



JCU CORPORATION

Financial Results Briefing Material

for the First Half of the Fiscal Year
Ending March 2023

JCU CORPORATION

TSE Prime (Stock Code: 4975)

November 7, 2022



Summary of Consolidated Financial Results for 1H FY3/23



Accounting Period of 1H FY3/23

JCU (non-consolidated): April 1 to September 30, 2022

Overseas subsidiaries: January 1 to June 30, 2022

Chemicals Business

For electronic components

- China: Demand for PWBs for high-performance electronic devices other than smartphones increased with IoT and teleworking as keywords, despite a decrease in shipments of smartphones. As a result, demand for chemicals remained unchanged.
- Taiwan: Increase in demand for semiconductor package substrates for servers and high-performance electronic devices. Demand for chemicals increased.
- South Korea: As a result of demand for the semiconductor market being slacked, demand for chemicals decreased because some manufactures of semiconductor package substrates began to reduce inventories.

For electronic components

- Japan: Although semiconductor shortages improved temporarily, demand for chemicals decreased due to supply chain stagnation
- Overseas: In China, the automobile production and sales volume decreased because of the lockdown caused by the spread of COVID-19 infections, the shortage of parts supply and supply-chain disruption and demand for chemicals decreased.

Machine Business

- Due to the resumption of postponed projects caused by the pandemic, and the increasing demand for new investment in plating machines in electronics industry, net sales, orders received, and order backlog increased significantly.

Summary of Financial Results for 1H FY3/23



(Millions of yen)

	1H FY3/21	1H FY3/22	1H FY3/23		
	Results	Results	Forecasts	Results	YoY % Change
Net sales	9,673	11,654	12,200	13,117	12.6%
Operating profit	2,917	4,350	4,100	4,680	7.6%
Ordinary profit	2,953	4,430	4,100	4,720	6.6%
Profit attributable to owners of parent	2,012	3,078	2,850	3,326	8.1%
Net income per share	75.88 yen	117.30 yen	109.90 yen	128.26 yen	-

Foreign Exchange Rates



Foreign exchange sensitivity (as at the consolidated year): Changes of about 90 million yen in consolidated operating profit with 1% change in major currency rates listed below

(Yen)

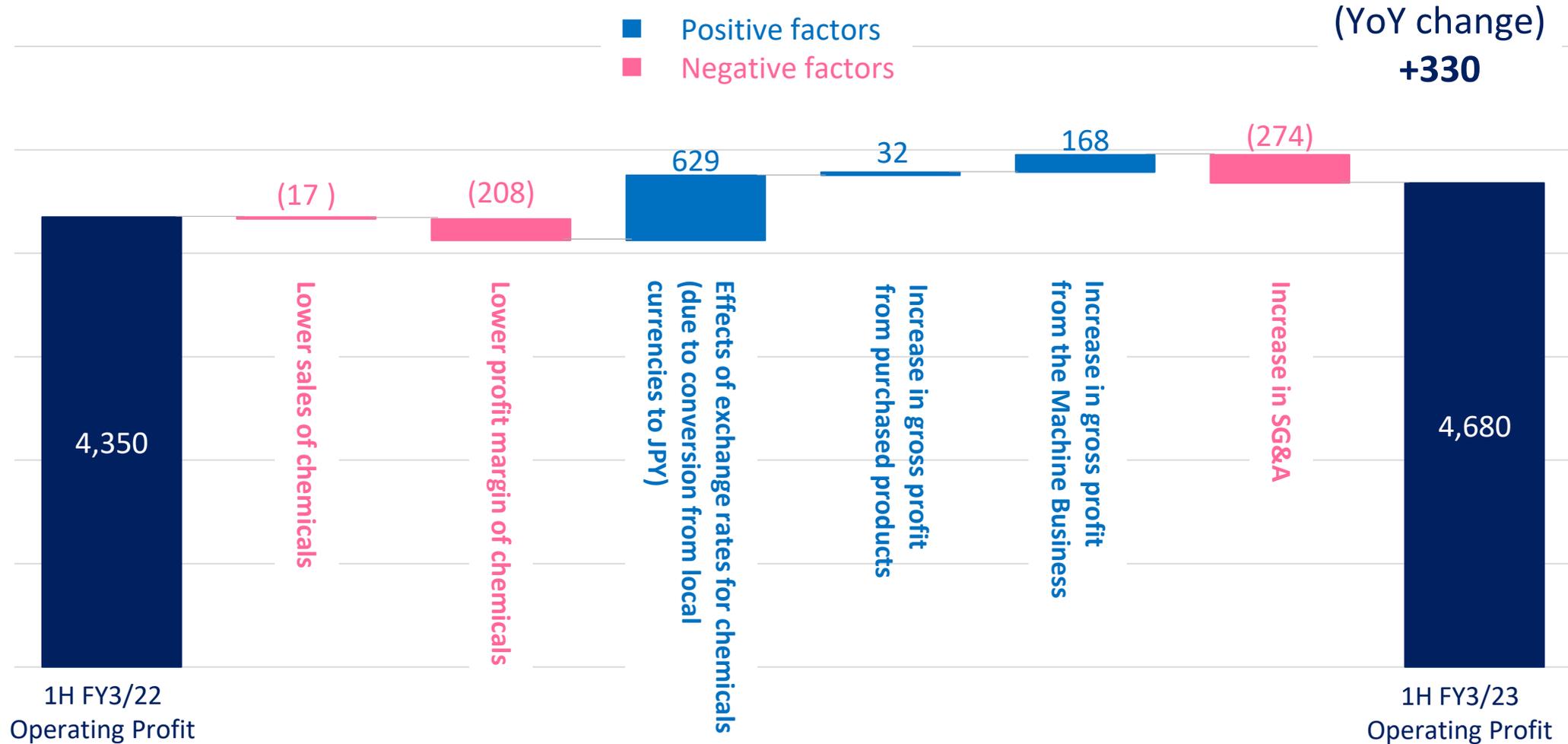
	FY3/22				FY3/23		
	1Q	2Q	3Q	4Q	(Initial forecast)	1Q	2Q
Chinese yuan (CNY)	16.36	16.66	16.78	17.03	17.20	18.29	18.93
Taiwan dollar (TWD)	3.77	3.84	3.88	3.93	4.00	4.15	4.28
Korean won (KRW)	0.0951	0.0964	0.0959	0.0960	0.0940	0.0964	0.0996

Note: The average rate for the period is used to translate Chinese yuan, Taiwan dollar and Korean won, our major foreign currencies, to Japanese yen.

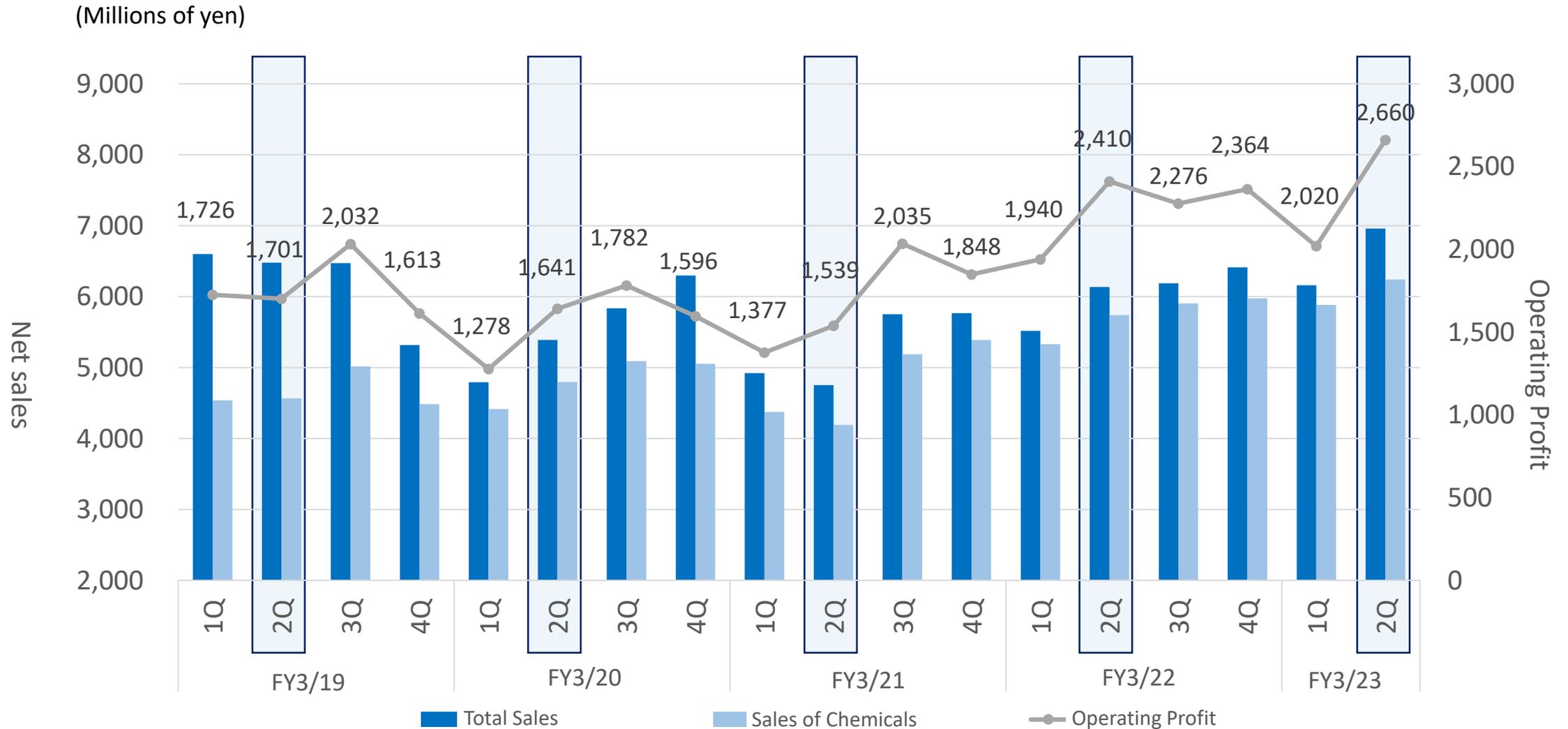
Changes in Consolidated Operating Profit for 1H FY3/23



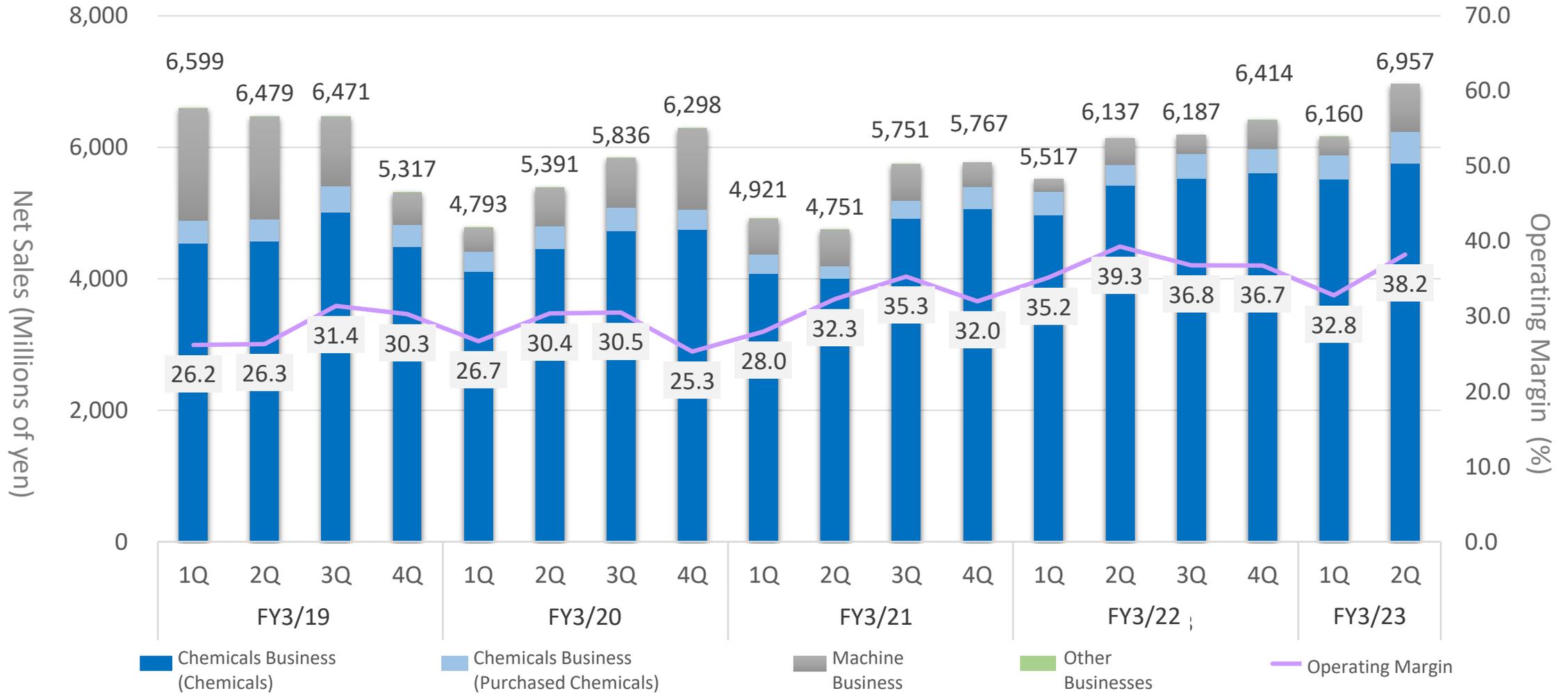
(Millions of yen)



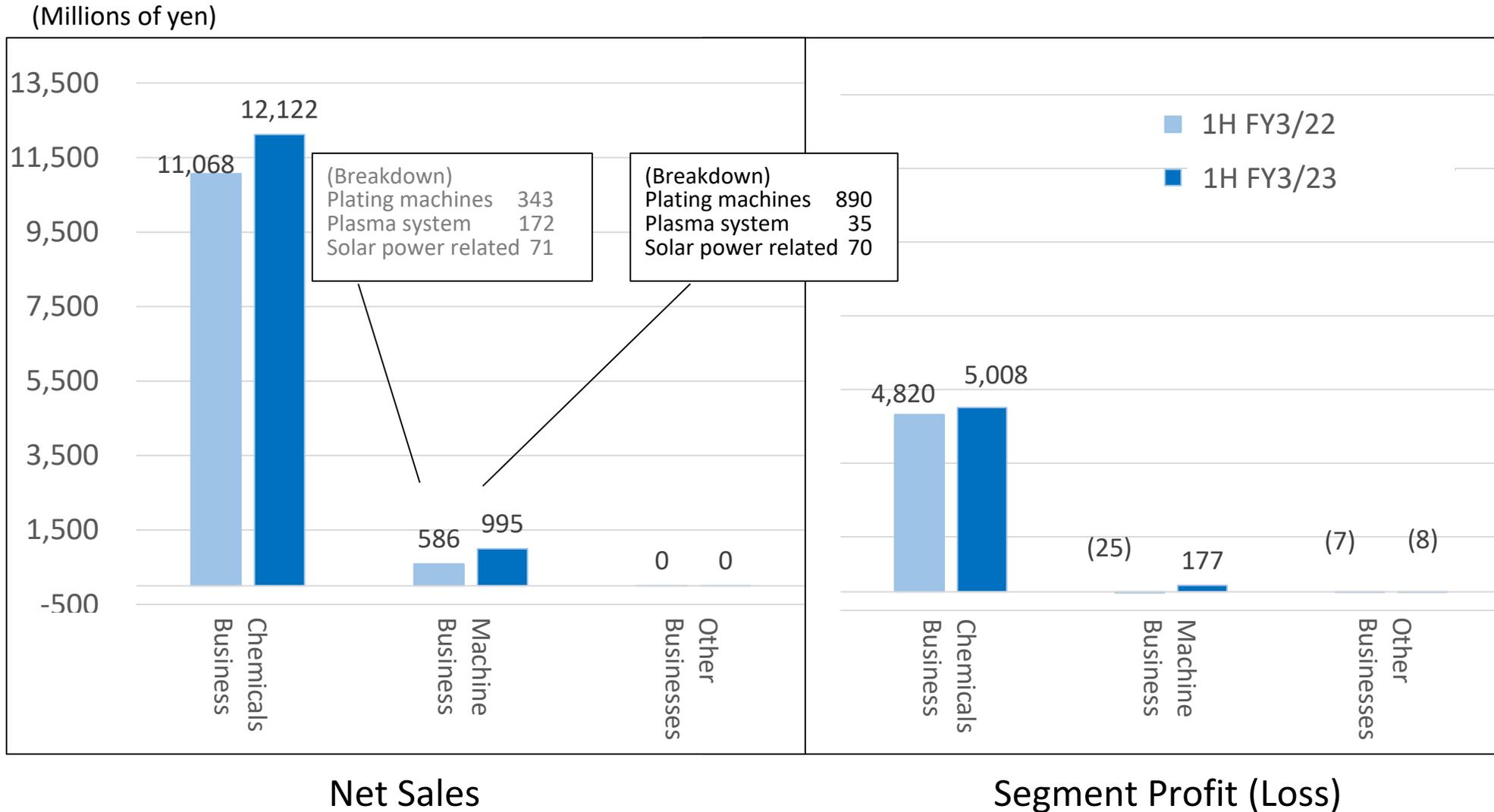
Quarterly Consolidated Financial Results



Quarterly Consolidated Financial Results (By Segment)



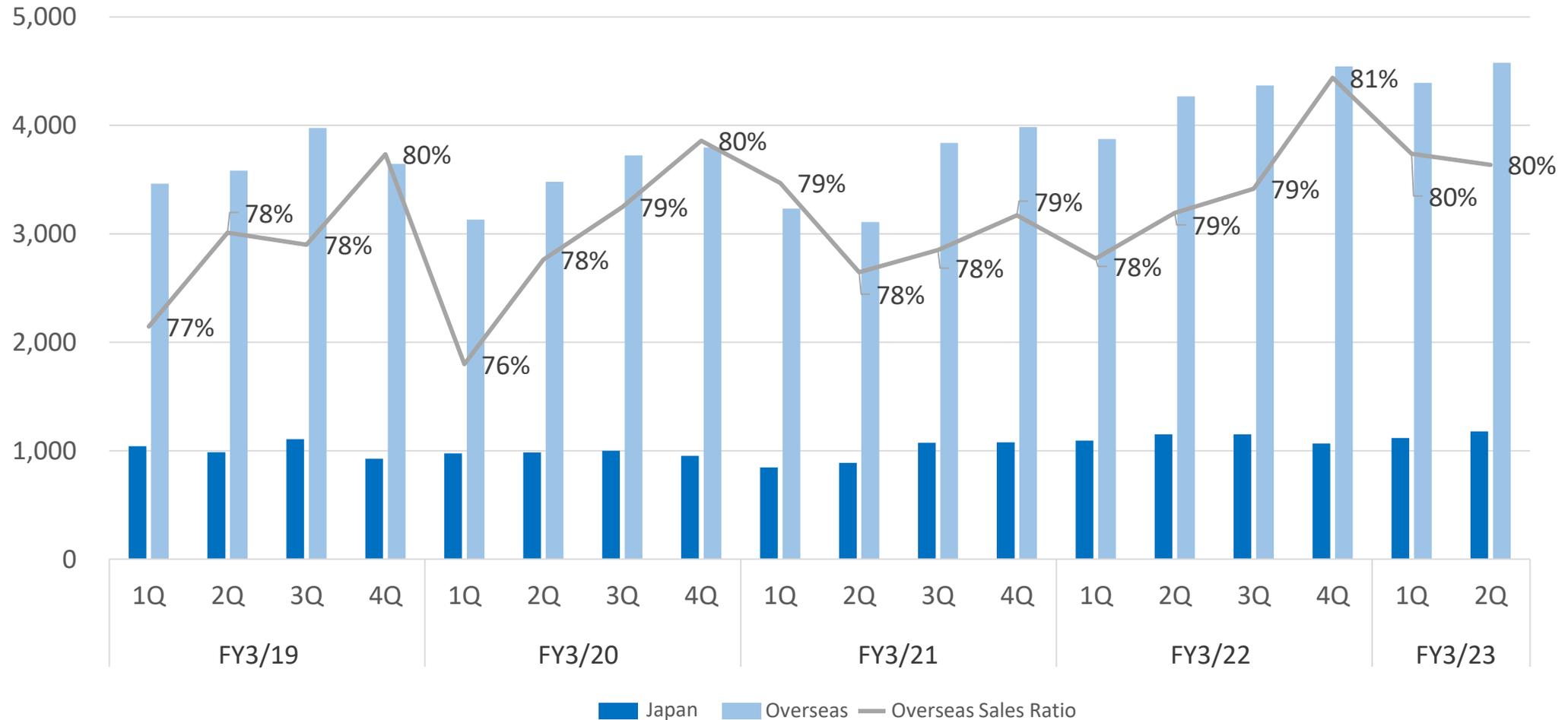
Consolidated Segment Results for 1H FY3/23



Quarterly Sales of Chemicals in Japan and Overseas



(Millions of yen)



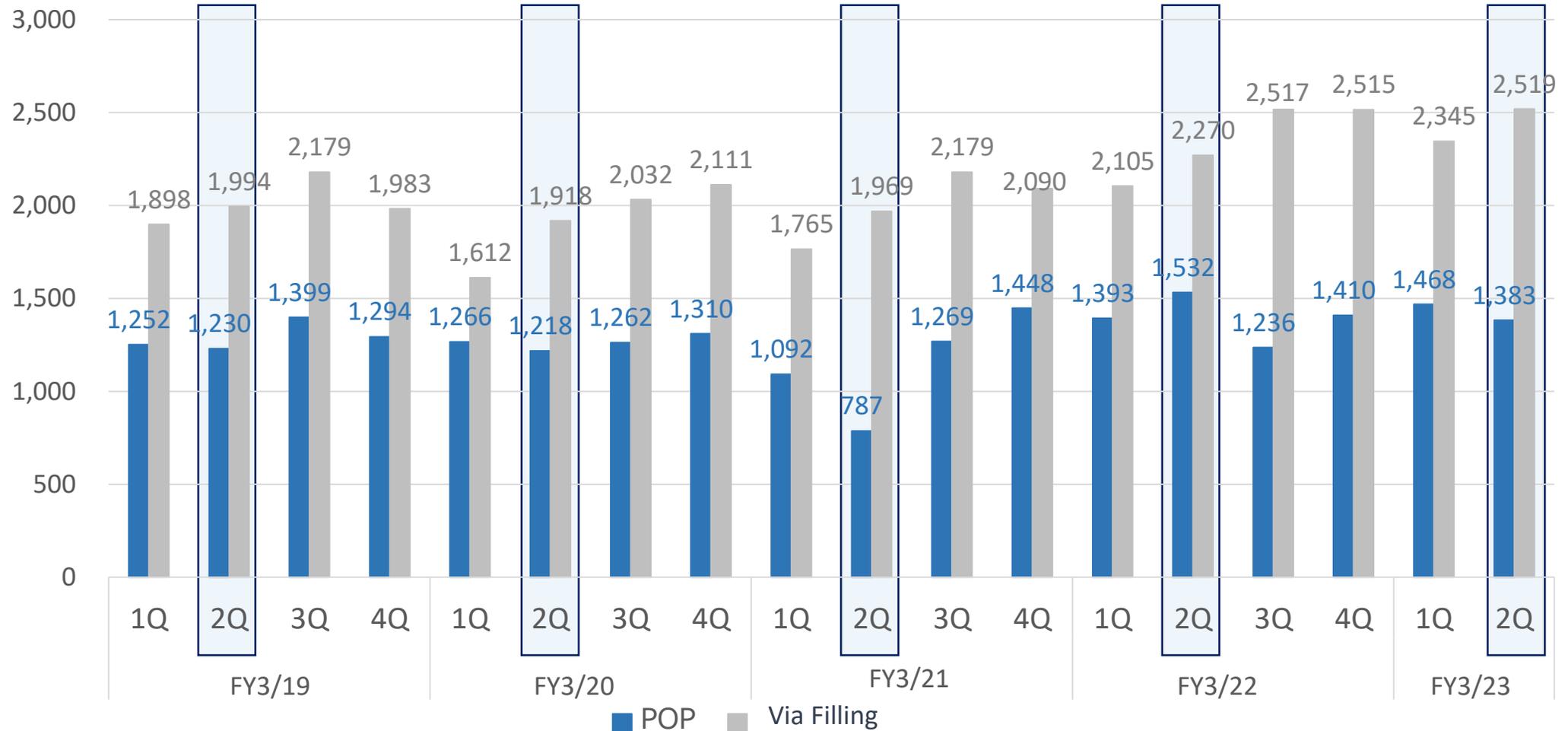
Quarterly Sales of Chemicals for POP and Via Filling



(Millions of yen)

POP: Planting on Plastics, mainly for automotive components

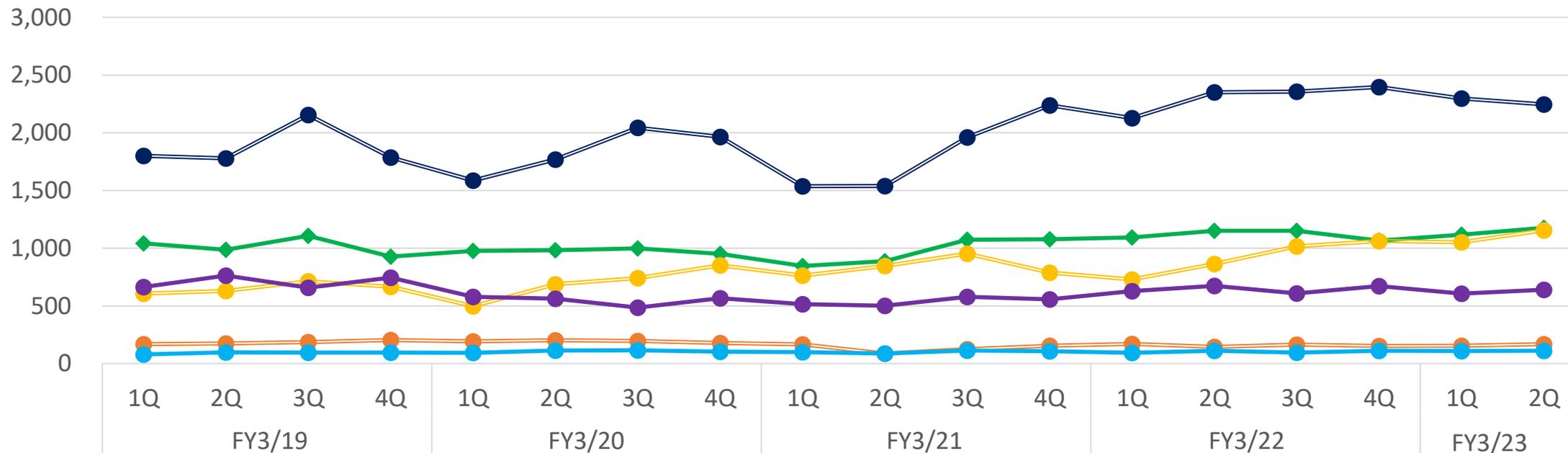
Via Filling: Additive for copper plating for printed-wiring boards, mainly for smartphones and PCs



Quarterly Sales of Chemicals by Region



(Millions of yen)



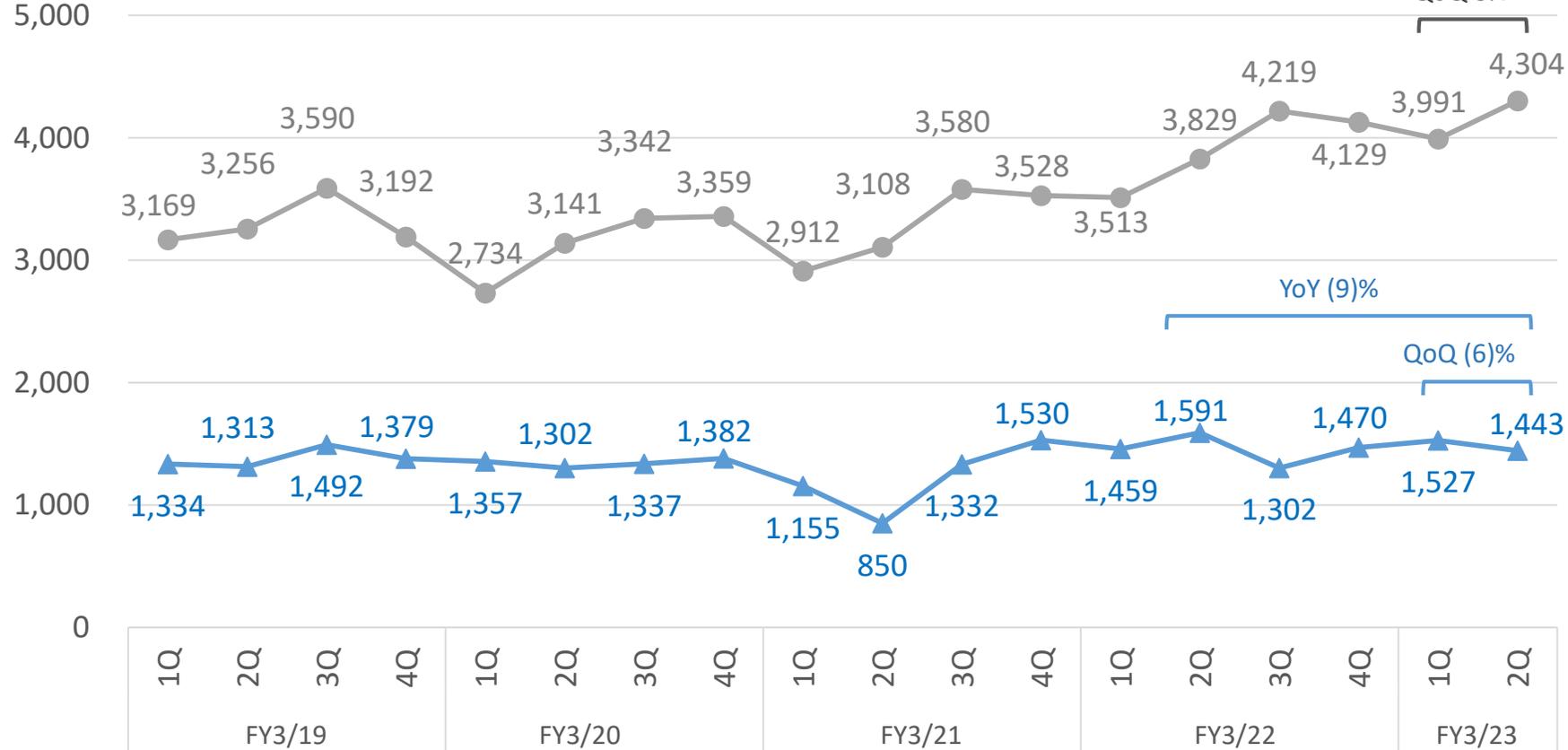
	1Q	2Q	3Q	4Q	1Q	2Q												
	FY3/19				FY3/20				FY3/21				FY3/22				FY3/23	
Japan	1,041	986	1,107	927	968	975	967	944	842	866	1,071	1,073	1,092	1,152	1,150	1,166	1,117	1,177
China	1,800	1,778	2,155	1,786	1,580	1,766	2,038	1,969	1,535	1,540	1,961	2,237	2,133	2,353	2,359	2,391	2,307	2,247
Taiwan	606	629	712	666	497	682	739	850	756	833	953	790	732	864	1,018	1,060	1,052	1,155
S. Korea	664	762	657	744	579	559	485	567	516	500	579	557	629	673	608	672	607	641
Thailand	168	175	188	205	192	203	193	179	166	83	131	155	170	145	164	152	156	170
Vietnam	80	98	95	97	95	113	115	101	100	89	114	107	94	111	97	112	109	112

Quarterly Sales of Chemicals by Category



Consolidated

(Millions of yen)

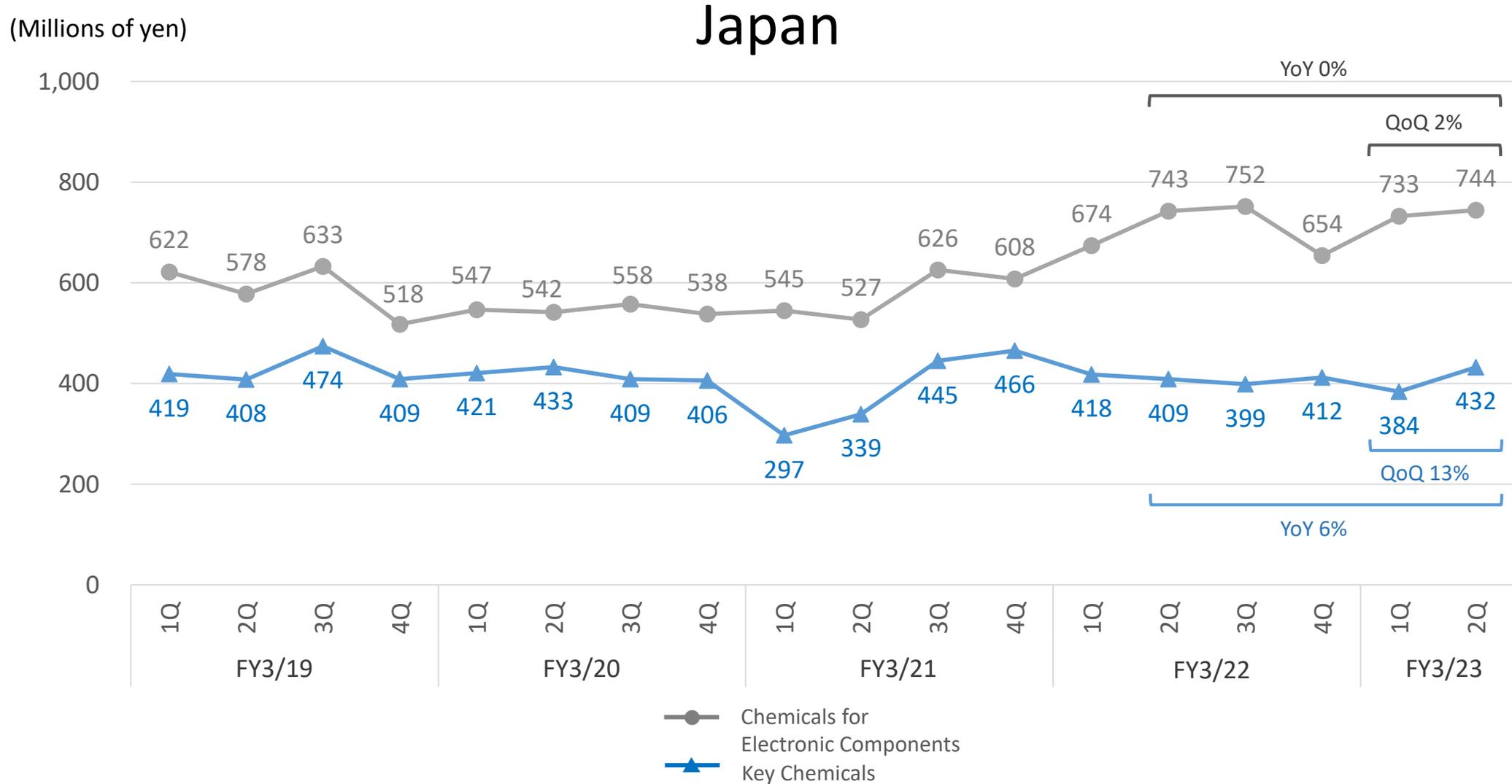


(Chemicals for Electronic Components) Core Products: Via filling PWBs, connectors, surface treatment (plating) chemicals for semiconductor sector

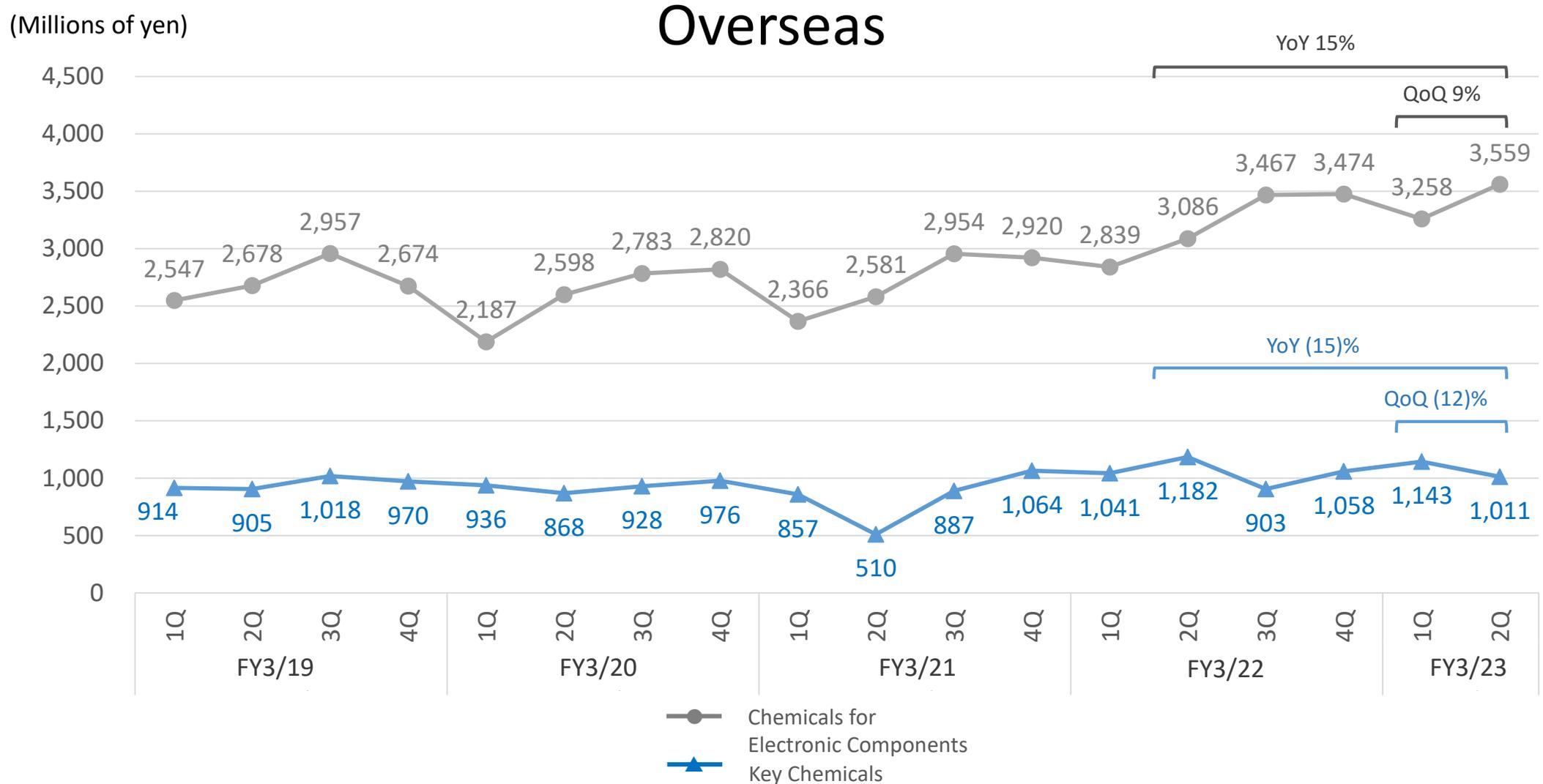
(Key Chemicals) Core Products: POP Chemicals for decoration and function surface treatment (plating) chemicals mainly for automotive components and water faucet clasps

● Chemicals for Electronic Components
▲ Key Chemicals

Quarterly Sales of Chemicals by Region



Quarterly Sales of Chemicals by Region

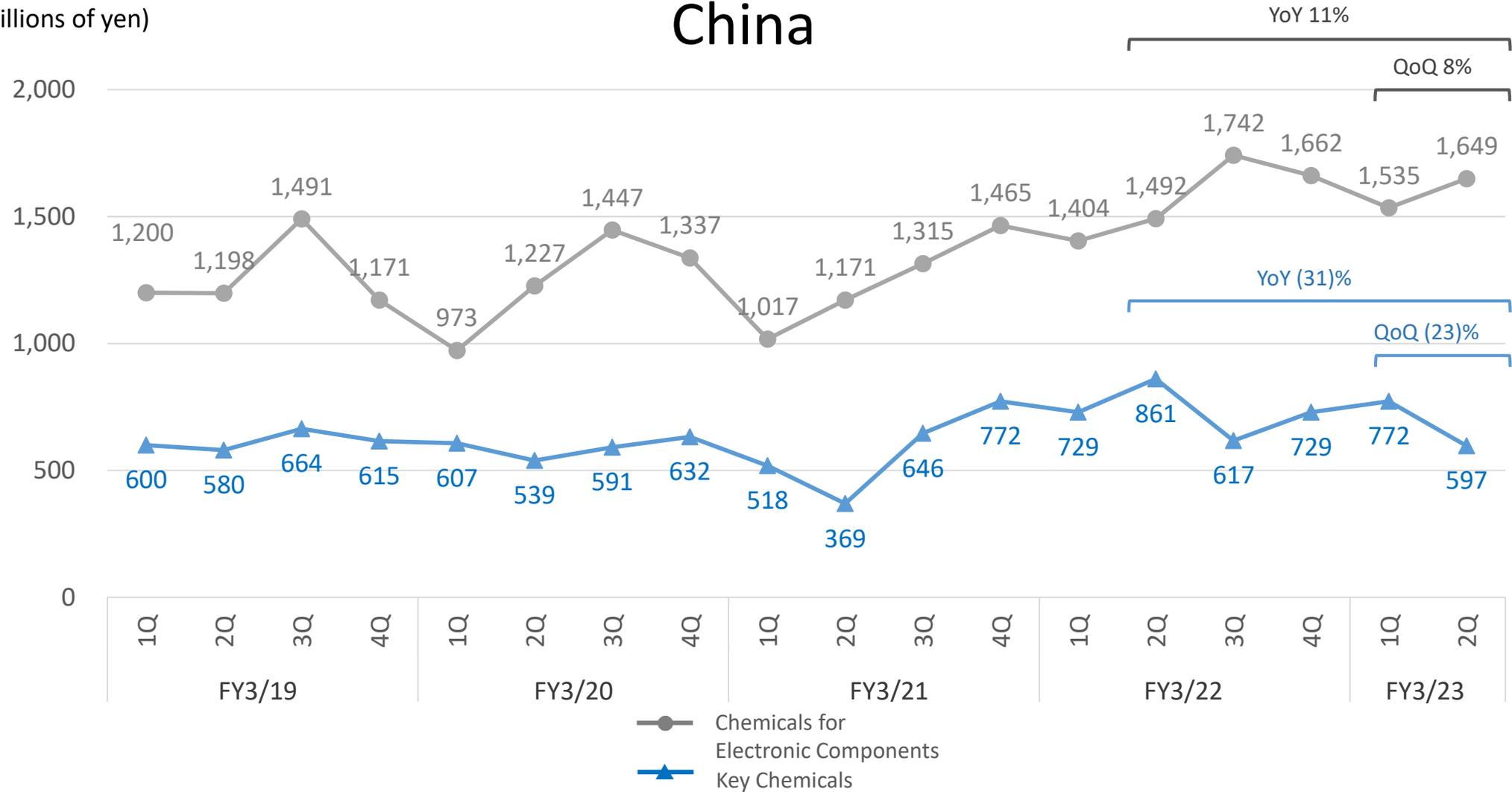


Quarterly Sales of Chemicals by Region

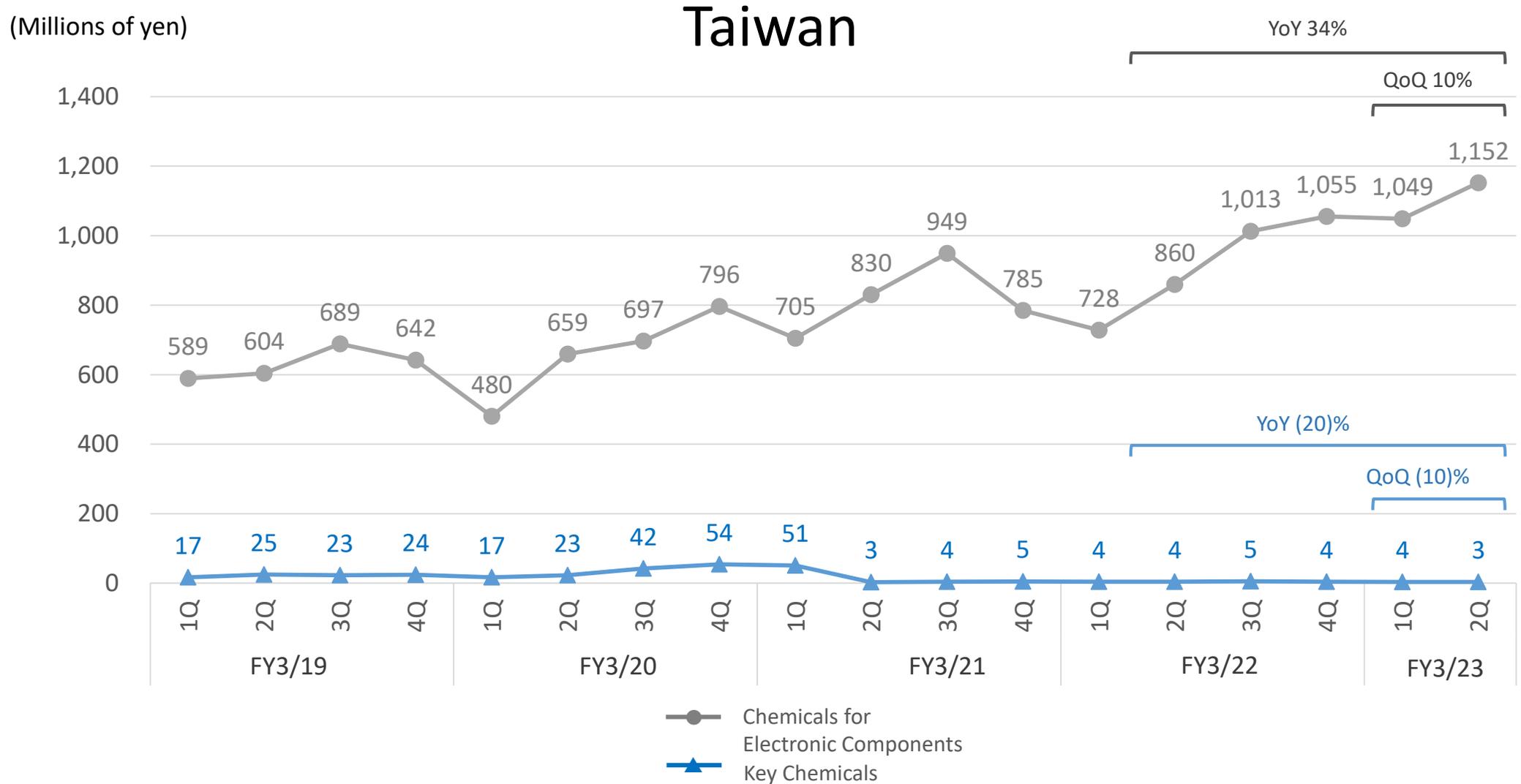


(Millions of yen)

China



Quarterly Sales of Chemicals by Region

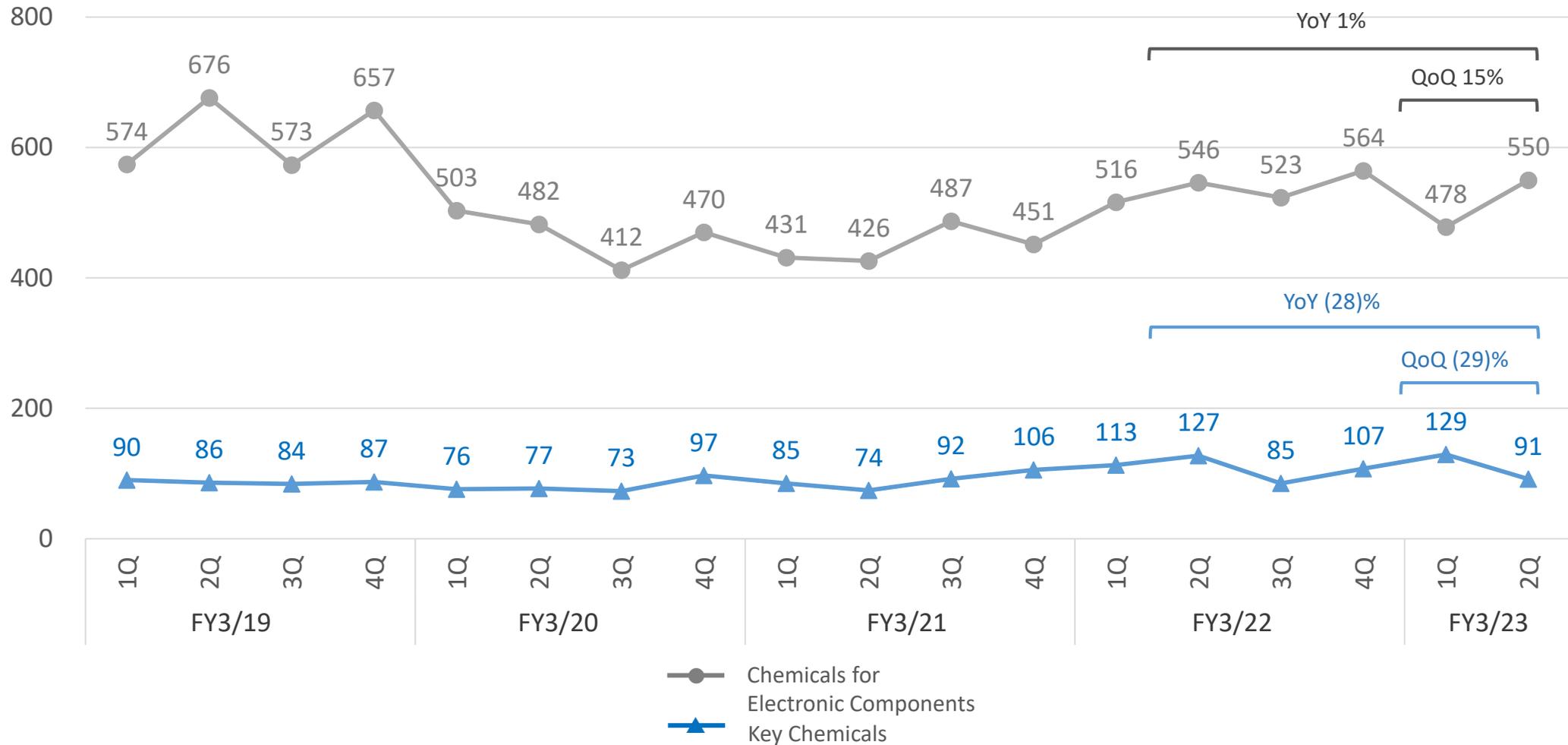


Quarterly Sales of Chemicals by Region

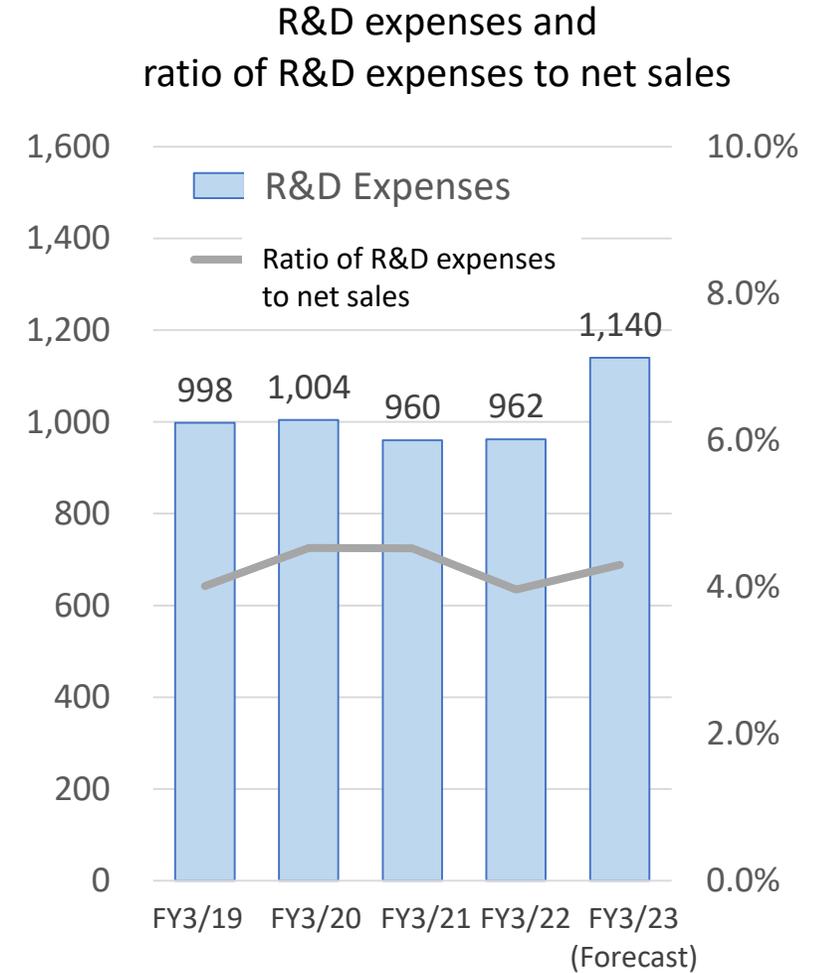
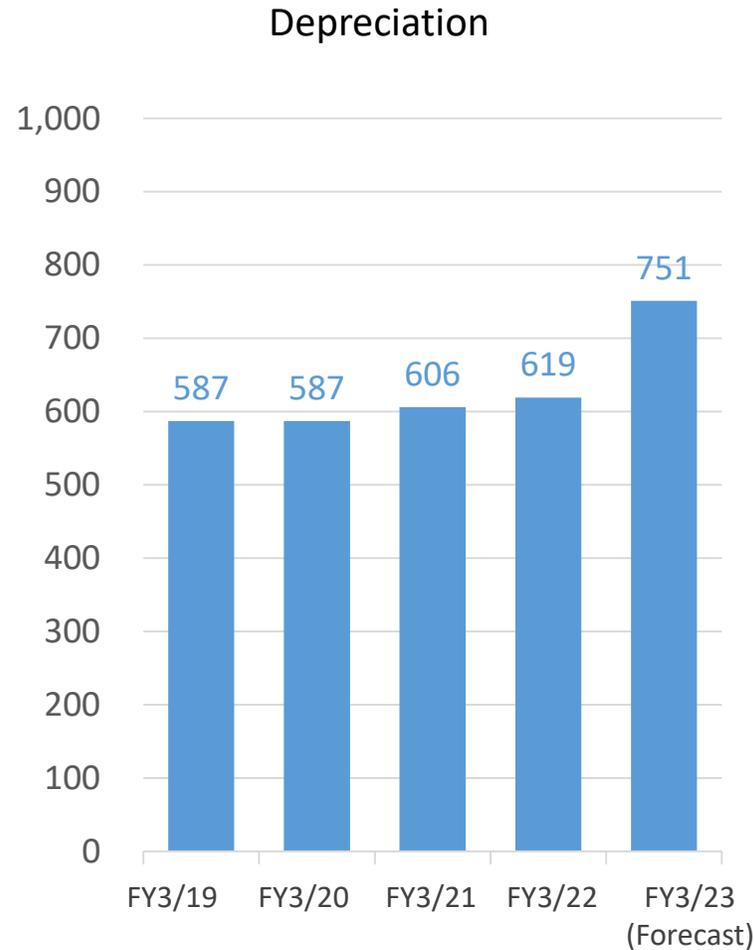
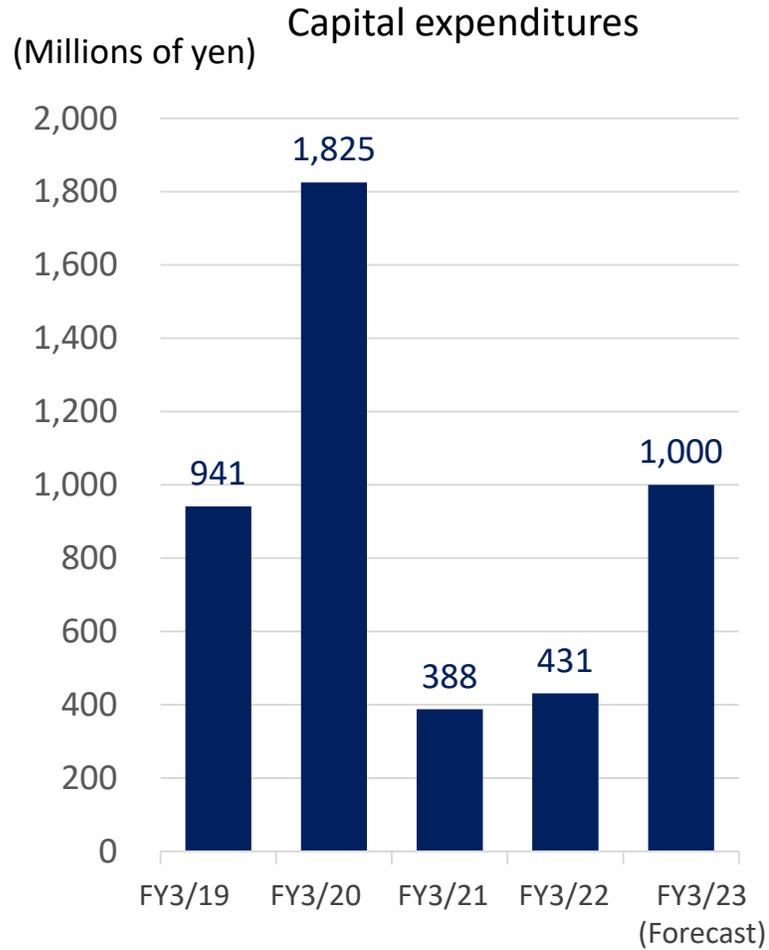


South Korea

(Millions of yen)



Capital Expenditures, Depreciation and R&D Expenses



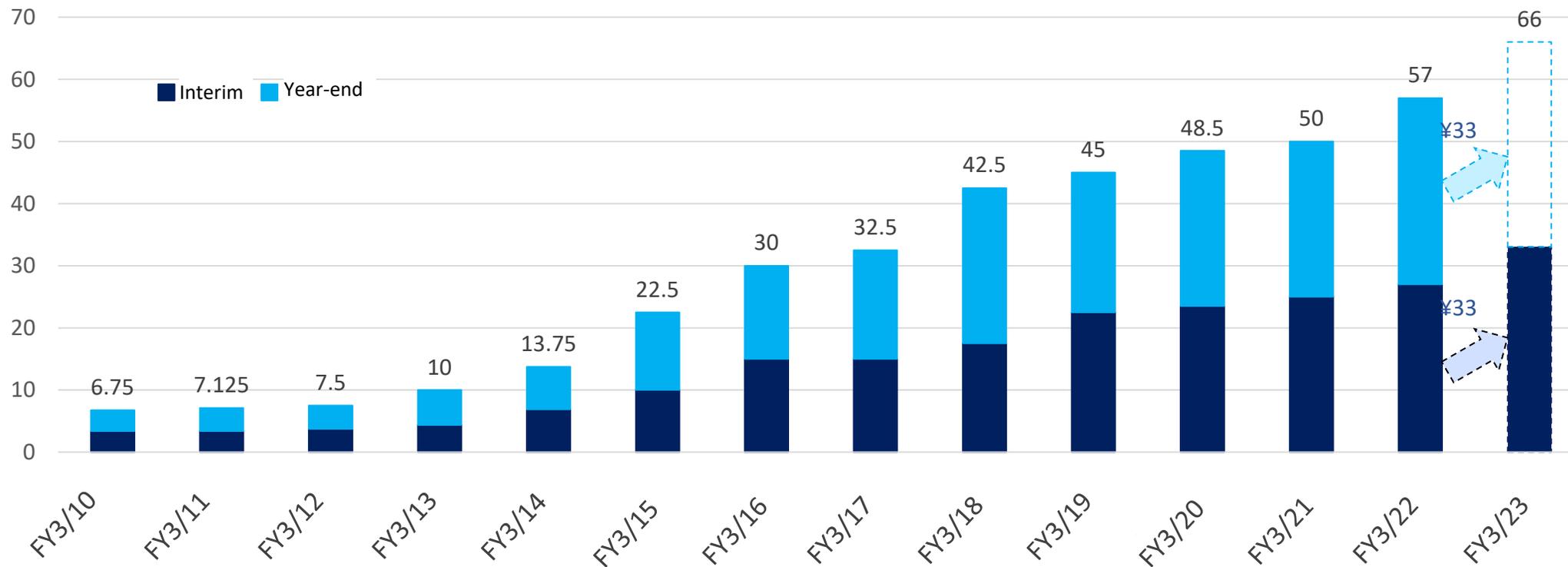
Dividend Forecast



Dividends per share
(Forecasts)

Interim dividend: 33 yen
Year-end dividend: 33 yen

Plans to increase dividends for
13 consecutive fiscal years



We will continue to make investments for sustainable growth while securing liquidity on hand and maintaining stable financial base. Our basic dividend policy is to return profits to shareholders through the flexible acquisition of treasury stock, with the aim of continuing the trend of stable dividend increases.

Efforts in Addressing ESG Challenges

JCU aims to become a global company that continues to grow in a sustainable fashion by addressing ESG challenges through its business activities.

Environmental



Development of environmentally responsible products

- Hexavalent chromium-free process for automotive components
- Eco-friendly amine-free DFR stripping process
- Eco-friendly cyanogen-free silver plating process



CO2 emissions (non-consolidated)

1,198 tons of CO2 (emitted in FY3/21)

* Down 17% from those in FY3/14

Social



Ratio of female managers (non-consolidated)

10.8% (in FY3/21)

ISO 9001 certified overseas sites

12 sites in 7 countries (in FY3/21)

* Japan, China, Taiwan, South Korea, Thailand, Vietnam, and Mexico



Governance



Corporate governance structure

- Number of Directors
Internal: 6, Outside: 4 (including 1 female)
- Number of Audit & Supervisory Board Members
Full-time: 1, Outside: 3 (including 1 female)

- Company Profile
- Surface Treatment Technology in Future
- Major Distribution Channels
- Major Products
- Usages of Chemicals and Typical Final Products

Company Profile



Founded in : December 1957

Established on : April 1, 1968

Capital stock : 1,255 million yen

Annual sales : Non-consolidated: 12.7 billion yen / Consolidated: 24.2 billion yen
(For the fiscal year ended March 31, 2022)

Head office : TIXTOWER UENO 16F, 8-1 Higashiueno 4-chome, Taito-ku, Tokyo

Lines of business : Manufacturing and sale of surface treatment chemicals, surface treatment machines, and related materials

Representative Directors : Masashi Kimura, Chairman and CEO

Employees : Non-consolidated: 242 / Consolidated: 548
(As of March 31, 2022)

ISO Certificates

ISO9001	Production Headquarters, Head Office Sales and Marketing Department, and R&D Center (JCQA-0281)
ISO14001	Production Headquarters and R&D Center (JCQA-E-0143)

Surface Treatment Technology in Future —Electronic Components—

Target technology

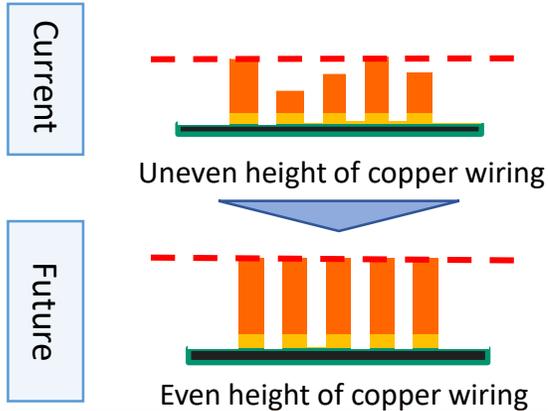
Next-generation IC-PKG boards for high-performance electronic devices, communications infrastructure, car electronics, etc.

Surface treatment technology to be focused on

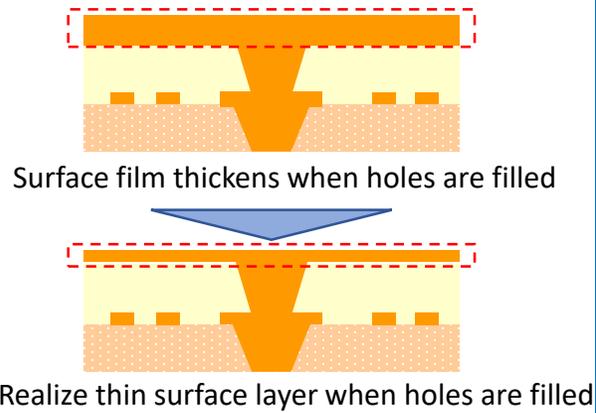
Via Filling Plating

Etching

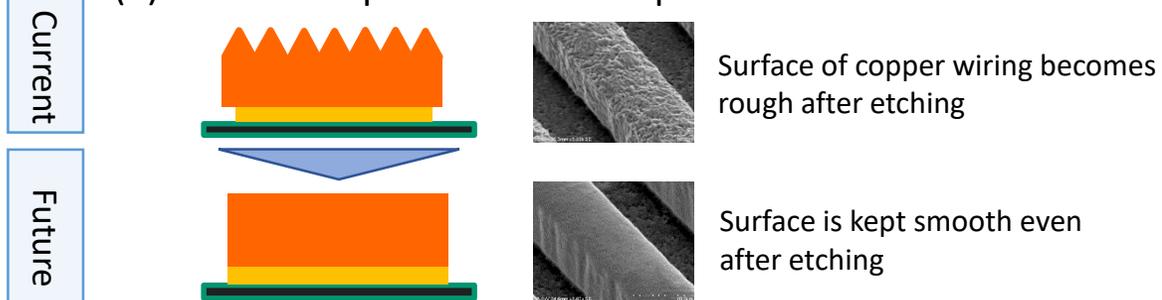
(1) Improve within wafer non-uniformity



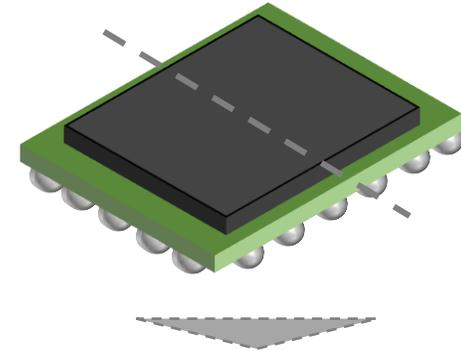
(2) Improve via filling for thin-film layer



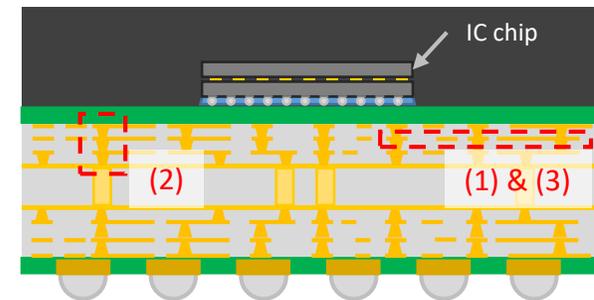
(3) Maintain squareness and improve smoothness



Schematic diagram of semiconductor package board



Sectional view of semiconductor package board



Surface Treatment Technology in Future — Decoration & Function—

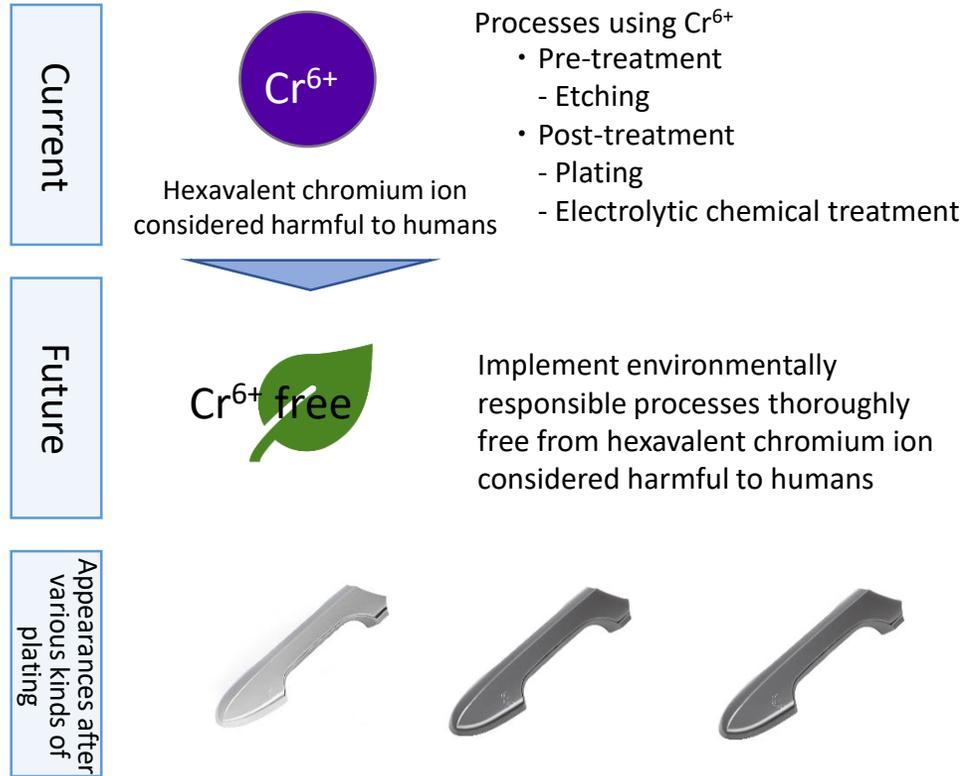
Target technology

Automotive components (front grilles, door handles, emblems, etc.)
Faucet parts (showerheads, drain plugs, etc.)

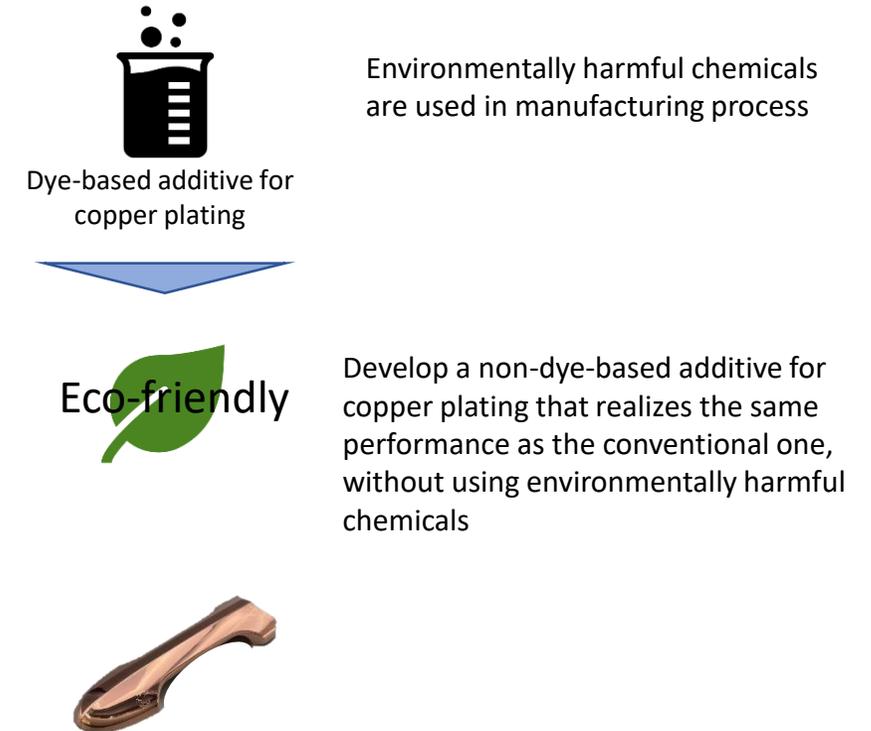
Surface treatment technology to be focused on

Eco-friendly surface treatment technology

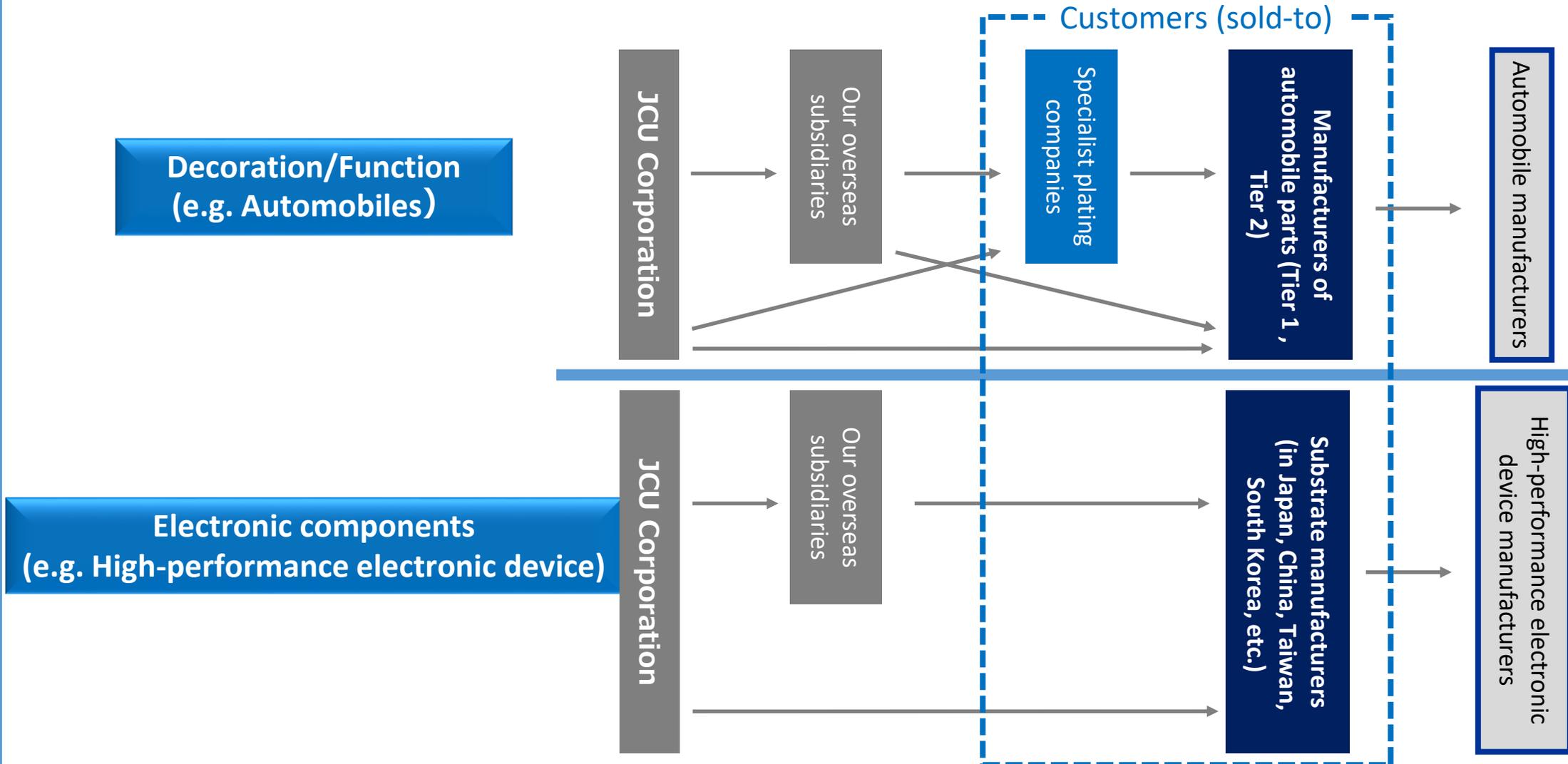
(1) Restricted substance-free alternatives



(2) Eco-friendly decorative copper plating process



Major Distribution Channels

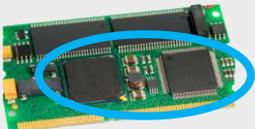


Major Products



Chemicals Business	For decoration and rust-proofing (Key chemicals)	Automotive parts (front grilles, door handles, emblems, etc.) Faucet parts (water supply equipment, showerheads, drain plugs, etc.) Construction materials (bolts, nuts, etc.)
	For electronic components (Chemicals for electronic components)	PWBs (reversible and multilayer substrates, build-up boards, package substrates, etc.) Electronic components (lead frames, chip components, connectors, etc.) Semiconductors (silicon wafers)
Machine Business	Fully-automated surface treatment equipment	Fully-automated equipment from input of materials to completion of the plating process
	Peripheral equipment	Manufacturing and sale of filtration machines and other peripheral equipment to be attached to surface treatment equipment
	Automatic analytical control systems	Automatic management of plating solutions by analyzing concentrations of chemicals and adding chemicals when an insufficient level is detected
	Plasma system	Etching and washing devices for PWBs as part of pre-plating processes

Usages of Chemicals and Typical Final Products

	Description of term	Final products
Key chemicals	Surface treatment (plating) chemicals for decorative and rust-proofing purposes such as those for providing a metal appearance and preventing rust.	Automotive parts, faucet parts and construction materials
POP (Plating on Plastics) chemicals	Major products for key chemicals Chemicals for metal coating on plastics 	(Automotive parts) Front grilles, emblems, etc. (Faucet parts) Showerheads, water faucet cocks, etc.
Other key chemicals	Chemicals for metal coating on metallic materials such as copper and steel	(Construction materials) Screws, hinges, etc.
Chemicals for electronic components	Plating chemicals for manufacturing PWBs, such as a circuit for electronic signals and an electrical contact for electronic components	5G-related components, data centers and other infrastructures and high-performance electronic devices
Via filling chemicals (for PWBs/motherboards)	Copper plating chemicals for formulating interconnection onto PWBs/motherboards embedded in electronic products 	(5G-related components) 5G base stations, in-vehicle PWBs, smart home appliances, etc.
Via filling chemicals (for semiconductor package boards)	Copper plating chemicals for formulating interconnection onto PWBs (semiconductor packages boards) for the purpose of protecting a semiconductor chip from the external environment and mounting to PWBs 	(Data centers and other infrastructures) Motherboards for communication servers etc.
Other	Plating chemicals for connectors and lead frames, etching chemicals for scraping unnecessary copper when formulating interconnection onto motherboards or semiconductor packages boards	(High-performance electronic devices) Smartphones, PCs, tablets, game consoles, etc.

This material contains current plans and forecasts of future performance of JCU CORPORATION. These plans and forecast figures are prepared by the Company based on currently available information. This material does not give any assurance or guarantee of the Company's future financial performance and actual results may differ substantially from these plans for a number of conditions or developments in the future.

JCU CORPORATION's website
URL: <https://www.jcu-i.com/>

Contact: Corporate Strategy Office
TEL: +81-3-6895-7004