



August 7, 2024

Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (Three Months Ended June 30, 2024)

[Japanese GAAP]

Company name: JCU CORPORATION Listing: Tokyo Stock Exchange
 Stock code: 4975 URL: <https://www.jcu-i.com/english/>
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Scheduled date of payment of dividend: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on August 7, 2024 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, 2024 (April 1, 2024–June 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2024	5,912	13.1	1,995	44.7	2,237	61.7	1,508	59.7
Three months ended Jun. 30, 2023	5,225	(15.2)	1,379	(31.7)	1,383	(37.3)	944	(41.2)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2024: 2,463 (up 68.4%)

Three months ended Jun. 30, 2023: 1,463 (down 48.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2024	59.55	–
Three months ended Jun. 30, 2023	36.85	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2024	49,558	43,827	88.4
As of Mar. 31, 2024	49,641	42,250	85.1

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2024: 43,827

As of Mar. 31, 2024: 42,250

2. Dividends

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

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

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

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	12,100	11.4	3,870	25.0	3,870	20.8	2,680	23.1	105.78
Full year	27,000	8.6	8,500	5.7	8,500	3.5	5,900	6.7	232.86

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

*** Notes**

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

Newly added: –

Excluded: –

(2) Application of special accounting methods for presenting 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 issued shares (common stock)

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

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

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

Three months ended Jun. 30, 2024:	25,332,674 shares	Three months ended Jun. 30, 2023:	25,626,939 shares
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* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* Proper use of earnings forecasts, and other special matters

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ substantially from these forecasts for a number of reasons.

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	3
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statement of Income	
(For the Three-month Period)	7
Quarterly Consolidated Statement of Comprehensive Income	
(For the Three-month Period)	8
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment Information	9
Statement of Cash Flows	11
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, 2025 (hereinafter the “period under review”), the domestic economy saw signs of a standstill in some parts, such as stagnant consumer spending affected by continued rising prices, despite a moderate recovery under the improving employment environment and other factors. In the manufacturing sector, production activity has been on a recovery trend, despite a temporary market slowdown affected by the suspension of shipments at some automobile manufacturers. Companies maintained a positive stance on their capital investment mainly for digitization, with steady capital expenditures both in the manufacturing and non-manufacturing industries.

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

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

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

(Millions of yen, unless otherwise stated)			
	Previous period (Apr. 1, 2023–Jun. 30, 2023)	Current period (Apr. 1, 2024–Jun. 30, 2024)	Year-over-year % change
Net sales	5,225	5,912	Up 13.1%
Operating profit	1,379	1,995	Up 44.7%
Ordinary profit	1,383	2,237	Up 61.7%
Profit attributable to owners of parent	944	1,508	Up 59.7%

The results of operations by segment were as follows.

Chemicals Business

Chemicals for electronics components

- China: The inventory adjustment of high-performance electronic devices including smartphones ran its course, resulting in a recovery trend in the demand for PWBs. As a result, sales of chemicals substantially increased year over year.
- Taiwan: With signs of recovery in the semiconductor market, demand for servers and semiconductor package substrates for high-performance electronic devices moderately expanded. As a result, sales of chemicals increased year over year.
- South Korea: Due to the bottoming out of the semiconductor market and the progress in inventory adjustment by customers, demand for semiconductor package substrates showed a moderate recovery. As a result, sales of chemicals increased year over year.

Chemicals for decoration

- Japan: Automobile production decreased due to the suspension of shipments by some automobile manufacturers, and demand for chemicals declined following the changes in design trends. As a result, sales of chemicals decreased year over year.
- China: Despite increases in automobile production due to an improvement in shortages of semiconductors and parts, demand for automobile parts which we cover decreased. As a result, sales of chemicals stayed flat year over year.

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2023–Jun. 30, 2023)	Current period (Apr. 1, 2024–Jun. 30, 2024)	Year-over-year % change
Net sales	4,710	5,375	Up 14.1%
Segment profit	1,558	2,178	Up 39.8%

Machine Business

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

(Millions of yen, unless otherwise stated)

	Previous period (Apr. 1, 2023–Jun. 30, 2023)	Current period (Apr. 1, 2024–Jun. 30, 2024)	Year-over-year % change
Net sales	514	536	Up 4.3%
Segment profit	47	51	Up 9.2%
Orders received	565	477	Down 15.6%
Order backlog	4,021	4,190	Up 4.2%

The segment “Other Businesses” was abolished in the period under review, following the exclusion of Sorapuchi Farm Corp, which was included in the “Other Businesses” in the previous fiscal year, from the scope of consolidation due to the transfer of all shares.

(2) Explanation of Financial Position**Assets, liabilities and net assets****Assets**

Total assets at the end of the period under review decreased 83 million yen from the end of the previous fiscal year to 49,558 million yen.

Current assets decreased 246 million yen to 40,584 million yen mainly due to a decrease in accounts receivable-trade, which was partially offset by increases in cash and deposits, and notes receivable-trade.

Non-current assets increased 163 million yen to 8,973 million yen mainly due to increases in tools, furniture and fixtures, net, and construction in progress.

Liabilities

Total liabilities at the end of the period under review decreased 1,660 million yen from the end of the previous fiscal year to 5,730 million yen.

Current liabilities decreased 1,734 million yen to 4,929 million yen mainly due to decreases in notes and accounts payable-trade, and income taxes payable.

Non-current liabilities increased 73 million yen to 800 million yen mainly due to an increase in deferred tax liabilities, which was partially offset by a decrease in long-term borrowings.

Net assets

Net assets at the end of the period under review increased 1,577 million yen from the end of the previous fiscal year to 43,827 million yen, due to increases in retained earnings and foreign currency translation adjustment.

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

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

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

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

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

(Thousands of yen)

	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	27,037,802	27,158,270
Notes receivable-trade	1,760,853	3,269,731
Accounts receivable-trade	8,149,301	5,974,351
Contract assets	261,093	272,940
Merchandise and finished goods	1,591,900	1,571,035
Work in process	120,658	104,026
Raw materials and supplies	805,536	844,655
Other	1,161,273	1,447,344
Allowance for doubtful accounts	(56,860)	(57,684)
Total current assets	40,831,559	40,584,670
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,404,001	3,442,155
Machinery, equipment and vehicles, net	1,013,688	1,033,399
Tools, furniture and fixtures, net	524,812	627,394
Land	915,500	915,500
Leased assets, net	30,684	28,492
Construction in progress	276,907	407,378
Total property, plant and equipment	6,165,594	6,454,320
Intangible assets		
Other	42,047	48,706
Total intangible assets	42,047	48,706
Investments and other assets		
Investment securities	1,750,762	1,762,076
Deferred tax assets	415,955	259,551
Other	435,777	448,921
Total investments and other assets	2,602,494	2,470,550
Total non-current assets	8,810,136	8,973,577
Total assets	49,641,695	49,558,247

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,085,890	829,184
Electronically recorded obligations-operating	1,036,978	1,371,429
Short-term borrowings	450,000	300,000
Current portion of long-term borrowings	166,863	144,366
Lease liabilities	13,804	13,982
Income taxes payable	1,304,255	549,435
Provision for bonuses	389,731	209,096
Other	1,216,509	1,512,395
Total current liabilities	6,664,033	4,929,889
Non-current liabilities		
Long-term borrowings	121,564	90,262
Lease liabilities	36,402	32,839
Retirement benefit liability	126,954	141,023
Deferred tax liabilities	131,847	224,151
Asset retirement obligations	275,761	277,648
Other	34,722	34,722
Total non-current liabilities	727,251	800,647
Total liabilities	7,391,284	5,730,536
Net assets		
Shareholders' equity		
Share capital	1,266,922	1,266,922
Capital surplus	1,208,364	1,208,364
Retained earnings	39,678,346	40,300,185
Treasury shares	(4,770,809)	(4,770,809)
Total shareholders' equity	37,382,824	38,004,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	467,027	493,987
Foreign currency translation adjustment	4,400,558	5,329,061
Total accumulated other comprehensive income	4,867,586	5,823,048
Total net assets	42,250,410	43,827,711
Total liabilities and net assets	49,641,695	49,558,247

(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 FY3/24 (Apr. 1, 2023–Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)
Net sales	5,225,421	5,912,031
Cost of sales	2,142,769	1,995,386
Gross profit	3,082,652	3,916,644
Selling, general and administrative expenses		
Salaries and allowances	585,749	605,082
Bonuses	167,561	181,483
Retirement benefit expenses	36,406	38,905
Depreciation	108,687	132,276
Other	805,101	963,007
Total selling, general and administrative expenses	1,703,507	1,920,756
Operating profit	1,379,145	1,995,888
Non-operating income		
Interest income	28,582	55,126
Dividend income	14,070	19,193
Foreign exchange gains	–	171,530
Reversal of allowance for doubtful accounts	16,461	1,613
Other	1,467	7,821
Total non-operating income	60,581	255,285
Non-operating expenses		
Interest expenses	2,163	1,278
Foreign exchange losses	3,179	–
Share of loss of entities accounted for using equity method	13,621	11,466
Compensation expenses	27,590	–
Other	9,341	1,035
Total non-operating expenses	55,897	13,781
Ordinary profit	1,383,829	2,237,392
Extraordinary income		
Gain on sale of non-current assets	–	93
Total extraordinary income	–	93
Extraordinary losses		
Loss on retirement of non-current assets	523	768
Loss on valuation of investment securities	647	–
Total extraordinary losses	1,171	768
Profit before income taxes	1,382,658	2,236,717
Income taxes-current	198,107	492,754
Income taxes-deferred	240,135	235,480
Total income taxes	438,243	728,234
Profit	944,414	1,508,482
Profit attributable to owners of parent	944,414	1,508,482

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

	(Thousands of yen)	
	First three months of FY3/24 (Apr. 1, 2023–Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)
Profit	944,414	1,508,482
Other comprehensive income		
Valuation difference on available-for-sale securities	196,645	26,959
Foreign currency translation adjustment	313,419	921,562
Share of other comprehensive income of entities accounted for using equity method	8,992	6,940
Total other comprehensive income	519,058	955,462
Comprehensive income	1,463,472	2,463,944
Comprehensive income attributable to:		
Owners of parent	1,463,472	2,463,944

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

Not applicable.

Significant Changes in Shareholders' Equity

First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)

Not applicable.

Segment Information

I. 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.

II. First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)

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

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Chemicals Business	Machine Business	Subtotal				
Sales							
Sales to outside customers	5,375,147	536,883	5,912,031	–	5,912,031	–	5,912,031
Inter-segment sales and transfers	–	–	–	–	–	–	–
Total	5,375,147	536,883	5,912,031	–	5,912,031	–	5,912,031
Segment profit (loss)	2,178,709	51,507	2,230,216	–	2,230,216	(234,328)	1,995,888

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

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

To segment profit (loss)

(Thousands of yen)

	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)
Inter-segment transaction elimination	–
Corporate expenses*	(234,328)
Total	(234,328)

* 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.

Statement of Cash Flows

Quarterly Consolidated Statement of Cash Flows for the period under review has not been prepared. Depreciation (including amortization related to intangible assets) for the first three months of FY3/24 and FY3/25 is as follows.
(Thousands of yen)

	First three months of FY3/24 (Apr. 1, 2023–Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024–Jun. 30, 2024)
Depreciation and amortization	168,981	191,632

Material Subsequent Events

Purchase and cancellation of treasury shares

The Company made a resolution at the Board of Directors' meeting held on August 7, 2024, 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 specifies a shareholder return policy in the medium-term management plan called "JCU VISION 2035–1st stage–" covering the period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027 released on May 10, 2024, as follows.

- Total distribution ratio of about 50%
- Consistent dividend increase
- Well-timed repurchases of stock

The Company will purchase and cancel its own shares in accordance with the above 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 700,000 shares (2.76% of total number of shares issued (excluding treasury shares)) |
| (3) Total value of shares to be purchased: | Up to 1,500 million yen |
| (4) Acquisition period: | From August 8, 2024 to March 24, 2025 |
| (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 Company's own 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.