



August 3, 2023

Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 (Three Months Ended June 30, 2023)

[Japanese GAAP]

Company name: JCU CORPORATION Listing: Tokyo Stock Exchange
 Stock code: 4975 URL: <https://www.jcu-i.com/>
 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 of filing of Quarterly Report: August 8, 2023

Scheduled date of payment of dividend: –

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on August 3, 2023 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, 2023 (April 1, 2023–June 30, 2023)

(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, 2023	5,225	(15.2)	1,379	(31.7)	1,383	(37.3)	944	(41.2)
Three months ended Jun. 30, 2022	6,160	11.7	2,020	4.1	2,206	7.8	1,607	15.6

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2023: 1,463 (down 48.0%)
 Three months ended Jun. 30, 2022: 2,815 (up 16.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2023	36.85	–
Three months ended Jun. 30, 2022	61.97	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2023	43,407	38,479	88.6
As of Mar. 31, 2023	44,901	37,861	84.3

Reference: Shareholders' equity (million yen) As of Jun. 30, 2023: 38,479 As of Mar. 31, 2023: 37,861

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/23	–	33.00	–	33.00	66.00
FY3/24	–	–	–	–	–
FY3/24 (forecasts)	–	35.00	–	35.00	70.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(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	(18.4)	2,590	(44.7)	2,590	(45.1)	1,750	(47.4)	68.28
Full year	25,000	(7.9)	7,000	(24.6)	7,000	(25.3)	4,800	(20.2)	187.27

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

As of Jun. 30, 2023:	27,235,477 shares	As of Mar. 31, 2023:	27,235,477 shares
----------------------	-------------------	----------------------	-------------------

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

As of Jun. 30, 2023:	1,608,570 shares	As of Mar. 31, 2023:	1,608,529 shares
----------------------	------------------	----------------------	------------------

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2023:	25,626,939 shares	Three months ended Jun. 30, 2022:	25,933,280 shares
-----------------------------------	-------------------	-----------------------------------	-------------------

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.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment Information	9
Material Subsequent Events	11

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first three months of the fiscal year ending March 31, 2024 (hereinafter the “period under review”), the domestic economy saw a recovery of consumer spending thanks to the lifting of behavioral restrictions. The manufacturing sector increased export moderately though impacted by the decelerating overseas economy. Companies both in the manufacturing and non-manufacturing industries increased capital expenditures with a strong willingness to invest in plant and equipment.

Overseas, in China, consumer spending recovered thanks to the lifting of its zero-COVID policy. However, production in the manufacturing industry showed a modest recovery due to stagnant demand from overseas market and other factors. In Europe and the United States, consumer spending was sluggish due to strong inflationary pressure. In addition, though soaring energy prices was coming to a halt, resource prices continued to soar, which needs close monitoring on an ongoing basis.

As for the business environment surrounding the JCU Group, the stagnation of consumer spending and the ending of stay-at-home demand resulted in sluggish demand for high-performance electronic devices such as smartphones, PCs, and tablets, which caused decreases in demand for PWBs for high-performance electronic devices and semiconductor package substrates. In the automotive industry, we saw a decrease in automobile production mainly in Japan and China, with the lingering impact of worldwide semiconductor shortages, despite an improving trend in supply-chain disruption caused by the spread of COVID-19 infections.

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

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2022–Jun. 30, 2022)	Current period (Apr. 1, 2023–Jun. 30, 2023)	Year-over-year % change
Net sales	6,160	5,225	Down 15.2%
Operating profit	2,020	1,379	Down 31.7%
Ordinary profit	2,206	1,383	Down 37.3%
Profit attributable to owners of parent	1,607	944	Down 41.2%

The results of operations by segment were as follows.

Chemicals Business

Chemicals for electronics components

China: Due to the stagnation of consumer spending and the ending of stay-at-home demand, demand for PWBs for high-performance electronic devices such as smartphones, PCs, and tablets decreased. As a result, sales of chemicals decreased.

Taiwan: Due to a decrease in demand for PWBs for high-performance electronic devices, servers, and semiconductor package substrates for high-performance electronic devices, sales of chemicals decreased.

Korea: Due to the continued impact of inventory adjustment in the semiconductor market, demand for semiconductor package substrates decreased. As a result, sales of chemicals decreased.

Chemicals for decoration

Japan: The improving trend in shortages of semiconductors and parts led to a recovery in domestic automobile production and an increase in sales of chemicals.

China: Despite a recovery trend in shortages of semiconductors and parts, the automobile sales and production decreased due to decelerating economies. As a result, sales of chemicals decreased.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2022 – Jun. 30, 2022)	Current period (Apr. 1, 2023 – Jun. 30, 2023)	Year-over-year % change
Net sales	5,881	4,710	Down 19.9%
Segment profit	2,239	1,558	Down 30.4%

Machine Business

Net sales, orders received, and order backlog increased substantially thanks to the resumption of the projects that had been postponed due to the pandemic and the steady progress of ongoing construction projects.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2022 – Jun. 30, 2022)	Current period (Apr. 1, 2023 – Jun. 30, 2023)	Year-over-year % change
Net sales	278	514	Up 85.0%
Operating profit	21	47	Up 115.9%
Orders received	165	565	Up 240.8%
Order backlog	1,981	4,021	Up 103.0%

Other businesses

The Other businesses posted sales of 0 million yen (down 42.8% year over year) with a segment loss of 4 million yen (as compared with a segment loss of 4 million yen a year earlier).

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Assets

Total assets at the end of the period under review decreased 1,493 million yen (down 3.3%) from the end of the previous fiscal year to 43,407 million yen.

Current assets decreased 1,665 million yen (down 4.5%) to 34,980 million yen mainly due to decreases in cash and deposits, accounts receivable-trade, and merchandise and finished goods.

Non-current assets increased 171 million yen (up 2.1%) to 8,427 million yen mainly due to an increase in investment securities, which was partially offset by a decrease in deferred tax assets.

Liabilities

Total liabilities at the end of the period under review decreased 2,111 million yen (down 30.0%) from the end of the previous fiscal year to 4,928 million yen.

Current liabilities decreased 2,286 million yen (down 37.1%) to 3,877 million yen. This was mainly due to decreases in notes and accounts payable-trade, income taxes payable, and provision for bonuses.

Non-current liabilities increased 175 million yen (up 20.0%) to 1,050 million yen due to an increase in deferred tax liabilities, which was partially offset by a decrease in long-term borrowings.

Net assets

Total net assets at the end of the period under review increased 617 million yen (up 1.6%) from the end of the previous fiscal year to 38,479 million yen. This was due to increases in retained earnings from profit attributable to owners of parent, valuation difference on available-for-sale securities, and foreign currency translation adjustment.

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

Regarding the future outlook, chemicals demand for decoration of automotive components is expected to pick up slightly in the long run despite the temporary influence of semiconductor and part shortages. In addition, chemicals demand for the electronics industry is projected to expand mainly in semiconductor package substrates in conjunction with the proliferation of high-performance electronic devices and further technological innovation in the long run despite the temporary influence of the stagnated consumer spending on the demand for high-performance electronic devices such as smartphones, PCs, and tablets.

Given these circumstances, JCU's long-term goal is to become *a global company that continues to grow in a sustainable fashion*. To be more specific, we want to be an enterprise whose business is closely linked with ESG and SDGs and that can thrive in any country. To that end, we formulated a new medium-term management plan called "Next 50 Innovation 2nd" (covering the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024) and we are committed to implementing this plan based on a basic policy of *strengthening core businesses* and *building an operational foundation from an ESG perspective*. Regarding the consolidated forecasts for the fiscal year ending March 31, 2024, there are no revisions to the first half and full year forecasts announced on May 11, 2023.

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

(Thousands of yen)

	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	24,180,568	23,515,910
Notes receivable-trade	2,495,072	1,973,871
Accounts receivable-trade	5,572,841	4,850,068
Contract assets	458,682	640,370
Merchandise and finished goods	1,989,142	1,677,022
Work in process	59,469	81,230
Raw materials and supplies	803,745	766,205
Other	1,221,447	1,596,957
Allowance for doubtful accounts	(134,871)	(121,081)
Total current assets	36,646,096	34,980,556
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,443,580	3,470,195
Machinery, equipment and vehicles, net	1,071,183	1,045,580
Tools, furniture and fixtures, net	417,794	408,293
Land	915,500	915,500
Leased assets, net	39,450	37,259
Construction in progress	193,849	203,560
Total property, plant and equipment	6,081,360	6,080,389
Intangible assets		
Other	47,156	47,699
Total intangible assets	47,156	47,699
Investments and other assets		
Investment securities	1,392,752	1,646,054
Deferred tax assets	313,000	231,319
Other	420,987	421,595
Total investments and other assets	2,126,740	2,298,969
Total non-current assets	8,255,257	8,427,059
Total assets	44,901,354	43,407,615

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,497,444	364,032
Electronically recorded obligations-operating	899,895	686,211
Short-term borrowings	502,884	463,361
Current portion of long-term borrowings	251,431	227,314
Lease liabilities	13,111	13,282
Income taxes payable	1,543,045	598,203
Provision for bonuses	471,838	206,678
Other	984,550	1,318,279
Total current liabilities	6,164,200	3,877,362
Non-current liabilities		
Long-term borrowings	288,427	234,628
Lease liabilities	50,207	46,822
Retirement benefit liability	105,485	112,711
Deferred tax liabilities	136,706	352,408
Asset retirement obligations	259,878	269,599
Other	34,722	34,722
Total non-current liabilities	875,427	1,050,891
Total liabilities	7,039,628	4,928,253
Net assets		
Shareholders' equity		
Share capital	1,255,334	1,255,334
Capital surplus	1,196,783	1,196,783
Retained earnings	36,778,449	36,877,174
Treasury shares	(4,662,889)	(4,663,037)
Total shareholders' equity	34,567,677	34,666,255
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	113,982	310,628
Foreign currency translation adjustment	3,180,065	3,502,477
Total accumulated other comprehensive income	3,294,048	3,813,106
Total net assets	37,861,725	38,479,362
Total liabilities and net assets	44,901,354	43,407,615

(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 FY3/23 (Apr. 1, 2022–Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023–Jun. 30, 2023)
Net sales	6,160,299	5,225,421
Cost of sales	2,419,221	2,142,769
Gross profit	3,741,077	3,082,652
Selling, general and administrative expenses		
Salaries and allowances	583,599	585,749
Bonuses	204,648	167,561
Retirement benefit expenses	33,678	36,406
Depreciation	98,575	108,687
Other	800,466	805,101
Total selling, general and administrative expenses	1,720,968	1,703,507
Operating profit	2,020,109	1,379,145
Non-operating income		
Interest income	9,893	28,582
Dividend income	22,271	14,070
Foreign exchange gains	198,028	–
Reversal of allowance for doubtful accounts	7,130	16,461
Other	6,255	1,467
Total non-operating income	243,579	60,581
Non-operating expenses		
Interest expenses	2,865	2,163
Foreign exchange losses	–	3,179
Share of loss of entities accounted for using equity method	54,224	13,621
Compensation expenses	–	27,590
Other	402	9,341
Total non-operating expenses	57,492	55,897
Ordinary profit	2,206,197	1,383,829
Extraordinary income		
Gain on change in equity	76,268	–
Gain on sale of non-current assets	2,836	–
Total extraordinary income	79,105	–
Extraordinary losses		
Loss on retirement of non-current assets	652	523
Loss on valuation of investment securities	–	647
Total extraordinary losses	652	1,171
Profit before income taxes	2,284,650	1,382,658
Income taxes-current	380,502	198,107
Income taxes-deferred	297,122	240,135
Total income taxes	677,624	438,243
Profit	1,607,025	944,414
Profit attributable to owners of parent	1,607,025	944,414

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

	(Thousands of yen)	
	First three months of FY3/23 (Apr. 1, 2022–Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023–Jun. 30, 2023)
Profit	1,607,025	944,414
Other comprehensive income		
Valuation difference on available-for-sale securities	(66,037)	196,645
Foreign currency translation adjustment	1,226,644	313,419
Share of other comprehensive income of entities accounted for using equity method	47,558	8,992
Total other comprehensive income	1,208,165	519,058
Comprehensive income	2,815,191	1,463,472
Comprehensive income attributable to:		
Owners of parent	2,815,191	1,463,472

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

First three months of FY3/24 (Apr. 1, 2023–Jun. 30, 2023)

Not applicable.

Segment Information

I. First three months of FY3/23 (Apr. 1, 2022–Jun. 30, 2022)

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

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	5,881,771	278,333	6,160,105	194	6,160,299	–	6,160,299
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	5,881,771	278,333	6,160,105	194	6,160,299	–	6,160,299
Segment profit (loss)	2,239,724	21,852	2,261,576	(4,011)	2,257,565	(237,455)	2,020,109

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 sales 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 three months of FY3/23 (Apr. 1, 2022–Jun. 30, 2022)
Inter-segment transaction elimination	–
Corporate expenses*	(237,455)
Total	(237,455)

* 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 FY3/24 (Apr. 1, 2023–Jun. 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 quarterly consolidated statement of income (Note 3)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	4,710,483	514,827	5,225,310	111	5,225,421	–	5,225,421
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	4,710,483	514,827	5,225,310	111	5,225,421	–	5,225,421
Segment profit (loss)	1,558,380	47,174	1,605,554	(4,344)	1,601,210	(222,064)	1,379,145

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 three months of FY3/24 (Apr. 1, 2023–Jun. 30, 2023)
Inter-segment transaction elimination	–
Corporate expenses*	(222,064)
Total	(222,064)

* 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.

Material Subsequent Events

Purchase and cancellation of treasury shares

The Company made a resolution at the Board of Directors' meeting held on August 3, 2023, concerning the purchase of its own shares in accordance with Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of the same act, and concerning the cancellation of its treasury shares in accordance with Article 178 of the Companies Act.

1. Reason for purchase and cancellation of treasury shares

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

2. Summary of the purchase

(1) Type of shares to be purchased	Common stock
(2) Total number of shares to be purchased	Up to 450,000 shares (1.75% of total number of shares issued (excluding treasury shares))
(3) Total value of shares to be purchased	Up to 1,000 million yen
(4) Acquisition period	From August 4, 2023 to January 31, 2024
(5) Acquisition method	Purchase on the Tokyo Stock Exchange

3. Summary of the cancellation

(1) Type of shares to be cancelled	Common stock
(2) Number of shares to be cancelled	All of the treasury shares purchased as stated 2. above
(3) Planned date of cancellation	To be determined.

** 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.*