



November 7, 2024

Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025 (Six Months Ended September 30, 2024)

[Japanese GAAP]

Company name: JCU CORPORATION Listing: Tokyo Stock Exchange
 Stock code: 4975 URL: <https://www.jcu-i.com/english/>
 Representative: Masashi Kimura, Chairman & CEO
 Contact: Yoji Inoue, Director, Managing Executive Officer, General Manager of Corporate Strategy Office
 Tel: +81-3-6895-7004

Scheduled date to file Semi-annual Securities Report: November 12, 2024
 Scheduled date of payment of dividend: December 2, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on November 7, 2024 at 15:30. (GMT +9).

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024

(April 1, 2024–September 30, 2024)

(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, 2024	12,736	17.2	4,665	50.7	4,983	55.6	3,385	55.5
Six months ended Sep. 30, 2023	10,864	(17.2)	3,095	(33.9)	3,202	(32.2)	2,177	(34.5)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: 5,237 (up 42.4%)
 Six months ended Sep. 30, 2023: 3,678 (down 36.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	133.72	–
Six months ended Sep. 30, 2023	85.04	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2024	52,865	46,248	87.5
As of Mar. 31, 2024	49,641	42,250	85.1

Reference: Shareholders' equity (million yen) As of Sep. 30, 2024: 46,248
 As of Mar. 31, 2024: 42,250

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/24	–	35.00	–	35.00	70.00
FY3/25	–	37.00	–	–	–
FY3/25 (forecasts)	–	–	–	37.00	74.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(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	27,000	8.6	8,500	5.7	8,500	3.5	5,900	6.7	233.44

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly added: –

Excluded: –

(2) Application of special accounting methods for presenting semi-annual 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: None

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

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of issued shares (common stock)

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

As of Sep. 30, 2024:	26,948,849 shares	As of Mar. 31, 2024:	26,941,306 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2024:	1,719,270 shares	As of Mar. 31, 2024:	1,608,632 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	25,318,298 shares	Six months ended Sep. 30, 2023:	25,607,942 shares
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* Semi-annual financial results reports are exempt from interim review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

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 Semi-annual Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first six months of the fiscal year ending March 31, 2025 (hereinafter the “period under review”), the domestic economy continued to show a modest recovery mainly due to the improving employment environment and corporate earnings, though consumer spending saw a standstill in some categories due to rising prices. In the manufacturing sector, production activity has been on a recovery trend, thanks to the eased impact of the suspension of shipments by some automobile manufacturers and an increase in domestic demand for production machinery, electronic components, and other products. Companies both in the manufacturing and non-manufacturing industries maintained a positive stance on their capital investment, despite a temporary reactionary dip in investment due to digitization.

Overseas, China stayed flat with a sign of recovery in demand from overseas market in the manufacturing industry, despite moderate decrease in consumer spending affected by the decelerating economy. In Europe and the United States, the economy has recovered thanks to alleviated inflationary pressure. Looking ahead, however, the situation needs close monitoring on an ongoing basis, due to the continuation of soaring resource prices and the global manufacturing slump, as well as the situation in the Middle East and other factors.

As for the business environment surrounding the JCU Group, the electronics industry embarked a recovery trend in demand for various products, leading to an increase in shipments, as the global inventory adjustment of various high-performance electronic devices such as smartphones and PCs appears to have run its course. In the automotive industry, we saw an increase in production volume in China, due to the easing of parts supply shortage.

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

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2023–Sep. 30, 2023)	Current period (Apr. 1, 2024–Sep. 30, 2024)	Year-over-year % change
Net sales	10,864	12,736	Up 17.2%
Operating profit	3,095	4,665	Up 50.7%
Ordinary profit	3,202	4,983	Up 55.6%
Profit attributable to owners of parent	2,177	3,385	Up 55.5%

The results of operations by segment were as follows.

Chemicals Business

Chemicals for electronics components

China: The inventory adjustment of high-performance electronic devices including smartphones ran its course, resulting in a recovery trend in the demand for PWBs. As a result, sales of chemicals substantially increased year over year.

Taiwan: With signs of recovery in the semiconductor market, demand for servers and semiconductor package substrates for high-performance electronic devices moderately expanded. As a result, sales of chemicals increased year over year.

South Korea: Due to the bottoming out of the semiconductor market and the progress in inventory adjustment by customers, demand for semiconductor package substrates showed a moderate recovery. As a result, sales of chemicals increased year over year.

Chemicals for decoration

Japan: Although the impact of the suspension of shipments by some automobile manufacturers eased, demand for chemicals declined due to changes in design trends. As a result, sales of chemicals decreased year over year.

China: Despite increases in automobile production due to an improvement in shortages of semiconductors and parts, demand for automobile parts which is subject to our business decreased. Sales of chemicals stayed flat year over year.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2023–Sep. 30, 2023)	Current period (Apr. 1, 2024–Sep. 30, 2024)	Year-over-year % change
Net sales	9,806	11,384	Up 16.1%
Segment profit	3,467	4,967	Up 43.3%

Machine Business

Sales increased thanks to the ordered projects progressing on schedule. However, orders received and order backlog decreased due to a decline in new orders for large projects.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2023–Sep. 30, 2023)	Current period (Apr. 1, 2024–Sep. 30, 2024)	Year-over-year % change
Net sales	1,057	1,352	Up 27.8%
Segment profit	76	172	Up 124.0%
Orders received	1,296	647	Down 50.1%
Order backlog	4,223	3,560	Down 15.7%

The “Other” businesses segment has been abolished since the first quarter of this fiscal year, following the exclusion of Sorapuchi Farm Corp, which was included in the “Other” businesses segment in the previous fiscal year, from the scope of consolidation due to the transfer of all shares.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Assets

Total assets at the end of the period under review increased 3,223 million yen from the end of the previous fiscal year to 52,865 million yen.

Current assets increased 2,425 million yen to 43,256 million yen mainly due to increases in cash and deposits as well as contract assets, which were partially offset by decrease in accounts receivable-trade.

Non-current assets increased 798 million yen to 9,608 million yen mainly due to increases in tools, furniture and fixtures, net, and construction in progress.

Liabilities

Total liabilities at the end of the period under review decreased 774 million yen from the end of the previous fiscal year to 6,616 million yen.

Current liabilities decreased 757 million yen to 5,906 million yen mainly due to decreases in notes and accounts payable-trade as well as income taxes payable, which were partially offset by an increase in electronically recorded obligations-operating.

Non-current liabilities decreased 17 million yen to 710 million yen mainly due to a decrease in long-term borrowings, which was partially offset by an increase in deferred tax liabilities.

Net assets

Total net assets at the end of the period under review increased 3,998 million yen from the end of the previous fiscal year to 46,248 million yen. This was due to increases in retained earnings from profit attributable to owners of parent and foreign currency translation adjustment.

2) Cash flows

Cash and cash equivalents at the end of the period under review increased 3,823 million yen from the end of the previous fiscal year to 28,410 million yen.

Cash flows from operating activities

Net cash provided by operating activities increased 3,010 million yen year over year to 4,627 million yen. This was mainly due to an increase in profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities decreased 552 million yen year over year to 16 million yen. This was mainly due to an increase in proceeds from withdrawal of time deposits.

Cash flows from financing activities

Net cash used in financing activities increased 81 million yen year over year to 1,528 million yen. This was mainly due to a net decrease in short-term borrowings.

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

Regarding the future outlook, for chemicals for electronics components, we expect demand for PWBs and semiconductor package substrates related to our business to expand in the medium and long term, resulting from innovation of various digital technologies in the semiconductor-related market including the spread of AI and IoT as well as automated vehicle operation. On the other hand, we expect demand for chemicals for decoration to remain flat, affected by situations in the automotive parts category, our main target, such as changes in design trends and sluggish demand resulting from the spread of electronic vehicles.

Given these circumstances, the Group has set up its medium-to long-term direction, Our Vision for 2035, to become a global organization that continuously grows with society by fully utilizing distinctive strengths and making contributions to society and protecting the environment. We will strive to enhance our corporate value by pursuing social and economic values by constantly strengthening our technology and support system while responding to the ever-changing external environment.

To that end, we formulated a new medium-term management plan called “JCU VISION 2035–1st stage–” (covering the period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027). We are committed to implementing this plan based on basic policies: big investments in growing markets; strengthening the management foundation; utilization of data through the promotion of DX; higher profitability in current markets; sustainability management; and utilization of human capital, intellectual property, and intangible assets. Regarding the consolidated forecasts for the fiscal year ending March 31, 2025, there are no revisions to the full-year forecasts announced on May 10, 2024.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	27,037,802	30,412,947
Notes receivable-trade	1,760,853	1,798,560
Accounts receivable-trade	8,149,301	6,364,072
Contract assets	261,093	492,969
Merchandise and finished goods	1,591,900	1,575,248
Work in process	120,658	103,878
Raw materials and supplies	805,536	834,622
Other	1,161,273	1,733,093
Allowance for doubtful accounts	(56,860)	(58,792)
Total current assets	40,831,559	43,256,600
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,404,001	3,515,248
Machinery, equipment and vehicles, net	1,013,688	1,054,412
Tools, furniture and fixtures, net	524,812	696,186
Land	915,500	915,500
Leased assets, net	30,684	26,300
Construction in progress	276,907	878,022
Total property, plant and equipment	6,165,594	7,085,669
Intangible assets		
Other	42,047	100,225
Total intangible assets	42,047	100,225
Investments and other assets		
Investment securities	1,750,762	1,609,170
Deferred tax assets	415,955	354,822
Other	435,777	458,659
Total investments and other assets	2,602,494	2,422,652
Total non-current assets	8,810,136	9,608,548
Total assets	49,641,695	52,865,149

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,085,890	1,186,641
Electronically recorded obligations-operating	1,036,978	1,309,086
Short-term borrowings	450,000	300,000
Current portion of long-term borrowings	166,863	124,168
Lease liabilities	13,804	14,162
Income taxes payable	1,304,255	1,153,391
Provision for bonuses	389,731	413,363
Other	1,216,509	1,405,611
Total current liabilities	6,664,033	5,906,423
Non-current liabilities		
Long-term borrowings	121,564	60,000
Lease liabilities	36,402	29,230
Retirement benefit liability	126,954	149,180
Deferred tax liabilities	131,847	155,913
Asset retirement obligations	275,761	281,076
Other	34,722	34,722
Total non-current liabilities	727,251	710,123
Total liabilities	7,391,284	6,616,547
Net assets		
Shareholders' equity		
Share capital	1,266,922	1,281,480
Capital surplus	1,208,364	1,222,922
Retained earnings	39,678,346	42,177,374
Treasury shares	(4,770,809)	(5,152,258)
Total shareholders' equity	37,382,824	39,529,518
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	467,027	388,196
Foreign currency translation adjustment	4,400,558	6,330,886
Total accumulated other comprehensive income	4,867,586	6,719,082
Total net assets	42,250,410	46,248,601
Total liabilities and net assets	49,641,695	52,865,149

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statement of Income

(Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Net sales	10,864,394	12,736,294
Cost of sales	4,282,037	4,121,029
Gross profit	6,582,357	8,615,265
Selling, general and administrative expenses		
Salaries and allowances	1,163,642	1,231,326
Bonuses	329,942	358,695
Retirement benefit expenses	66,791	72,004
Depreciation	221,659	277,690
Other	1,704,789	2,010,389
Total selling, general and administrative expenses	3,486,825	3,950,106
Operating profit	3,095,531	4,665,158
Non-operating income		
Interest income	75,128	105,684
Dividend income	14,294	19,422
Foreign exchange gains	44,662	206,061
Reversal of allowance for doubtful accounts	28,954	2,811
Other	35,202	13,819
Total non-operating income	198,241	347,799
Non-operating expenses		
Interest expenses	3,739	2,387
Share of loss of entities accounted for using equity method	26,821	24,381
Compensation expenses	33,985	–
Other	26,351	3,171
Total non-operating expenses	90,898	29,940
Ordinary profit	3,202,874	4,983,016
Extraordinary income		
Gain on sale of non-current assets	779	94
Total extraordinary income	779	94
Extraordinary losses		
Loss on sale of non-current assets	93	–
Loss on retirement of non-current assets	3,031	1,523
Loss on valuation of investment securities	656	–
Total extraordinary losses	3,781	1,523
Profit before income taxes	3,199,873	4,981,588
Income taxes-current	810,574	1,482,428
Income taxes-deferred	211,606	113,488
Total income taxes	1,022,180	1,595,917
Profit	2,177,692	3,385,670
Profit attributable to owners of parent	2,177,692	3,385,670

Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Profit	2,177,692	3,385,670
Other comprehensive income		
Valuation difference on available-for-sale securities	196,051	(78,831)
Foreign currency translation adjustment	1,281,043	1,926,306
Share of other comprehensive income of entities accounted for using equity method	24,039	4,021
Total other comprehensive income	1,501,135	1,851,496
Comprehensive income	3,678,827	5,237,167
Comprehensive income attributable to:		
Owners of parent	3,678,827	5,237,167

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	3,199,873	4,981,588
Depreciation	343,881	400,488
Increase (decrease) in allowance for doubtful accounts	(28,954)	(2,811)
Increase (decrease) in provision for bonuses	(74,392)	20,887
Increase (decrease) in retirement benefit liability	9,264	14,885
Interest and dividend income	(89,422)	(125,106)
Interest expenses	3,739	2,387
Foreign exchange losses (gains)	1,641	58,994
Share of loss (profit) of entities accounted for using equity method	26,821	24,381
Loss (gain) on sale of non-current assets	(686)	(94)
Loss on retirement of non-current assets	3,031	1,523
Loss (gain) on valuation of investment securities	656	–
Decrease (increase) in accounts receivable-trade, and contract assets	858,643	2,173,243
Increase (decrease) in contract liabilities	21,870	190,728
Decrease (increase) in inventories	513,616	315,532
Increase (decrease) in trade payables	(972,058)	(1,221,954)
Decrease (increase) in advance payments-trade	(280,454)	(357,221)
Other, net	(261,961)	(338,678)
Subtotal	3,275,110	6,138,775
Interest and dividends received	90,415	152,379
Interest paid	(3,725)	(2,385)
Income taxes paid	(1,742,059)	(1,692,310)
Income taxes refund	(2,865)	31,033
Net cash provided by (used in) operating activities	1,616,874	4,627,492
Cash flows from investing activities		
Decrease (increase) in time deposits	(185,237)	577,254
Purchase of property, plant and equipment	(393,182)	(622,700)
Proceeds from sale of property, plant and equipment	6,892	147
Purchase of intangible assets	(2,009)	(5,914)
Purchase of investment securities	(788)	(793)
Proceeds from sale of investment securities	–	37,345
Other, net	5,334	(2,326)
Net cash provided by (used in) investing activities	(568,990)	(16,986)

	(Thousands of yen)	
	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(41,631)	(150,000)
Repayments of long-term borrowings	(143,833)	(104,259)
Repayments of finance lease obligations	(6,470)	(6,813)
Purchase of treasury shares	(409,554)	(381,449)
Dividends paid	(845,974)	(886,164)
Net cash provided by (used in) financing activities	(1,447,464)	(1,528,687)
Effect of exchange rate change on cash and cash equivalents	442,197	741,301
Net increase (decrease) in cash and cash equivalents	42,615	3,823,120
Cash and cash equivalents at beginning of period	21,997,846	24,587,158
Cash and cash equivalents at end of period	22,040,462	28,410,279

(4) Notes to Semi-annual Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)

The Company repurchased 110,600 treasury shares based on a resolution at the Board of Directors' meeting held on August 7, 2024. As a result, treasury shares increased by 381,297 thousand yen during the period under review. The repurchase of these treasury shares and other transactions resulted in the balance of treasury shares of 5,152,258 thousand yen at the end of the period under review.

Segment Information

I. First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)

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 semi-annual consolidated statement of income (Note 3)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	9,806,311	1,057,972	10,864,283	111	10,864,394	–	10,864,394
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	9,806,311	1,057,972	10,864,283	111	10,864,394	–	10,864,394
Segment profit (loss)	3,467,067	76,891	3,543,959	(8,567)	3,535,391	(439,860)	3,095,531

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 (loss) (Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)
Inter-segment transaction elimination	–
Corporate expenses*	(439,860)
Total	(439,860)

* 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 semi-annual 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 FY3/25 (Apr. 1, 2024–Sep. 30, 2024)

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 semi-annual consolidated statement of income (Note 3)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	11,384,267	1,352,026	12,736,294	–	12,736,294	–	12,736,294
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	11,384,267	1,352,026	12,736,294	–	12,736,294	–	12,736,294
Segment profit	4,967,645	172,242	5,139,888	–	5,139,888	(474,729)	4,665,158

Notes: 1. The “Other” businesses segment represents business activities that are not included in either of the two reportable segments.

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

To segment profit (loss) (Thousands of yen)

	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Inter-segment transaction elimination	–
Corporate expenses*	(474,729)
Total	(474,729)

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

3. Segment profit is adjusted to be consistent with operating profit shown on the semi-annual 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.