



May 10, 2021

Summary of Financial Results for the Fiscal Year Ended March 31, 2021

[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 Annual General Meeting of Shareholders: June 24, 2021

Scheduled date of filing of Annual Securities Report: June 25, 2021

Scheduled date of payment of dividend: June 10, 2021

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on May 10, 2021 at 15:00. (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	%
FY3/21	21,192	(5.1)	6,799	8.0	6,922	10.9	4,708	6.6
FY3/20	22,319	(10.2)	6,297	(11.0)	6,240	(13.2)	4,416	(11.0)

Note: Comprehensive income (million yen) FY3/21: 4,691 (up 13.9%) FY3/20: 4,118 (up 8.8%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to sales
	Yen	Yen	%	%	%
FY3/21	178.33	-	17.8	20.3	32.1
FY3/20	163.97	-	17.7	19.1	28.2

Reference: Equity in earnings of affiliates (million yen) FY3/21: (76) FY3/20: (86)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	35,224	27,703	78.6	1,055.10
As of Mar. 31, 2020	33,039	25,327	76.6	953.89

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 27,703 As of Mar. 31, 2020: 25,314

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/21	6,779	(557)	(2,350)	12,685
FY3/20	2,986	(2,578)	(3,275)	8,910

2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/20	-	23.50	-	25.00	48.50	1,298	29.6	5.2
FY3/21	-	25.00	-	25.00	50.00	1,316	28.0	5.0
FY3/22 (forecasts)	-	27.00	-	27.00	54.00		26.8	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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	10,700	10.6	3,250	11.4	3,300	11.7	2,300	14.3	87.60
Full year	23,500	10.9	7,500	10.3	7,550	9.1	5,300	12.6	201.85

*** Notes**

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

Newly added: -

Excluded: 1 (JCU Technology (Shenzhen) Co., Ltd.)

(2) 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

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2021: 27,865,318 shares As of Mar. 31, 2020: 27,856,115 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2021: 1,608,313 shares As of Mar. 31, 2020: 1,317,653 shares

3) Average number of shares outstanding during the period

FY3/21: 26,403,741 shares FY3/20: 26,932,591 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated results of operations (Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/21	11,624	(4.8)	1,801	36.9	5,932	51.0	4,779	43.2
FY3/20	12,214	(11.3)	1,315	(32.2)	3,928	(13.5)	3,337	14.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/21	181.03	-
FY3/20	123.90	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	26,947	21,709	80.6	826.82
As of Mar. 31, 2020	24,543	19,075	77.7	718.77

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 21,709 As of Mar. 31, 2020: 19,075

Note 1: The quarterly financial report is not subject to audit 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.

Contents of Attachments

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1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year ended March 31, 2021 (hereafter, “the fiscal year under review”), the domestic economy continued to contract due to the spread of COVID-19, and while demand for information services was strong as a result of factors such as an expansion in teleworking, the declaration of states of emergency put sectors that rely on personal consumption, such as travel accommodation and food service into the doldrums. Exports fell sharply due to the downturn in production activities in various countries and the sharp decline in global demand for automobiles, but began to recover in the second half of, mainly to China. Amid concern over the prolonged spread of the COVID-19 infection, companies took a more cautious stance on their capital investment.

In overseas countries, demand for consumption drastically slowed down affected strongly by the restrictions on economic activities worldwide due to the spread of COVID-19 infections, in addition to the economic stagnation caused by the prolonged US-China trade friction. In China, manufacturers resumed production and the economy is on a recovery trend thanks to the support from the government’s economic policies. However, the situation still does not allow any optimism due to uncertainty over the timing of containment of the infection in other countries and the emerging concern over the rebound.

As for the business environment surrounding the JCU Group, because of US-China trade friction and economic stagnation in foreign countries, the automotive industry and smartphone market remained sluggish. However, the expansion in teleworking and the arrival of 5G led to an increase in demand for non-smartphone ICT devices, so overall demand for electronic components was brisk.

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

(Millions of yen, unless otherwise stated)

	FY3/20 (Apr. 1, 2019 - Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	Year-over-year % change
Net sales	22,319	21,192	Down 5.1%
Operating profit	6,297	6,799	Up 8.0%
Ordinary profit	6,240	6,922	Up 10.9%
Profit attributable to owners of parent	4,416	4,708	Up 6.6%

The results of operations by segment were as follows.

Chemicals Business

Chemicals for electronics industry

- China: Demand for components such as PWBs for base stations, servers, and tablets, PWBs for automobiles, and SSD substrates increased, but smartphone sales volume dropped, so chemicals demand remained almost flat.
- Taiwan: Chemicals demand rose substantially as demand for semiconductor package substrates used in 5G electronic components climbed and shipments of PWBs for communications devices rose in connection with the expansion in teleworking.
- Korea: Although the demand for semiconductor package substrates has been increasing, demand for chemicals were generally unchanged due to the decline driven by the withdrawal of some PWB manufacturers from the HDI (high density interconnect) substrate business in the previous fiscal year.

Chemicals for decoration

- Japan: Although the automotive industry recovered from the impact of the spread of COVID-19, the rebound was not strong enough to offset the decline in the first half, and chemicals demand fell.
- China: Although production by automotive component manufacturers was on a recovery track after being hit by COVID-19, chemicals demand remained flat as the number of vehicles sold stayed at a low level due to the impact of tougher regulations and the US-China trade tensions.

(Millions of yen, unless otherwise stated)

Chemicals Business	FY3/20 (Apr. 1, 2019 - Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	Year-over-year % change
Net sales	19,356	19,147	Down 1.1%
Segment profit (loss)	7,347	7,788	Up 6.0%

Machine Business

Sales and the amount of orders received decreased substantially due to lower demand for capital investment by automotive component manufacturers as a result of the impact of the COVID-19 infection.

(Millions of yen, unless otherwise stated)

Machine Business	FY3/20 (Apr. 1, 2019 - Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	Year-over-year % change
Net sales	2,936	2,035	Down 30.7%
Segment profit (loss)	(8)	(108)	-
Orders received	2,840	911	Down 67.9%
Order backlog	1,212	131	Down 89.1%

Other businesses

The Other businesses posted sales of 9 million yen (down 65.3% year over year) with a segment loss of 57 million yen (as compared with a segment loss of 90 million yen a year earlier).

(2) Financial Position

Assets, liabilities and net assets

Assets

Total assets at the end of the fiscal year under review increased 2,184 million yen (up 6.6%) from the end of the previous fiscal year to 35,224 million yen. Current assets increased 2,474 million yen (up 10.2%) to 26,724 million yen mainly due to decreases in notes and accounts receivable-trade and other, which was partially offset by an increase in cash and deposits. Non-current assets decreased 290 million yen (down 3.3%) to 8,499 million yen mainly due to a decrease in property, plant and equipment.

Liabilities

Total liabilities at the end of the fiscal year under review decreased 191 million yen (down 2.5%) from the end of the previous fiscal year to 7,520 million yen. Current liabilities increased 276 million yen (up 4.8%) to 6,050 million yen mainly due to a decreases in other, which was partially offset by increases in notes and accounts payable-trade and accrued income taxes. Non-current liabilities decreased 468 million yen (down 24.2%) to 1,470 million yen mainly due to a decrease in other.

Net assets

Net assets at the end of the fiscal year under review increased 2,376million yen (up 9.4%) from the end of the previous fiscal year to 27,703 million yen. This was due to increases in valuation difference on available-for-sale securities and retained earnings, which were partially offset by purchase of treasury shares and a decrease in foreign currency translation adjustment.

(3) Cash Flows

Cash and cash equivalents at the end of the fiscal year under review increased 3,775 million yen (up 42.4%) over the end of the previous fiscal year to 12,685 million yen.

The details of cash flows from each activity and the major components of changes are as follows.

Cash flows from operating activities

Net cash provided by operating activities increased 3,792 million yen (up 127.0%) year over year to 6,779 million yen. This was mainly due to a year-over-year decrease of 1,118 million yen in trade receivables (compared with an increase of 1,457 million yen in previous fiscal year), a year-over-year increase of retirement benefit liability (compared with an decrease of 1,506 million yen in previous fiscal year) and a year-over-year increase of 607 million yen (up 9.7%) in profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities decreased 2,021 million yen year over year to 557 million yen mainly due to a decrease in time deposits and a decrease in purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities decreased 924 million yen year over year to 2,350 million yen mainly due to a decrease in purchase of treasury shares.

(4) Outlook

Regarding the future outlook, demand chemicals for decoration for automotive components is expected to pick up slightly in the long run despite the slump in car sales resulting from the US-China trade friction. As for electronics, demand for chemicals for PWBs, our mainstay product, is projected to expand not only for smartphones in conjunction with the proliferation of 5G, but also for high-performance 5G gear such as base station antennas, servers, tablets, and wearable devices.

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 have formulated a new medium-term management plan called "Next 50 Innovation 2nd" (covering the period from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024) and we will be implementing this plan based on a basic policy of *strengthening core businesses and building an operational foundation from an ESG perspective*. Regarding the consolidated forecast for the fiscal year ending March 31, 2022, JCU expects 23,500 million yen in net sales, 7,500 million yen in operating profit, 7,550 million yen in ordinary profit and 5,300 million yen in profit attributable to owners of parent.

2. Basic Approach for the Selection of Accounting Standards

The Group will continue to prepare its consolidated financial statements using Japanese GAAP for the time being, primarily to ensure cross-sectional as well as inter-temporal comparability.

We will, however, make an appropriate policy decision on whether or not we should apply the International Financial Reporting Standards (IFRS) by carefully considering trends in our foreign investor ownership ratio and application of IFRS by our industry peers.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	12,929,727	16,674,852
Notes and accounts receivable-trade	8,282,863	7,195,195
Merchandise and finished goods	1,563,924	1,902,772
Work in process	58,190	52,530
Raw materials and supplies	454,653	548,113
Other	1,138,508	473,323
Allowance for doubtful accounts	(178,584)	(122,527)
Total current assets	24,249,283	26,724,260
Non-current assets		
Property, plant and equipment		
Buildings and structures	*1 5,319,060	*1 5,452,415
Accumulated depreciation	(1,908,800)	(2,131,553)
Buildings and structures, net	*1 3,410,259	*1 3,320,861
Machinery, equipment and vehicles	*1 2,370,889	*1 2,766,955
Accumulated depreciation	(1,780,583)	(1,869,259)
Machinery, equipment and vehicles, net	*1 590,305	*1 897,695
Tools, furniture and fixtures	*1 2,393,561	*1 2,496,683
Accumulated depreciation	(1,917,958)	(2,054,482)
Tools, furniture and fixtures, net	*1 475,603	*1 442,201
Land	522,824	522,824
Leased assets	175,759	175,764
Accumulated depreciation	(109,831)	(118,708)
Leased assets, net	65,927	57,055
Construction in progress	571,003	72,342
Total property, plant and equipment	5,635,922	5,312,981
Intangible assets		
Other	40,537	62,462
Total intangible assets	40,537	62,462
Investments and other assets		
Investment securities	*2 1,916,422	*2 1,938,702
Deferred tax assets	782,095	795,067
Other	415,410	390,729
Total investments and other assets	3,113,928	3,124,498
Total non-current assets	8,790,389	8,499,943
Total assets	33,039,673	35,224,203

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,196,470	1,378,652
Electronically recorded obligations-operating	976,582	859,887
Short-term borrowings	98,738	247,360
Current portion of long-term borrowings	441,528	387,610
Lease obligations	11,716	12,207
Income taxes payable	807,338	1,203,817
Provision for bonuses	419,314	404,562
Advances received	108,266	35,684
Other	1,713,992	1,520,635
Total current liabilities	5,773,947	6,050,416
Non-current liabilities		
Long-term borrowings	706,678	613,357
Lease obligations	87,922	75,716
Retirement benefit liability	67,233	71,751
Deferred tax liabilities	28,038	45,542
Asset retirement obligations	242,321	246,125
Other	806,249	417,635
Total non-current liabilities	1,938,443	1,470,128
Total liabilities	7,712,391	7,520,544
Net assets		
Shareholders' equity		
Share capital	1,220,259	1,235,517
Capital surplus	1,172,720	1,176,972
Retained earnings	25,851,911	29,236,578
Treasury shares	(2,999,938)	(4,000,041)
Total shareholders' equity	25,244,952	27,649,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	83,987	231,754
Foreign currency translation adjustment	(14,229)	(177,121)
Total accumulated other comprehensive income	69,758	54,632
Non-controlling interests	12,570	-
Total net assets	25,327,281	27,703,658
Total liabilities and net assets	33,039,673	35,224,203

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	22,319,828	21,192,063
Cost of sales	8,900,567	7,887,942
Gross profit	13,419,260	13,304,121
Selling, general and administrative expenses		
Salaries and allowances	2,321,403	2,227,572
Bonuses	672,431	651,654
Retirement benefit expenses	128,674	131,920
Depreciation	407,841	431,792
Provision of allowance for doubtful accounts	35,887	-
Other	3,555,907	3,061,228
Total selling, general and administrative expenses	*1 7,122,145	*1 6,504,168
Operating profit	6,297,115	6,799,952
Non-operating income		
Interest income	92,926	66,863
Dividend income	29,539	31,046
Subsidy income	34,005	38,626
Reversal of allowance for doubtful accounts	-	55,552
Other	58,105	35,505
Total non-operating income	214,577	227,593
Non-operating expenses		
Interest expenses	13,573	10,178
Foreign exchange losses	107,524	6,346
Share of loss of entities accounted for using equity method	86,004	76,805
Other	63,904	11,518
Total non-operating expenses	271,006	104,848
Ordinary profit	6,240,685	6,922,697
Extraordinary income		
Gain on change in equity	412	-
Gain on sales of non-current assets	*2 758	*2 2,205
Gain on sales of investment securities	29,209	-
Gain on liquidation of subsidiaries	-	60,145
Total extraordinary income	30,380	62,350
Extraordinary losses		
Loss on sales of non-current assets	*3 317	*3 1,275
Loss on retirement of non-current assets	*4 15,101	*4 3,922
Impairment loss	*5 16,162	*5 76,864
Loss on valuation of investment securities	-	56,484
Total extraordinary losses	31,581	138,546
Profit before income taxes	6,239,485	6,846,501
Income taxes-current	1,786,550	2,195,883
Income taxes-deferred	36,903	(58,890)
Total income taxes	1,823,454	2,136,992
Profit	4,416,031	4,709,508
Profit attributable to non-controlling interests	21	854
Profit attributable to owners of parent	4,416,010	4,708,654

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Profit	4,416,031	4,709,508
Other comprehensive income		
Valuation difference on available-for-sale securities	(164,241)	147,766
Foreign currency translation adjustment	(153,799)	(92,426)
Share of other comprehensive income of entities accounted for using equity method	20,609	(73,321)
Total other comprehensive income	* (297,431)	* (17,981)
Comprehensive income	4,118,599	4,691,527
Comprehensive income attributable to:		
Owners of parent	4,118,179	4,693,528
Non-controlling interests	420	(2,000)

(3) Consolidated Statement of Changes in Shareholders' Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	1,206,723	1,159,198	22,685,830	(948,511)	24,103,240
Changes during period					
Issuance of new shares	13,535	13,522			27,058
Dividends of surplus			(1,249,929)		(1,249,929)
Profit attributable to owners of parent			4,416,010		4,416,010
Purchase of treasury shares				(2,051,426)	(2,051,426)
Net changes of items other than shareholders' equity					-
Total changes during period	13,535	13,522	3,166,080	(2,051,426)	1,141,712
Balance at the end of period	1,220,259	1,172,720	25,851,911	(2,999,938)	25,244,952

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of period	248,229	119,360	367,589	12,306	24,483,136
Changes during period					
Issuance of new shares			-		27,058
Dividends of surplus			-		(1,249,929)
Profit attributable to owners of parent			-		4,416,010
Purchase of treasury shares			-		(2,051,426)
Net changes of items other than shareholders' equity	(164,241)	(133,589)	(297,831)	264	(297,566)
Total changes during period	(164,241)	(133,589)	(297,831)	264	844,145
Balance at the end of period	83,987	(14,229)	69,758	12,570	25,327,281

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	1,220,259	1,172,720	25,851,911	(2,999,938)	25,244,952
Changes during period					
Issuance of new shares	15,258	15,249			30,507
Dividends of surplus			(1,323,987)		(1,323,987)
Profit attributable to owners of parent			4,708,654		4,708,654
Change in ownership interest of parent due to transactions with non-controlling interests		(10,998)			(10,998)
Purchase of treasury shares				(1,000,103)	(1,000,103)
Net changes of items other than shareholders' equity					-
Total changes during period	15,258	4,251	3,384,667	(1,000,103)	2,404,073
Balance at the end of period	1,235,517	1,176,972	29,236,578	(4,000,041)	27,649,026

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of period	83,987	(14,229)	69,758	12,570	25,327,281
Changes during period					
Issuance of new shares			-		30,507
Dividends of surplus			-		(1,323,987)
Profit attributable to owners of parent			-		4,708,654
Change in ownership interest of parent due to transactions with non-controlling interests			-		(10,998)
Purchase of treasury shares			-		(1,000,103)
Net changes of items other than shareholders' equity	147,766	(162,892)	(15,126)	(12,570)	(27,696)
Total changes during period	147,766	(162,892)	(15,126)	(12,570)	2,376,377
Balance at the end of period	231,754	(177,121)	54,632	-	27,703,658

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	6,239,485	6,846,501
Depreciation	586,684	606,239
Impairment loss	16,162	76,864
Amortization of goodwill	600	-
Increase (decrease) in allowance for doubtful accounts	24,026	(56,257)
Increase (decrease) in provision for bonuses	66,175	(14,687)
Increase (decrease) in retirement benefit liability	(1,506,862)	5,006
Interest and dividend income	(122,465)	(97,909)
Interest expenses	13,573	10,178
Foreign exchange losses (gains)	(870)	35,426
Share of loss (profit) of entities accounted for using equity method	86,004	76,805
Gain on sale of non-current assets	(758)	(2,205)
Loss on sale of non-current assets	317	1,275
Loss on retirement of non-current assets	15,101	3,922
Loss (gain) on valuation of investment securities	-	56,484
Loss (gain) on sales of investment securities	(29,209)	-
Decrease (increase) in trade receivables	(1,457,613)	1,118,272
Increase (decrease) in advances received	(108,610)	(73,033)
Decrease (increase) in inventories	(276,716)	(446,541)
Increase (decrease) in trade payables	339,666	50,963
Decrease (increase) advance payments-trade	(49,899)	218,567
Other, net	954,633	(2,005)
Subtotal	4,789,423	8,413,869
Interest and dividends received	122,239	102,669
Interest paid	(13,574)	(10,234)
Income taxes paid	(1,915,742)	(1,819,594)
Income taxes refund	4,645	92,831
Net cash provided by (used in) operating activities	2,986,991	6,779,541
Cash flows from investing activities		
Decrease (increase) in time deposits	(1,092,498)	64,391
Purchase of property, plant and equipment	(1,602,532)	(636,781)
Proceeds from sales of property, plant and equipment	1,260	2,516
Purchase of intangible assets	(16,068)	(34,489)
Purchase of investment securities	(892)	(1,454)
Proceeds from sales of investment securities	120,359	-
Other, net	11,439	47,951
Net cash provided by (used in) investing activities	(2,578,933)	(557,866)

	(Thousands of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(23,763)	153,451
Proceeds from long-term borrowings	500,000	330,875
Repayments of long-term borrowings	(438,888)	(477,932)
Repayments of finance lease obligations	(12,115)	(11,715)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(21,540)
Purchase of treasury shares	(2,051,426)	(1,000,103)
Dividends paid	(1,249,016)	(1,323,581)
Dividends paid to non-controlling interests	(151)	(31)
Other, net	(98)	-
Net cash provided by (used in) financing activities	(3,275,460)	(2,350,576)
Effect of exchange rate change on cash and cash equivalents	(90,383)	(96,065)
Net increase (decrease) in cash and cash equivalents	(2,957,786)	3,775,033
Cash and cash equivalents at beginning of period	11,867,928	8,910,142
Cash and cash equivalents at end of period	* 8,910,142	* 12,685,175

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 14

Names of consolidated subsidiaries:

JCU (SHANGHAI) TRADING CO., LTD.

JCU (THAILAND) CO., LTD.

TAIWAN JCU CO., LTD.

JCU VIETNAM CORPORATION

JCU KOREA CORPORATION

JCU (HONG KONG) CO., LTD.

JCU (SHENZHEN) TRADING CO., LTD.

PT. JCU Indonesia

JCU AMERICA, S.A. DE C.V.

JCU INTERNATIONAL, INC.

JCU CHEMICALS INDIA PVT. LTD.

Sakur Roku Spring Shanghai International Trading Co., Ltd.

JCU Surface Technology Hubei Co., Ltd.

Sorapuchi Farm Corporation

Note: JCU Technology (Shenzhen) Co., Ltd. which had been our consolidated subsidiaries in the previous fiscal year, was excluded from the scope of consolidation as their liquidation was completed during the fiscal year under review.

2. Application of equity method

Number of affiliates: 1

Name of affiliate:

YUKEN SURFACE TECHNOLOGY, S.A. DE C.V.

3. Fiscal year of consolidated subsidiaries

The fiscal years of our consolidated subsidiaries end on December 31.

The consolidated financial statements include the financial statements of consolidated subsidiaries as of December 31, and necessary adjustments have been made for the consolidation concerning material transactions arising between this date and the consolidated balance sheet date.

4. Accounting standards

(1) Valuation standards and methods for principal assets

a. Marketable securities

Available-for sale securities

Securities with market quotations

Stated at market value on the balance sheet date. (Valuation difference is included directly in net assets. Cost of securities sold is determined by the moving-average method.)

Securities without market quotations

Stated mainly at cost determined by the moving-average method. Investments in investment limited partnerships and similar partnerships (those which are regarded as securities in accordance with Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at the net amount equivalent to equity on the most recent financial statements that are available on the reporting date as specified in the partnership agreement.

b. Derivatives

Stated at fair value.

c. Inventories

Merchandise

Stated at cost determined primarily by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Merchandise held by overseas consolidated subsidiaries is stated at cost determined by the periodic-average method or the moving average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Chemicals, work-in-process chemicals, raw materials

Stated at cost determined by the monthly-periodic-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Machines, work-in-process machines

Stated at cost determined by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Supplies

Stated at cost determined by the first-in first-out method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

(2) Depreciation and amortization of principal assets

a. Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998, as well as facilities attached to buildings and structures acquired on or after April 1, 2016 on which depreciation is calculated by the straight-line method.

Overseas consolidated subsidiaries compute depreciation primarily using the straight-line method.

Useful lives of principle assets are as follows:

Buildings and structures:	5 - 45 years
Machinery, equipment and vehicles:	2 - 17 years
Tools, furniture and fixtures:	2 - 20 years

b. Intangible fixed assets (excluding lease assets)

Amortization of intangible fixed assets is calculated by the straight-line method.

Software for internal use is amortized over an expected useful life of two to ten years by the straight-line method.

c. Lease assets

Lease assets associated with finance leases where there is transfer of ownership

The same method as amortization method used for fixed assets held by the Company is applied.

Lease assets associated with finance leases where there is no transfer of ownership

The straight-line method with no residual value is applied with the lease period used as the useful life of the asset.

(3) Accounting for significant deferred assets

Stock issue costs

Stock issue costs are expensed as incurred.

(4) Recognition of significant allowances

a. Allowance for doubtful accounts

Allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio and bad receivables based on case-by-case determination of collectibility.

b. Provision for bonuses

To provide for employee bonus obligation, an amount accrued for the fiscal year under review among the estimated future obligations is designated in the reserve account.

c. Provision for loss on construction contracts

With respect to a contract work outstanding as at the end of the fiscal year under review, if a loss is expected to incur on the work and can be reasonably estimated, an allowance equal to such an estimated loss amount is provided.

(5) Recognition of significant revenue and expenses

Recognition criteria for sales and cost of sales

- a. The portion of contracted work deemed to have been completed by the end of the fiscal year under review
The percentage-of-completion standard (with the percentage of completion estimated on the cost-to-cost basis)
- b. Other contracted work
The completed-contract standard

(6) Accounting for retirement benefits

The Company and some of its consolidated subsidiaries have adopted the defined contribution pension plan. In addition, some of its consolidated subsidiaries calculate retirement benefit liability and retirement benefit expenses by using a simplified method in which these retirement benefit obligations are equal to the amount that would be paid if all employees voluntarily requested benefits at the end of the fiscal year.

(7) Translation of significant foreign currency-denominated assets and liabilities

Foreign currency monetary assets and liabilities are translated into yen at the spot rate of exchange prevailing at the consolidated balance sheet date and the resulting translation gains or losses are included in the determination of income/loss for the period.

Assets and liabilities of the overseas consolidated subsidiaries are translated into yen at the spot rates of exchange prevailing at the balance sheet dates, while revenues and expenses are translated into yen by the annual average rates of exchange. The resulting translation gains or losses are included in the net assets section of the consolidated balance sheet as foreign currency translation adjustments and non-controlling interests.

(8) Accounting for significant hedges

a. Hedge accounting

The Company applies the deferred hedge accounting method. With respect to foreign currency risk, a hedge is accounted by the short-cut method if the hedging relationship meets certain criteria.

b. Hedging instrument and risk hedged

Hedging instrument:

Forward exchange contracts

Risk hedged:

Foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions

c. Hedging policy

The Company uses forward exchange contracts to reduce exposure to market risks from fluctuations in exchange rates on foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions.

d. Evaluation method for effectiveness of hedging

Effectiveness is assessed by rate analysis of the sum total of price fluctuation involving hedging instrument and risk hedged. However, effectiveness of forward exchange contracts accounted by the short-cut method is not assessed.

(9) Amortization method and amortization period of goodwill

Goodwill is amortized by the straight-line method over a period of five years.

(10) Scope of cash and cash equivalents on consolidated statements of cash flows

For the purpose of statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.

(11) Other significant accounting policies

Accounting for consumption taxes

All amounts stated are exclusive of national and local consumption taxes. Non-deductible national and local consumption taxes are changed to expenses in the fiscal year under review.

Reclassification

(Consolidated statement of income)

“House rent income” in the “Non-operating income” presented as a separate line item in the previous fiscal year is included in “Other” from the current fiscal year as it accounted for less than 10% of the total amount of non-operating income. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation method.

As a result, 41,165 thousand yen that was presented as “House rent income” and 16,940 thousand yen that was presented as “Other” in the “Non-operating income” section in the consolidated statement of income for the previous fiscal year has been reclassified as 58,105 thousand yen of “Other.”

“Commission for purchase of treasury shares” in the “Non-operating expenses” presented as a separate line item in the previous fiscal year is included in “Other” from the current fiscal year as it accounted for less than 10% of the total amount of non-operating expenses. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation method.

As a result, 39,360 thousand yen that was presented as “Commission for purchase of treasury shares” and 24,543 thousand yen that was presented as “Other” in the “Non-operating expenses” section in the consolidated statement of income for the previous fiscal year have been reclassified as 63,904 thousand yen of “Other.”

Deferred Tax Accounting

1. Details of the causes for deferred tax assets and deferred tax liabilities

	FY3/20 (As of Mar. 31, 2020)	(Thousands of yen) FY3/21 (As of Mar. 31, 2021)
Deferred tax assets		
Reserve for bonuses denied	128,052	123,075
Retirement benefit liability denied	13,960	15,014
Accounts payable due to transition to defined contribution pension plan	336,487	210,941
Long-term accounts payable -other denied	25,605	25,348
Share-based remuneration expenses denied	20,200	27,055
Depreciation in excess of tax allowance	33,315	25,677
Loss on valuation of investment securities denied	39,962	51,811
Asset retirement obligations	67,596	69,203
Impairment loss on non-current assets denied	2,879	2,584
Consolidated intra-company profit elimination	232,452	261,765
Temporary difference related to investment in consolidated subsidiary	196,370	295,342
Other	245,418	260,636
Deferred tax assets -subtotal	1,342,301	1,368,458
Valuation allowance (Note)	(199,562)	(194,667)
Deferred tax assets -total	1,142,739	1,173,791
Deferred tax liabilities		
Reserve for reduction entry	120,149	115,685
Reserve for special depreciation	28,433	14,216
Disposal costs for asset retirement obligations	31,623	30,139
Valuation difference on available-for-sale securities	31,445	96,717
Other	177,030	167,506
Deferred tax liabilities -total	388,681	424,266
Deferred tax assets (liabilities) -net	754,057	749,525

Note: Valuation allowance decreased by 4,895 thousand yen mainly because the consolidated subsidiaries JCU Surface Technology Hubei Co., Ltd. reduced valuation allowance for tax loss carryforward in the amounts of 26,888 thousand yen, while the consolidated subsidiaries JCU INTERNATIONAL, INC. and Sorapuchi Farm Corporation additionally recognized valuation allowance for tax loss carryforward in the amounts of 9,964 thousand yen and 6,872 thousand yen, respectively.

	(%)	
	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Statutory tax rate	30.62	30.62
(Adjustments)		
Permanent differences such as entertainment expenses	0.42	0.12
Valuation allowance	1.54	1.54
Income taxes refund	(1.52)	(1.12)
Per capita residential tax	0.15	0.14
Difference in tax rate of overseas subsidiaries	(8.40)	(7.67)
Foreign withholding taxes for dividends from overseas Subsidiaries	3.41	5.79
Other	3.00	1.79
Effective tax rate after tax effect accounting	29.22	31.21

Segment and Other Information

1. Overview of reportable segments

(1) Method for identifying reportable segments

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

(2) Types of products and services belonging to each reportable segment

The Chemicals Business designs, manufactures and sells surface treatment chemicals (wet process) as well as sells related materials in domestic and overseas markets.

The Machine Business designs, manufactures and sells surface treatment machines, and sells PWB cleaning equipment utilizing the plasma technology, solar power generation equipment, as well as generates and sells solar power in domestic and overseas markets.

2. Calculation methods for sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting treatment methods for reportable business segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are generally operating profit figures.

Internal revenues and transfer amounts between segments are based on transaction prices determined as the result of price negotiations between the transaction parties using asking prices calculated, with market prices and total cost taken into account.

Segment assets and liabilities are not listed as they are not allocable by business segment.

3. Information related to sales and profit/losses, assets, liabilities, and other items for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on consolidated statements of income (Note 4)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	19,356,597	2,936,086	22,292,684	27,144	22,319,828	-	22,319,828
Inter-segment sales and transfers	456	-	456	-	456	(456)	-
Total	19,357,054	2,936,086	22,293,140	27,144	22,320,285	(456)	22,319,828
Segment profit (loss)	7,347,938	(8,214)	7,339,724	(90,684)	7,249,039	(951,924)	6,297,115
Other items							
Depreciation expense (Note 3)	531,700	10,498	542,198	26,854	569,053	17,631	586,684

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on consolidated statements of income (Note 4)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	19,147,087	2,035,551	21,182,639	9,424	21,192,063	-	21,192,063
Inter-segment sales and transfers	371	5,447	5,818	-	5,818	(5,818)	-
Total	19,147,459	2,040,998	21,188,458	9,424	21,197,882	(5,818)	21,192,063
Segment profit (loss)	7,788,091	(108,576)	7,679,514	(57,797)	7,621,717	(821,764)	6,799,952
Other items							
Depreciation expense (Note 3)	562,190	29,350	591,540	841	592,382	13,857	606,239

- 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 above adjustments to segment profit (loss) are as follows.

To segment profit	(Thousands of yen)	
	FY3/20	FY3/21
Inter-segment transaction elimination	-	2,032
Corporate expenses*	(951,924)	(823,797)
Total	(951,924)	(821,764)

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

3. Depreciation expenses include amortization related to long-term prepaid expenses. The adjusted amounts of depreciation for the previous fiscal year and the fiscal year under review are corporate expenses.
4. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated financial statements.

Material Subsequent Events

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.