months of FY3/23 (Apr. 1, 2022 – Sep. 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	12,122,005	995,746	13,117,752	194	13,117,946	–	13,117,946
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	12,122,005	995,746	13,117,752	194	13,117,946	–	13,117,946
Segment profit (loss)	5,008,641	177,446	5,186,087	(8,557)	5,177,530	(497,131)	4,680,398

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 sale 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 six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Inter-segment transaction elimination	–
Corporate expenses*	(497,131)
Total	(497,131)

\* 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.