



February 4, 2019

## Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 (Nine Months Ended December 31, 2018)

**[Japanese GAAP]**

Company name: JCU CORPORATION

Listing: Tokyo Stock Exchange, First Section

Stock code: 4975

URL: <https://www.jcu-i.com/>

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Scheduled date of filing of Quarterly Report: February 7, 2019

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on February 4, 2019 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, 2018

(April 1, 2018 – December 31, 2018)

(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, 2018	19,549	19.7	5,459	7.8	5,521	9.1	3,972	7.3
Nine months ended Dec. 31, 2017	16,335	3.0	5,065	20.7	5,063	27.1	3,702	26.3

Note: Comprehensive income (million yen)      Nine months ended Dec. 31, 2018: 3,174 (down 24.3%)  
 Nine months ended Dec. 31, 2017: 4,191 (up 140.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	142.72	-
Nine months ended Dec. 31, 2017	133.08	-

Note: The Company conducted a 2-for-1 common stock split on April 1, 2018. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Dec. 31, 2018	32,556		24,887		76.3	
As of Mar. 31, 2018	32,230		22,996		71.1	

Reference: Shareholders' equity (million yen)      As of Dec. 31, 2018: 24,835      As of Mar. 31, 2018: 22,925

### 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/18	-	35.00	-	50.00	85.00
FY3/19	-	22.50	-	-	-
FY3/19 (forecasts)	-	-	-	22.50	45.00

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. Breakdown of year-end FY3/18 dividend: Ordinary dividend of 45.00 yen, commemorative dividend of 5.00 yen

3. The Company conducted a 2-for-1 common stock split on April 1, 2018. Dividends per share for FY3/18 are the actual amount before the stock split.

### 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(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	25,000	8.1	6,950	0.0	7,000	0.4	4,700	(4.2)	168.83

Note: Revisions to the most recently announced consolidated forecast: Yes

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Newly added: 1 (Sorapuchi Farm Corporation)

Excluded: 1 (Ginza Suzurando Cosmetics Co., Ltd.)

(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: None

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, 2018:	27,842,470 shares	As of Mar. 31, 2018:	27,831,914 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2018:	53 shares	As of Mar. 31, 2018:	- shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	27,837,569 shares	Nine months ended Dec. 31, 2017:	27,825,016 shares
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Note: The Company conducted a 2-for-1 common stock split on April 1, 2018. Number of outstanding shares (common stock) has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

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, 2019 (hereafter, “the period under review”), the JCU Group achieved net sales of 19,549 million yen (up 19.7% year over year) thanks to continued strong sales of plating machines on top of continued steady sales of chemicals in overseas markets. As a result, operating profit, ordinary profit, and profit attributable to owners of parent amounted to 5,459 million yen (up 7.8% year over year), 5,521 million yen (up 9.1% year over year), and 3,972 million yen (up 7.3% year over year), respectively.

The results of segment operations were as follows.

As the Company revised its reportable segment structure in the first quarter of the current fiscal year, a comparative analysis of segment performance for the period under review is presented based on the revised reportable segments.

#### Chemicals Business

In the Chemicals Business segment, there was a slowdown in the demand for chemicals driven by growth in the number of units sold due to sluggish sales of smartphones. In particular, the demand of chemicals for high-end smartphones continued to be weak. Meanwhile, the segment continued to generate steady sales of plating chemicals for PWBs in China and South Korea because, despite weak sales of Chinese brand smartphones, demand for chemicals remained at a certain stable level in line with a trend of high functionality, and demand for other electronics devices was also solid. In China, expanded sales to new customers continued to contribute to the strong sales of plating chemicals for automotive components. Consequently, sales increased 4.6% year over year to 15,208 million yen with a segment profit up 3.8% year over year to 5,998 million yen.

#### Machine Business

Orders received in the Machine Business segment decreased to 1,266 million yen (down 71.3% year over year) due to a reduction in orders for large-scale plating machines. Thanks to the smooth progress of construction contract backlog, sales increased 142.6% year over year to 4,313 million yen (of which sales in the former New Businesses segment was 664 million yen) with a segment profit of 222 million yen (as compared with a segment loss of 1 million yen a year earlier). The order backlog decreased to 859 million yen (down 80.4% year over year).

#### Other Businesses

The Other businesses segment posted sales of 26 million yen (up 12.0% year over year) with a segment loss of 43 million yen (as compared with a segment loss of 56 million yen a year earlier).

### (2) Explanation of Financial Position

Effective from the beginning of the first quarter of the current fiscal year, the Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Prior-year figures have been adjusted retroactively to conform with this accounting standard in order to facilitate comparisons and analysis.

#### Assets

Total assets at the end of the period under review increased 325 million yen (up 1.0%) from the end of the previous fiscal year to 32,556 million yen.

Current assets increased 726 million yen (up 3.0%) to 24,865 million yen mainly due to an increase in cash and deposits, which was partly offset by decreases in advance payments-trade included in “Other” of current assets, and work in process.

Non-current assets decreased 400 million yen (down 5.0%) to 7,690 million yen mainly due to decreases in investment securities and deferred tax assets, which were partly offset by an increase in construction in progress that represents a plant under construction at JCU Surface Technology Hubei Co., Ltd.

### Liabilities

Total liabilities at the end of the period under review decreased 1,566 million yen (down 17.0%) from the end of the previous fiscal year to 7,668 million yen.

Current liabilities decreased 1,755 million yen (down 25.2%) to 5,221 million yen mainly due to decreases in notes and accounts payable-trade, advances received, and income taxes payable for the payment of income taxes.

Non-current liabilities increased 189 million yen (up 8.4%) to 2,446 million yen mainly due to an increase in long-term loans payable.

### Net assets

Net assets at the end of the period under review increased 1,891 million yen (up 8.2%) from the end of the previous fiscal year to 24,887 million yen. This was mainly due to an increase in retained earnings from profit attributable to owners of parent, which was partly offset by decreases in foreign currency translation adjustment and retained earnings as a result of payment of cash dividends.

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

For the full-year consolidated forecast for the fiscal year ending March 31, 2019, the Company has reviewed the current performance trends and revised the previously released forecast of May 9, 2018 as follows.

#### Revisions to the full-year consolidated forecast for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

	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
Previous forecast (A)	26,000	7,300	7,300	5,200	186.84
Revised forecast (B)	25,000	6,950	7,000	4,700	168.83
Difference (B – A)	(1,000)	(350)	(300)	(500)	
Change in percentage (%)	(3.8)	(4.8)	(4.1)	(9.6)	
(Reference) Results for the previous fiscal year (ended March 31, 2018)	23,120	6,948	6,972	4,906	176.31

Note: The Company conducted a 2-for-1 common stock split on April 1, 2018. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

The above projections are based on information available at the time of release of this summary report. Actual results may differ significantly from these projections due to changes in the economic environment and other factors in the future.

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

(Thousands of yen)

	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	13,528,085	15,357,008
Notes and accounts receivable-trade	7,437,495	7,350,207
Merchandise and finished goods	1,318,175	1,287,428
Work in process	285,899	75,648
Raw materials and supplies	415,774	430,656
Other	1,332,732	543,099
Allowance for doubtful accounts	(178,684)	(178,492)
Total current assets	24,139,478	24,865,556
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,426,631	2,286,685
Machinery, equipment and vehicles, net	631,270	563,577
Tools, furniture and fixtures, net	472,073	510,184
Land	522,824	522,824
Leased assets, net	90,122	78,943
Construction in progress	48,112	545,961
Total property, plant and equipment	4,191,034	4,508,176
Intangible assets		
Goodwill	1,823	961
Other	48,876	46,707
Total intangible assets	50,699	47,668
Investments and other assets		
Investment securities	2,801,022	2,273,212
Deferred tax assets	702,019	433,909
Other	346,689	427,894
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	3,849,730	3,135,016
Total non-current assets	8,091,464	7,690,860
Total assets	32,230,943	32,556,417

(Thousands of yen)

	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,796,520	1,013,512
Electronically recorded obligations-operating	1,518,545	1,390,020
Short-term loans payable	177,398	314,756
Current portion of long-term loans payable	431,168	410,674
Lease obligations	17,048	13,241
Income taxes payable	954,646	373,660
Provision for bonuses	352,980	254,060
Provision for loss on construction contracts	17,101	-
Advances received	686,396	326,077
Other	1,026,080	1,125,987
Total current liabilities	6,977,886	5,221,991
Non-current liabilities		
Long-term loans payable	647,749	792,744
Lease obligations	108,890	99,621
Net defined benefit liability	1,137,844	1,201,238
Deferred tax liabilities	62,793	55,518
Asset retirement obligations	230,643	234,030
Other	69,056	63,686
Total non-current liabilities	2,256,976	2,446,839
Total liabilities	9,234,863	7,668,830
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,191,575	1,206,723
Capital surplus	1,138,544	1,185,779
Retained earnings	19,044,487	21,695,077
Treasury shares	-	(152)
Total shareholders' equity	21,374,607	24,087,426
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	509,994	173,300
Foreign currency translation adjustment	1,040,946	574,618
Total accumulated other comprehensive income	1,550,941	747,919
Non-controlling interests	70,531	52,240
Total net assets	22,996,079	24,887,586
Total liabilities and net assets	32,230,943	32,556,417

**(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 FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Net sales	16,335,514	19,549,500
Cost of sales	5,955,391	8,687,246
Gross profit	10,380,122	10,862,254
Selling, general and administrative expenses		
Salaries and allowances	1,756,307	1,708,598
Bonuses	503,531	500,241
Retirement benefit expenses	100,081	105,053
Depreciation	278,204	283,125
Provision of allowance for doubtful accounts	-	6,454
Other	2,676,532	2,799,203
Total selling, general and administrative expenses	5,314,656	5,402,676
Operating profit	5,065,466	5,459,577
Non-operating income		
Interest income	18,190	43,685
Dividend income	30,579	34,858
House rent income	15,013	26,887
Reversal of allowance for doubtful accounts	7,183	-
Other	6,856	27,372
Total non-operating income	77,823	132,803
Non-operating expenses		
Interest expenses	15,293	16,037
Foreign exchange losses	37,566	25,357
Share of loss of entities accounted for using equity method	21,062	18,371
Other	5,832	10,735
Total non-operating expenses	79,755	70,502
Ordinary profit	5,063,534	5,521,878
Extraordinary income		
Gain on sales of non-current assets	1,281	145
Gain on sales of investment securities	-	37,075
Gain on liquidation of subsidiaries	-	12,250
Total extraordinary income	1,281	49,471
Extraordinary losses		
Loss on sales of non-current assets	5,036	-
Loss on retirement of non-current assets	1,857	821
Loss on liquidation of subsidiaries	-	1,425
Total extraordinary losses	6,893	2,247
Profit before income taxes	5,057,921	5,569,102
Income taxes-current	1,130,293	1,165,088
Income taxes-deferred	210,206	424,591
Total income taxes	1,340,500	1,589,679
Profit	3,717,421	3,979,422
Profit attributable to non-controlling interests	14,532	6,580
Profit attributable to owners of parent	3,702,888	3,972,841



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

	(Thousands of yen)	
	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Profit	3,717,421	3,979,422
Other comprehensive income		
Valuation difference on available-for-sale securities	297,636	(336,693)
Foreign currency translation adjustment	150,154	(507,157)
Share of other comprehensive income of entities accounted for using equity method	26,124	39,158
Total other comprehensive income	473,915	(804,691)
Comprehensive income	4,191,337	3,174,731
Comprehensive income attributable to:		
Owners of parent	4,170,196	3,166,629
Non-controlling interests	21,140	8,101

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

Not applicable.

**Significant Changes in Shareholders' Equity**

Omitted because there is no significant change in the amount of shareholders' equity from the end of the previous fiscal year.

**Segment and Other Information****Segment Information**

I. First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)

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	14,533,507	1,778,039	16,311,546	23,967	16,335,514	-	16,335,514
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	14,533,507	1,778,039	16,311,546	23,967	16,335,514	-	16,335,514
Segment profit (loss)	5,779,412	(1,451)	5,777,960	(56,481)	5,721,479	(656,013)	5,065,466

Notes: 1. The "Other" businesses segment represents business activities that are not included in any of the two reportable segments, and includes businesses engaged in color processing with the sputtering technology, drinking water, and wine.

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

To segment profit (Thousands of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)
Inter-segment transaction elimination	-
Corporate expenses*	(656,013)
Total	(656,013)

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

3. Segment profit (loss) is adjusted 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 FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)

## 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	15,208,715	4,313,953	19,522,668	26,832	19,549,500	-	19,549,500
Inter-segment sales and transfers	-	-	-	3,797	3,797	(3,797)	-
Total	15,208,715	4,313,953	19,522,668	30,630	19,553,298	(3,797)	19,549,500
Segment profit (loss)	5,998,660	222,619	6,221,279	(43,348)	6,177,930	(718,353)	5,459,577

Notes: 1. The “Other” businesses segment represents business activities that are not included in any of the two reportable segments, and includes businesses engaged in color processing with the sputtering technology, drinking water, and wine.

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

To segment profit

(Thousands of yen)

	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Inter-segment transaction elimination	-
Corporate expenses*	(718,353)
Total	(718,353)

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

3. Segment profit (loss) is adjusted 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.

## 3. Changes in reportable segments

Effective from the first quarter of the current fiscal year, the Company changed its reportable segments due to the organizational change. Specifically, the previous three reportable segment structure comprising of the Chemicals Business, the Machine Business, and the New Businesses was changed to the two reportable segment structure comprising of the Chemicals Business and the Machine Business together with the newly established “Other” businesses segment, which includes businesses other than those included in the two reportable segments.

As a result, the Machine Business now includes the businesses of PWB cleaning equipment utilizing plasma technology, solar power generation equipment, and generation of solar power, all of which were previously classified into the New Businesses reportable segment. The “Other” businesses segment includes the businesses of color processing with the sputtering technology, drinking water, and wine.

The segment information for the first nine months of FY3/18 is presented based on the new reportable segment structure after the organizational change.

\* 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.