



February 3, 2023

**Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023
(Nine Months Ended December 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 filing of Quarterly Report: February 8, 2023
 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 February 3, 2023 at 15:00 (GMT +9).

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

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2022
(April 1, 2022 – December 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	%
Nine months ended Dec. 31, 2022	20,702	16.0	7,320	10.5	7,398	9.7	5,154	11.5
Nine months ended Dec. 31, 2021	17,841	15.7	6,626	33.8	6,743	35.1	4,620	35.8

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2022: 7,639 (up 29.3%)
 Nine months ended Dec. 31, 2021: 5,908 (up 104.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	198.86	–
Nine months ended Dec. 31, 2021	176.47	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2022	44,516	38,586	86.7
As of Mar. 31, 2022	40,892	33,166	81.1

Reference: Shareholders' equity (million yen) As of Dec. 31, 2022: 38,586 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)	243.46

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 Dec. 31, 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 Dec. 31, 2022:	1,794,629 shares	As of Mar. 31, 2022:	1,608,474 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2022:	25,918,077 shares	Nine months ended Dec. 31, 2021:	26,184,509 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 nine months of the fiscal year ending March 31, 2023 (hereinafter the “period under review”), the domestic economy saw a recovery of consumer spending mainly in the service sector as a result of the decrease in COVID-19 cases. With a recovery in export, the manufacturing industry continued to show a modest recovery trend as seen, for example, in the resumption of capital investments that had been postponed.

Overseas, in China, consumer spending recovered and production in the manufacturing industry increased because strict activity restrictions were relaxed in early June. However, as activity restrictions were reimposed in August, consumer spending stagnated, and production in the manufacturing industry declined. In Europe and the United States, not only the recovery of service spending following the relaxation of activity restrictions subsided, but also there have been impacts of soaring energy and resource prices, 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 resulted in steady 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 automobile production mainly in China, where recovery in production started as strict activity restrictions were relaxed in early June.

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

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2021 – Dec. 31, 2021)	Current period (Apr. 1, 2022 – Dec. 31, 2022)	Year-over-year % change
Net sales	17,841	20,702	Up 16.0%
Operating profit	6,626	7,320	Up 10.5%
Ordinary profit	6,743	7,398	Up 9.7%
Profit attributable to owners of parent	4,620	5,154	Up 11.5%

The results of operations by segment were as follows.

Chemicals Business

Chemicals for electronics industry

China: While demand for PWBs for other high-performance electronic devices subsided after having increased with IoT and teleworking as keywords, demand for chemicals increased thanks to the production of PWBs for smartphones staying relatively strong.

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

Korea: As a result of demand for the semiconductor market being slacked, demand for chemicals stayed flat because some manufactures of semiconductor package substrates continued reducing inventories.

Chemicals for decoration

Japan: The shortage of semiconductors and parts was alleviated, resulting in increases in automobile production and demand for chemicals.

China: Recovery in production started as strict activity restrictions were relaxed in early June, resulting in an increase in automobile production. However, demand for chemicals stayed flat.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2021 – Dec. 31, 2021)	Current period (Apr. 1, 2022 – Dec. 31, 2022)	Year-over-year % change
Net sales	16,972	18,684	Up 10.1%
Segment profit	7,372	7,718	Up 4.7%

Machine Business

Net sales, orders received, and order backlog all 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 – Dec. 31, 2021)	Current period (Apr. 1, 2022 – Dec. 31, 2022)	Year-over-year % change
Net sales	868	2,018	Up 132.3%
Segment profit (loss)	(69)	318	–
Orders received	2,048	3,748	Up 83.0%
Order backlog	1,355	3,846	Up 183.7%

Other businesses

The Other businesses posted sales of 0 million yen (down 28.4% year over year) with a segment loss of 12 million yen (as compared with a segment loss of 12 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 3,623 million yen (up 8.9%) from the end of the previous fiscal year to 44,516 million yen.

Current assets increased 3,629 million yen (up 11.2%) to 36,136 million yen mainly due to an increase in cash and deposits, as well as increases in notes receivable-trade, accounts receivable-trade, and contract assets.

Non-current assets decreased 5 million yen (down 0.1%) to 8,379 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 1,796 million yen (down 23.3%) from the end of the previous fiscal year to 5,929 million yen.

Current liabilities decreased 1,616 million yen (down 24.1%) to 5,095 million yen. This was mainly due to a decrease in notes and accounts payable-trade and also a decrease in income taxes payable as a result of the payment of income taxes.

Non-current liabilities decreased 180 million yen (down 17.8%) to 833 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 5,420 million yen (up 16.3%) from the end of the previous fiscal year to 38,586 million yen. This was due to an increase in foreign currency translation adjustment and also an increase in 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 and an increase in treasury shares resulting from the share buyback.

(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 are committed to implementing this plan based on a basic policy of *strengthening core businesses* and *building an operational foundation from an ESG perspective*. Regarding the full-year consolidated forecasts for the fiscal year ending March 31, 2023, there are no revisions to the first half and full year 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)	Third quarter of FY3/23 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	19,519,073	22,522,628
Notes receivable-trade	2,131,152	2,641,866
Accounts receivable-trade	6,104,224	6,558,239
Contract assets	265,932	754,631
Merchandise and finished goods	2,546,395	2,192,897
Work in process	50,518	46,835
Raw materials and supplies	1,035,295	868,358
Other	1,014,726	729,311
Allowance for doubtful accounts	(160,303)	(178,194)
Total current assets	32,507,015	36,136,575
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,398,156	3,569,928
Machinery, equipment and vehicles, net	993,340	1,106,613
Tools, furniture and fixtures, net	405,379	451,793
Land	522,824	915,500
Leased assets, net	48,217	41,642
Construction in progress	91,463	162,582
Total property, plant and equipment	5,459,382	6,248,060
Intangible assets		
Other	55,162	50,692
Total intangible assets	55,162	50,692
Investments and other assets		
Investment securities	1,672,695	1,332,369
Deferred tax assets	788,461	309,127
Other	409,774	439,460
Total investments and other assets	2,870,931	2,080,957
Total non-current assets	8,385,476	8,379,711
Total assets	40,892,491	44,516,286

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,817,220	881,092
Electronically recorded obligations-operating	919,638	1,036,285
Short-term borrowings	369,222	508,399
Current portion of long-term borrowings	335,926	279,648
Lease obligations	12,673	12,942
Income taxes payable	1,461,117	842,871
Provision for bonuses	387,231	324,956
Other	1,409,166	1,209,723
Total current liabilities	6,712,196	5,095,919
Non-current liabilities		
Long-term borrowings	540,698	342,226
Lease obligations	63,042	53,548
Retirement benefit liability	80,138	96,389
Deferred tax liabilities	27,649	47,327
Asset retirement obligations	252,345	259,633
Other	50,046	34,722
Total non-current liabilities	1,013,921	833,848
Total liabilities	7,726,117	5,929,768
Net assets		
Shareholders' equity		
Share capital	1,245,044	1,255,334
Capital surplus	1,186,499	1,196,783
Retained earnings	33,303,033	36,823,175
Treasury shares	(4,567,395)	(5,173,571)
Total shareholders' equity	31,167,182	34,101,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	122,075	70,955
Foreign currency translation adjustment	1,877,115	4,413,840
Total accumulated other comprehensive income	1,999,191	4,484,795
Total net assets	33,166,373	38,586,518
Total liabilities and net assets	40,892,491	44,516,286

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

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	17,841,696	20,702,728
Cost of sales	6,282,750	8,062,337
Gross profit	11,558,946	12,640,391
Selling, general and administrative expenses		
Salaries and allowances	1,680,581	1,763,689
Bonuses	475,266	539,055
Retirement benefit expenses	93,337	93,263
Depreciation	285,723	317,287
Other	2,397,313	2,606,557
Total selling, general and administrative expenses	4,932,222	5,319,852
Operating profit	6,626,723	7,320,538
Non-operating income		
Interest income	38,676	48,384
Dividend income	27,958	36,745
Foreign exchange gains	80,816	433,113
Reversal of allowance for doubtful accounts	8,264	1,929
Other	69,908	16,509
Total non-operating income	225,624	536,682
Non-operating expenses		
Interest expenses	6,121	7,098
Share of loss of entities accounted for using equity method	82,560	439,131
Other	20,562	12,380
Total non-operating expenses	109,244	458,611
Ordinary profit	6,743,104	7,398,610
Extraordinary income		
Gain on change in equity	–	77,019
Gain on sale of non-current assets	781	5,537
Gain on sale of investment securities	385	–
Gain on sale of businesses	–	60,000
Total extraordinary income	1,166	142,557
Extraordinary losses		
Loss on sale of non-current assets	35	0
Loss on retirement of non-current assets	2,207	1,666
Loss on liquidation of subsidiaries	1,776	–
Impairment losses	–	13,766
Total extraordinary losses	4,019	15,433
Profit before income taxes	6,740,251	7,525,734
Income taxes-current	1,803,759	1,828,008
Income taxes-deferred	315,710	543,599
Total income taxes	2,119,470	2,371,607
Profit	4,620,780	5,154,126
Profit attributable to owners of parent	4,620,780	5,154,126

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

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Profit	4,620,780	5,154,126
Other comprehensive income		
Valuation difference on available-for-sale securities	1,459	(51,120)
Foreign currency translation adjustment	1,261,314	2,455,195
Share of other comprehensive income of entities accounted for using equity method	25,184	81,529
Total other comprehensive income	1,287,958	2,485,604
Comprehensive income	5,908,739	7,639,731
Comprehensive income attributable to:		
Owners of parent	5,908,739	7,639,731

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)

The Company repurchased 186,100 treasury shares based on a resolution at the Board of Directors' meeting held on November 7, 2022. As a result, treasury shares increased by 605,993 thousand yen during the period under review. The repurchase of these treasury shares and other transactions resulted in the balance of treasury shares of 5,173,571 thousand yen at the end of the period under review.

Change 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 nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)

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

	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	16,972,459	868,966	17,841,425	271	17,841,696	–	17,841,696
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	16,972,459	868,966	17,841,425	271	17,841,696	–	17,841,696
Segment profit (loss)	7,372,214	(69,608)	7,302,606	(12,338)	7,290,267	(663,543)	6,626,723

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 nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)
Inter-segment transaction elimination	–
Corporate expenses*	(663,543)
Total	(663,543)

* 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 nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 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	18,684,112	2,018,421	20,702,534	194	20,702,728	–	20,702,728
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	18,684,112	2,018,421	20,702,534	194	20,702,728	–	20,702,728
Segment profit (loss)	7,718,390	318,655	8,037,045	(12,946)	8,024,099	(703,560)	7,320,538

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 nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Inter-segment transaction elimination	–
Corporate expenses*	(703,560)
Total	(703,560)

* 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

An impairment loss was recorded in the Machine Business segment. The amount of the impairment loss recognized for the period under review was 13,766 thousand yen.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

Material Subsequent Events

Cancellation of treasury shares

The Company made a resolution at the Board of Directors' meeting held on February 3, 2023 concerning the cancellation of treasury shares in accordance with Article 178 of the Companies Act.

1. Reason for cancellation of treasury shares

The Company will cancel treasury shares to implement a flexible capital policy.

2. Summary of the cancellation

(1) Type of shares to be cancelled	Common stock
(2) Number of shares to be cancelled	312,000 shares
(3) Planned date of cancellation	February 27, 2023

** 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.*