



August 2, 2019

**Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2020  
(Three Months Ended June 30, 2019)**

**[Japanese GAAP]**

Company name: JCU CORPORATION

Listing: Tokyo Stock Exchange, First Section

Stock code: 4975

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

Representative: Keiji Ozawa, Chairman and CEO

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Scheduled date of filing of Quarterly Report: August 8, 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 August 2, 2019 at 15:00. (GMT +9).

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

**1. Consolidated Financial Results for the Three Months Ended June 30, 2019 (April 1, 2019 – June 30, 2019)**

(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	%
Three months ended Jun. 30, 2019	4,793	(27.4)	1,278	(25.9)	1,292	(25.7)	908	(29.5)
Three months ended Jun. 30, 2018	6,599	38.5	1,726	23.6	1,738	30.9	1,288	30.7

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2019: 986 (up 40.9%)  
Three months ended Jun. 30, 2018: 700 (down 40.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2019	33.49	-
Three months ended Jun. 30, 2018	46.30	-

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Jun. 30, 2019	31,049		24,303		78.2	
As of Mar. 31, 2019	32,174		24,483		76.1	

Reference: Shareholders' equity (million yen) As of Jun. 30, 2019: 24,290 As of Mar. 31, 2019: 24,470

**2. Dividends**

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/19	-	22.50	-	22.50	45.00
FY3/20	-	-	-	-	-
FY3/20 (forecasts)	-	23.50	-	23.50	47.00

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

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)**

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	11,400	(12.8)	3,000	(12.5)	3,100	(11.3)	2,150	(16.0)	79.40
Full year	25,000	0.5	7,200	1.8	7,300	1.5	5,000	0.7	184.79

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: 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 Jun. 30, 2019:	27,842,470 shares	As of Mar. 31, 2019:	27,842,470 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2019:	817,253 shares	As of Mar. 31, 2019:	530,653 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2019:	27,121,618 shares	Three months ended Jun. 30, 2018:	27,831,914 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 quarter of the fiscal year ending March 31, 2020 (hereafter, “the period under review”), the JCU Group reported net sales of 4,793 million yen (down 27.4% year over year), which were affected by a significant decrease in sales of plating machines on top of continued soft sales of chemicals. As a result, operating profit, ordinary profit, and profit attributable to owners of parent amounted to 1,278 million yen (down 25.9% year over year), 1,292 million yen (down 25.7% year over year), and 908 million yen (down 29.5% year over year), respectively.

The results of segment operations were as follows.

#### Chemicals Business

In the Chemicals Business segment, the business of chemicals for electronic components saw sales and production of high-end smartphones remain sluggish since the second half of the previous fiscal year due to consumers unwilling to buy current models before commercialization of the 5G mobile communication system. According to the above situation, a demand for chemicals remained soft, resulting in smaller sales than a year earlier when sales was strong. As for chemicals for decoration, we expanded sales of those for automotive components to new customers, but production slowed down in China due to the influence of the US-China trade friction, resulting in largely unchanged overall sales of plating chemicals for automotive components. Consequently, the segment sales decreased 9.6% year over year to 4,417 million yen with a segment profit down 14.9% to 1,620 million yen.

#### Machine Business

Orders received in the Machine Business segment decreased to 366 million yen (down 78.5% year over year) with a segment loss of 52 million yen (as compared with a segment profit of 90 million yen a year earlier) due to absence of orders as large as those we received in the previous fiscal year, as well as a delay in a construction project, for which we planned to report sales for the period under review. Despite the absence of orders for large-scale plating machines, new orders received during the period under review increased 301.4% year over year to 862 million yen. The order backlog decreased to 1,773 million yen (down 26.1% year over year).

#### Other

The Other businesses posted sales of 9 million yen (down 0.7% year over year) with a segment loss of 15 million yen (as compared with a segment loss of 13 million yen a year earlier).

### (2) Explanation of Financial Position

#### Assets

Total assets at the end of the period under review decreased 1,125 million yen (down 3.5%) from the end of the previous fiscal year to 31,049 million yen.

Current assets decreased 1,094 million yen (down 4.5%) to 23,008 million yen mainly due to decreases in cash and deposits as well as notes and accounts receivable-trade.

Non-current assets decreased 30 million yen (down 0.4%) to 8,040 million yen mainly due to decreases in investment securities and deferred tax assets, which was partially 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 945 million yen (down 12.3%) from the end of the previous fiscal year to 6,745 million yen.

Current liabilities decreased 71 million yen (down 1.4%) to 4,862 million yen mainly due to a decrease in income taxes payable as a result of the payment of income taxes and also a decrease in provision for bonuses.

Non-current liabilities decreased 874 million yen (down 31.7%) to 1,882 million yen mainly due to a decrease in retirement benefit liability as a result of the transition to a defined contribution plan.

**Net assets**

Net assets at the end of the period under review decreased 179 million yen (down 0.7%) from the end of the previous fiscal year to 24,303 million yen. This was mainly due to an increase in treasury shares attributable to share buyback and a decrease in retained earnings as a result of payment of cash dividends, which were partially offset by an increase in retained earnings from profit attributable to owners of parent.

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

There are no revisions to the first-half and full-year consolidated forecast for the current fiscal year disclosed in Summary of Financial Results for the Fiscal Year Ended March 31, 2019 dated May 8, 2019.

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

(Thousands of yen)

	FY3/19 (As of Mar. 31, 2019)	First quarter of FY3/20 (As of Jun. 30, 2019)
Assets		
Current assets		
Cash and deposits	14,785,864	13,958,670
Notes and accounts receivable-trade	6,920,316	6,544,191
Merchandise and finished goods	1,337,191	1,465,126
Work in process	71,509	37,148
Raw materials and supplies	413,840	459,362
Other	732,931	690,268
Allowance for doubtful accounts	(158,444)	(146,393)
Total current assets	24,103,209	23,008,373
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,270,412	2,226,968
Machinery, equipment and vehicles, net	547,993	535,242
Tools, furniture and fixtures, net	524,208	512,454
Land	522,824	522,824
Leased assets, net	75,782	72,951
Construction in progress	520,135	856,565
Total property, plant and equipment	4,461,355	4,727,006
Intangible assets		
Goodwill	597	303
Other	44,078	44,969
Total intangible assets	44,676	45,273
Investments and other assets		
Investment securities	2,326,500	2,133,589
Deferred tax assets	780,331	675,287
Other	458,208	459,662
Allowance for doubtful accounts	(0)	-
Total investments and other assets	3,565,040	3,268,538
Total non-current assets	8,071,072	8,040,819
Total assets	32,174,282	31,049,192

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	First quarter of FY3/20 (As of Jun. 30, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	963,522	927,658
Electronically recorded obligations-operating	1,010,973	1,010,416
Short-term borrowings	125,936	127,109
Current portion of long-term borrowings	379,115	355,118
Lease obligations	12,010	11,435
Income taxes payable	855,750	522,365
Provision for bonuses	353,088	212,769
Advances received	216,785	350,845
Other	1,017,108	1,345,225
<b>Total current liabilities</b>	<b>4,934,290</b>	<b>4,862,944</b>
<b>Non-current liabilities</b>		
Long-term borrowings	707,979	623,214
Lease obligations	96,815	93,988
Retirement benefit liability	1,575,193	58,529
Deferred tax liabilities	61,300	32,286
Asset retirement obligations	234,389	237,991
Other	81,177	836,682
<b>Total non-current liabilities</b>	<b>2,756,855</b>	<b>1,882,693</b>
<b>Total liabilities</b>	<b>7,691,145</b>	<b>6,745,637</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,206,723	1,206,723
Capital surplus	1,159,198	1,159,198
Retained earnings	22,685,830	22,979,683
Treasury shares	(948,511)	(1,499,996)
<b>Total shareholders' equity</b>	<b>24,103,240</b>	<b>23,845,608</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	248,229	154,410
Foreign currency translation adjustment	119,360	290,886
<b>Total accumulated other comprehensive income</b>	<b>367,589</b>	<b>445,297</b>
<b>Non-controlling interests</b>	<b>12,306</b>	<b>12,648</b>
<b>Total net assets</b>	<b>24,483,136</b>	<b>24,303,554</b>
<b>Total liabilities and net assets</b>	<b>32,174,282</b>	<b>31,049,192</b>

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

(Thousands of yen)

	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Net sales	6,599,750	4,793,104
Cost of sales	3,026,694	1,776,848
Gross profit	3,573,056	3,016,256
Selling, general and administrative expenses		
Salaries and allowances	585,218	572,731
Bonuses	174,036	169,786
Retirement benefit expenses	47,387	33,174
Depreciation	90,037	97,483
Other	949,801	864,157
Total selling, general and administrative expenses	1,846,481	1,737,332
Operating profit	1,726,574	1,278,923
Non-operating income		
Interest income	7,345	23,576
Dividend income	22,545	17,269
Subsidy income	-	29,759
Reversal of allowance for doubtful accounts	5,399	8,320
Other	9,981	11,104
Total non-operating income	45,271	90,030
Non-operating expenses		
Interest expenses	4,320	3,825
Foreign exchange losses	21,463	34,456
Share of loss of entities accounted for using equity method	5,496	17,373
Commission for purchase of treasury shares	-	20,449
Other	2,386	607
Total non-operating expenses	33,666	76,712
Ordinary profit	1,738,179	1,292,242
Extraordinary income		
Gain on sales of non-current assets	142	619
Gain on sales of investment securities	-	16,916
Total extraordinary income	142	17,536
Extraordinary losses		
Loss on retirement of non-current assets	344	1,584
Total extraordinary losses	344	1,584
Profit before income taxes	1,737,977	1,308,194
Income taxes-current	317,994	281,546
Income taxes-deferred	133,359	118,003
Total income taxes	451,354	399,550
Profit	1,286,623	908,644
Profit attributable to non-controlling interests	(2,123)	275
Profit attributable to owners of parent	1,288,747	908,369



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

	(Thousands of yen)	
	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Profit	1,286,623	908,644
Other comprehensive income		
Valuation difference on available-for-sale securities	(59,878)	(93,818)
Foreign currency translation adjustment	(540,822)	159,040
Share of other comprehensive income of entities accounted for using equity method	14,147	12,709
Total other comprehensive income	(586,554)	77,931
Comprehensive income	700,069	986,575
Comprehensive income attributable to:		
Owners of parent	700,852	986,077
Non-controlling interests	(783)	498

**(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**

I. First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 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	4,887,576	1,703,013	6,590,589	9,160	6,599,750	-	6,599,750
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	4,887,576	1,703,013	6,590,589	9,160	6,599,750	-	6,599,750
Segment profit (loss)	1,905,446	90,862	1,996,308	(13,708)	1,982,599	(256,025)	1,726,574

Notes: 1. The "Other" 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 three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Inter-segment transaction elimination	-
Corporate expenses*	(256,025)
Total	(256,025)

\* 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 three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)

## 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	4,417,245	366,761	4,784,006	9,097	4,793,104	-	4,793,104
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	4,417,245	366,761	4,784,006	9,097	4,793,104	-	4,793,104
Segment profit (loss)	1,620,676	(52,179)	1,568,496	(15,829)	1,552,667	(273,743)	1,278,923

Notes: 1. The “Other” 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 three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Inter-segment transaction elimination	-
Corporate expenses*	(273,743)
Total	(273,743)

\* 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.

\* 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.