



JCU Corporation

Financial Results for the FY March 2021 & New Medium-Term Management Plan

May 17, 2021

Event Summary

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[Venue Size]	
[Participants]	
[Number of Speakers]	1 Masashi Kimura CEO

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Presentation

Kimura: Hello, everyone. My name is Kimura, and I became CEO in April.

Due to the re-declaration of a state of emergency, we will not be holding a physical briefing session this time but will be providing an explanation via video streaming.

Prior to the presentation of the financial results, I would like to take this opportunity to express my sympathy to those who have been infected with COVID-19, and to express my sincere gratitude to the medical professionals who are working day and night in medical facilities around the world.

I hope that this unprecedented disaster will be brought under control as soon as possible, and that we can return to a peaceful life.

Today, I would like to provide an overview of our financial results for the fiscal year ended March 2021, as well as our medium-term management plan for the 3 years starting from the fiscal year ending March 2022.

Summary of Financial Results for FY3/21

Overview of Financial Results

Accounting Period of FY3/21

JCU (non-consolidated): April 1 to March 31

Overseas subsidiaries: January 1 to December 31

For electronic components

- Demand for components such as PWBs for base stations, servers, and tablets, PWBs for automobiles, and SSD substrates increased, but smartphone sales volume dropped, overall chemicals demand remained almost flat.
- 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 of teleworking.
- 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.

For automotive components

- In Japan: Although the automotive industry is on a recovery track, the rebound was not strong enough to offset the decline in the first half, and chemicals demand fell.
- Overseas: Although production by automotive component manufacturers was on a recovery track, 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.

Machine Business

- Sales and the amount of orders received decreased substantially due to lower demand in capital investment by automotive component manufacturers.

First, I would like to provide an overview of our financial results for FY2021.

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Since the fiscal year end of our overseas subsidiaries is delayed by 3 months, the non-consolidated business results for Japan are for the period from April 2020 to March 2021, and the business results for overseas subsidiaries are for the period from January 2020 to December 2020.

In the electronic components field, the smartphone market continued to be sluggish. However, demand for PCs, tablets, and servers increased in response to the expansion of telework and 5G support. In addition, the number of package substrates for electronic components installed in these electronic devices also increased, resulting in strong demand for our chemicals. We will explain more about the situation in each region later.

In the automotive sector, the automotive industry was significantly affected by COVID-19 in the first half of the year. In the second half of the year, there was a recovery trend along with automobile sales and production, but for the full year, demand for our chemicals decreased.

In the equipment business, due to the impact of COVID-19, there was a decrease in capital investment demand from automobile manufacturers, and many of our customers had to cancel or postpone their investment plans. As a result, both sales and orders decreased significantly.

Summary of Financial Results for FY3/21

Consolidated

(Millions of yen)

	FY3/19	FY3/20	FY3/21	
	Results	Results	Results	YoY % Change
Net sales	24,866	22,319	21,192	(5.1)%
Operating profit	7,072	6,297	6,799	8.0%
Ordinary profit	7,192	6,240	6,922	10.9%
Profit attributable to owners of parent	4,963	4,416	4,708	6.6%
Net income per share	178.55 yen	163.97 yen	178.33 yen	-

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As a result of this business environment, our consolidated cumulative results for FY March 2021 are as shown on page 3 of this document.

Net sales totaled JPY21.192 billion, down 5.1% from the same period last year, but operating income, ordinary income, and current net income increased from the same period last year, due to strong sales of chemicals for the electronic components field under the impact of COVID-19.

Summary Consolidated Balance Sheet

Note: Certain line items are omitted.

(Millions of yen)	FY3/20	FY3/21
Current assets	24,249	26,724
Cash and deposits	12,929	16,674
Notes and accounts receivable-trade	8,282	7,195
Inventories	2,076	2,502
Non-current assets	8,790	8,499
Property, plant and equipment	5,635	5,312
Investments and other assets	3,113	3,124
Total assets	33,039	35,224
Current liabilities	5,773	6,050
Notes and accounts payable-trade (incl. electronically recorded obligations-operating)	2,173	2,237
Short-term borrowings (incl. current portion of long-term borrowings)	540	634
Non-current liabilities	1,938	1,470
Long-term borrowings	706	613
Total liabilities	7,712	7,520
Total net assets	25,327	27,703
Total liabilities and net assets	33,039	35,224

Page 4 is a summary of the balance sheet. The equity ratio was 78.6%, and ROE was 17.8%.

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Foreign Exchange Rates

(Yen)

	FY3/20	FY3/21			
		1Q	2Q	3Q	4Q
Chinese yuan (CNY)	15.78	15.61	15.39	15.38	15.48
Taiwan dollar (TWD)	3.53	3.62	3.61	3.62	3.63
Korean won (KRW)	0.0937	0.0914	0.0898	0.0897	0.0906

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.

Foreign exchange sensitivity (as at the consolidated year): Changes of about 60 million yen in consolidated operating profit with 1 % change in major currency rates listed above

Page 5 shows the exchange rate.

The Company sells its products in local currencies and converts them into Japanese yen at the time of consolidation, so the exchange rate affects the Company's business performance.

The major currencies are Chinese yuan, Taiwan dollar, and Korean won. In both cases, the year-end rate is the average rate for the period from January to December.

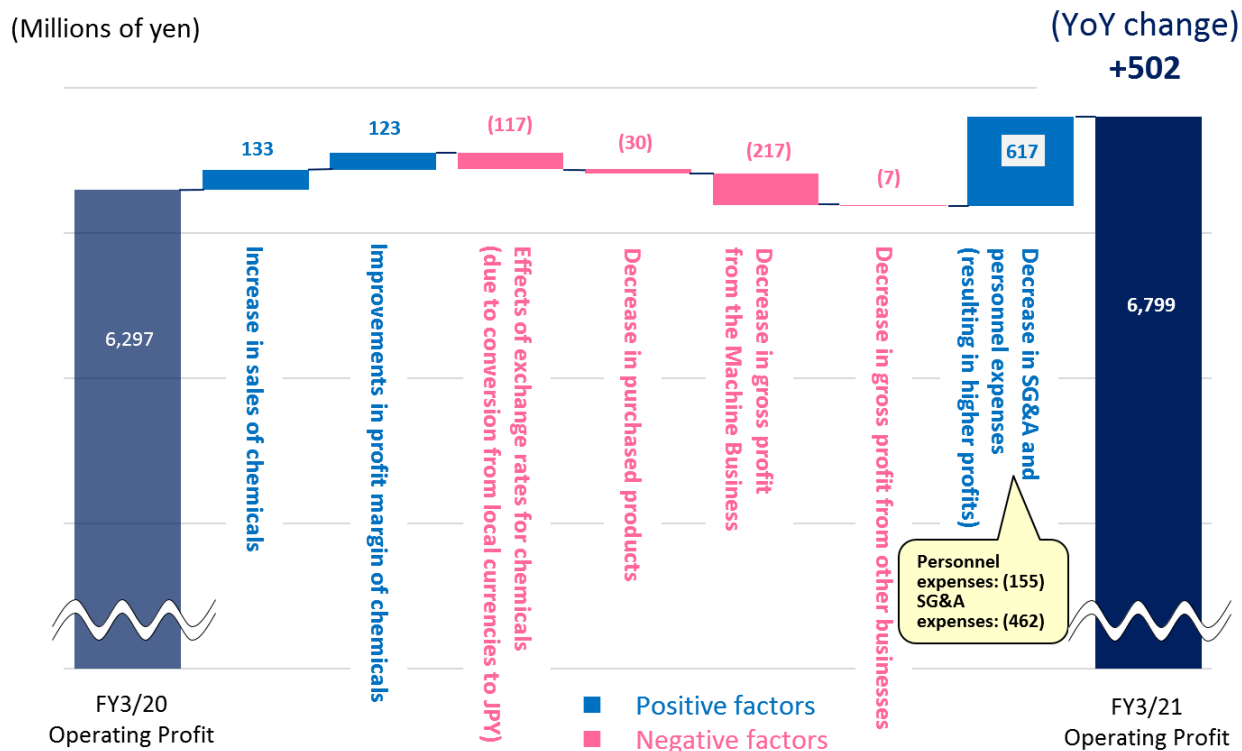
A 1% change in a major currency will have an impact of approximately JPY60 million on consolidated operating income. Compared to the same period of the previous year, the yen appreciated against the Chinese yuan and the Korean won, but weakened against the Taiwan dollar.

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Changes in Consolidated Operating Profit for FY3/21



Page 6 is a graph showing the change in operating income from the same period last year.

Profit increased by JPY133 million due to the increase in pharmaceutical sales. In particular, sales of chemicals for electronic components increased by JPY123 million due to improved profit margins, which are higher than the profit margins of chemicals for the automotive field.

The impact of the exchange rate of chemicals was a decrease of JPY117 million due to the appreciation of the Chinese yuan and Korean won against the yen.

By purchased products, we mean accessories and other items that are used in conjunction with chemicals. There was a downward impact of JPY30 million, due in part to a decrease in chemicals for the automotive industry.

Both the equipment business and other businesses saw a decrease in sales, resulting in a decrease in profits of JPY217 million for equipment and JPY7 million for other businesses.

SG&A expenses decreased by JPY617 million, mainly due to a decrease in business travel expenses as a result of COVID-19 travel restrictions, as well as the consolidation of head office offices in Japan, which contributed to the increase in profits.

As a result, operating income increased by JPY502 million over the same period last year.

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Forecasts for FY3/22

(Millions of yen)

	FY3/21	FY3/22 Forecasts	YoY % Change
Net sales	21,192	23,500	10.9%
Operating profit	6,799	7,500	10.3%
Ordinary profit	6,922	7,550	9.1%
Profit attributable to owners of parent	4,708	5,300	12.6%
Net income per share	178.33 yen	201.85 yen	-

Page 7 shows the earnings forecast for FY March 2022.

We are forecasting sales of JPY23.5 billion, operating income of JPY7.5 billion, ordinary income of JPY7.55 billion, and current net income of JPY5.3 billion.

The assumed exchange rates at the time of the forecast were JPY15.5 to the Chinese yuan, JPY3.6 to the Taiwan dollar, and JPY0.09 to the Korean won.

At present, the exchange rate of the yen is weaker in all 3 currencies than when the budget was prepared.

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Changes in Consolidated Operating Profit (Forecast for FY3/22)



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Next, I would like to explain the contents of the forecast for changes in operating income.

Due to the increase in pharmaceutical sales, pharmaceutical gross profit increased by approximately JPY1 billion. Due to the increase in equipment sales, equipment gross profit is expected to increase by approximately JPY200 million.

The increase in SG&A expenses of JPY460 million is due to transportation and packaging costs associated with the increase in pharmaceutical sales.

In addition, as COVID-19 comes to an end and travel restrictions are eased, we expect to see an increase in business trips for technical follow-up on drug sales.

As a result, operating income for FY March 2022 is expected to be approximately JPY700 million, 10.3%, higher than the same period last year.

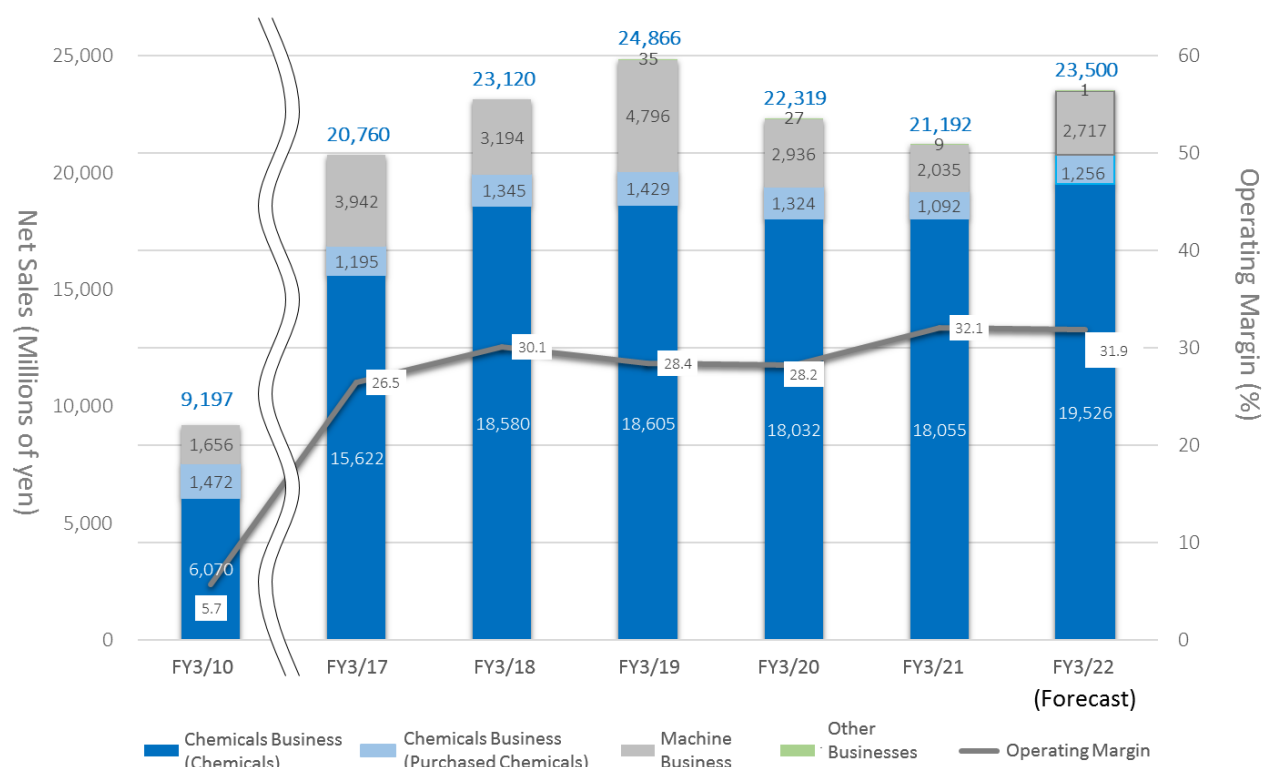
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Annual Consolidated Financial Results (By Segment)



Page 9 shows the consolidated financial results by year and segment.

In FY March 2021, the percentage of equipment sales decreased, resulting in a higher profit margin compared to the same period last year. In FY March 2022, pharmaceutical sales are expected to increase by approximately JPY1.47 billion out of the total sales increase.

As the economy recovers from the effects of COVID-19, the electronic components sector is expected to remain strong, and the automotive sector is expected to see an upturn in the economy.

In particular, as 5G becomes more widespread, the demand for chemicals for base stations, servers, tablets, and wearable devices, in addition to smartphones, will further expand.

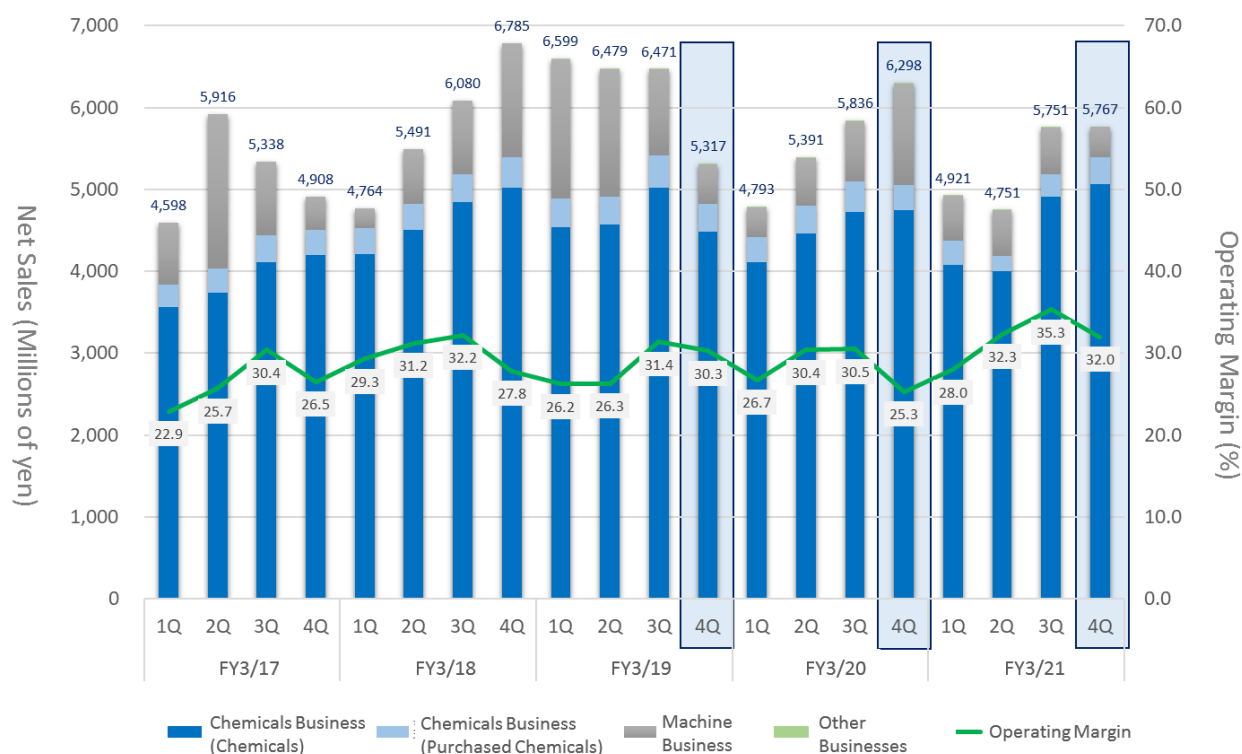
As for equipment, we expect an increase of approximately JPY680 million in plating equipment for automotive parts, due to the resumption of cancelled investment plans, although customers are expected to continue to be cautious about new capital investment.

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Quarterly Consolidated Financial Results (By Segment)



The following is a summary of consolidated results by quarter and segment.

The line graph shows the operating income ratio.

In FY March 2021, the operating profit margin increased YoY in all quarters, from 1Q to 4Q, due to high sales of chemicals for electronic components.

In the 4Q, the recovery of chemicals for automotive parts was more pronounced than in 3Q, and the profit margin for overall sales declined slightly.

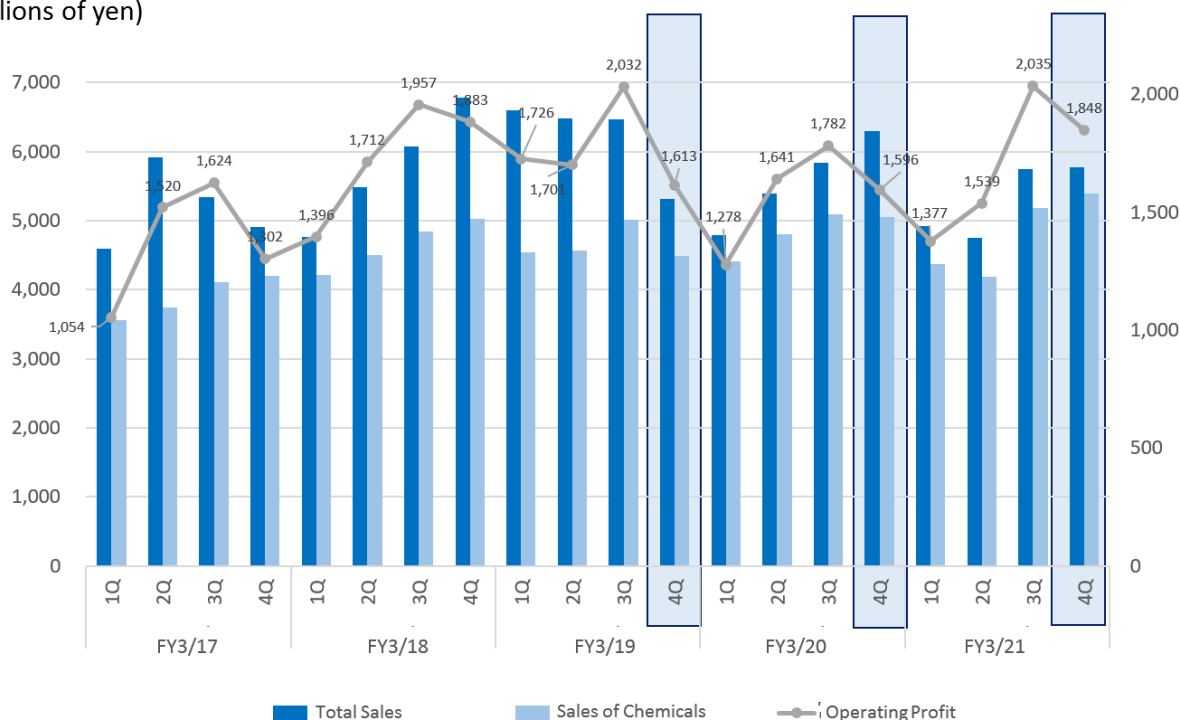
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Quarterly Consolidated Financial Results

(Millions of yen)



Page 11 is a graph showing the consolidated business performance and pharmaceutical sales trends.

The line graph on the previous page shows the operating income ratio, but this one shows the operating income amount.

In the second half of FY March 2021, pharmaceutical sales recovered to a level higher than that of the same period of the previous year.

In 3Q, both the amount of operating income and the operating income ratio were the highest in the quarter.

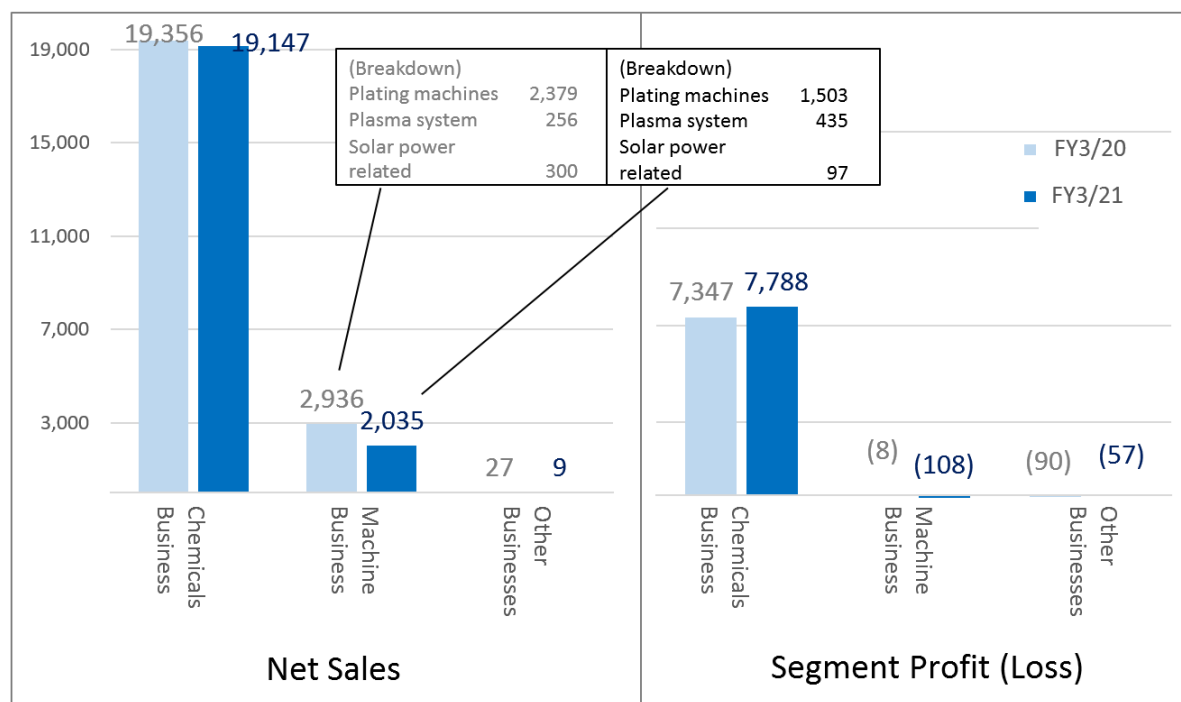
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Consolidated Segment Results for FY3/21

(Millions of yen)



Page 12 shows the YoY comparison of consolidated segment results.

In the pharmaceutical business, sales decreased slightly from the same period of the previous year due to a decrease in purchased products.

The equipment business decreased due to the strong impact of COVID-19.

New investment demand is not expected to recover until FY March 2023.

The number of plasma systems required for the manufacturing of high-function printed circuit boards increased.

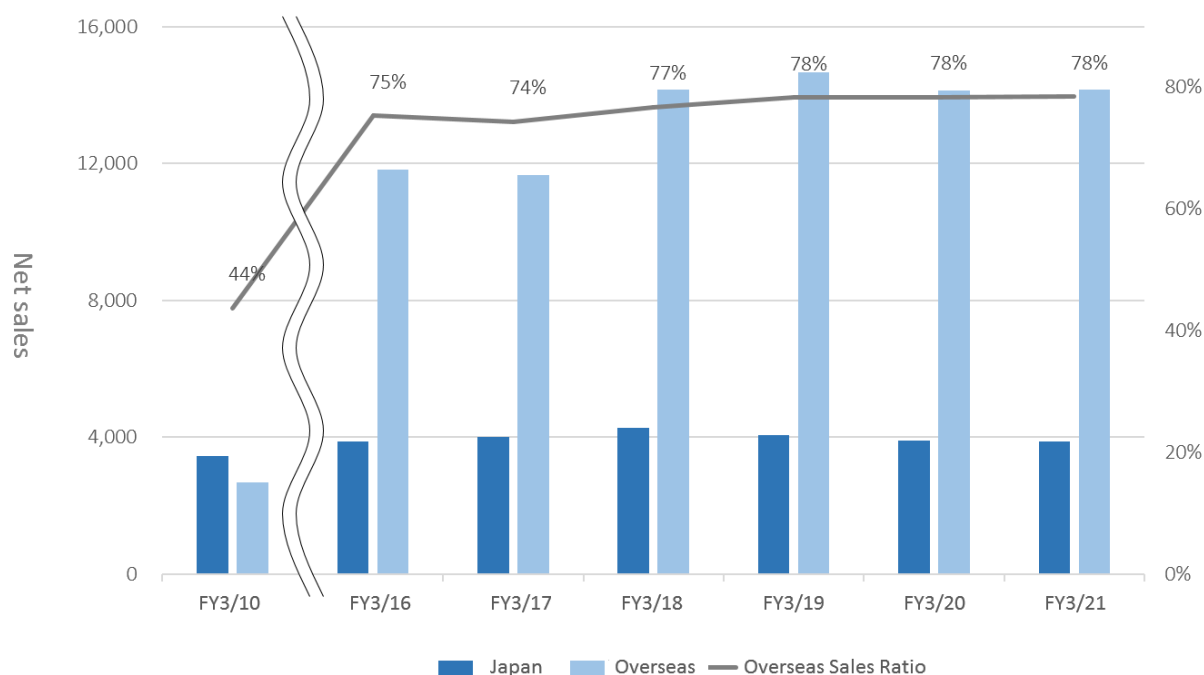
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Annual Sales of Chemicals in Japan and Overseas

(Millions of yen)



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As for the transition of domestic and overseas pharmaceutical sales, overseas sales continued to account for nearly 80% of total sales.

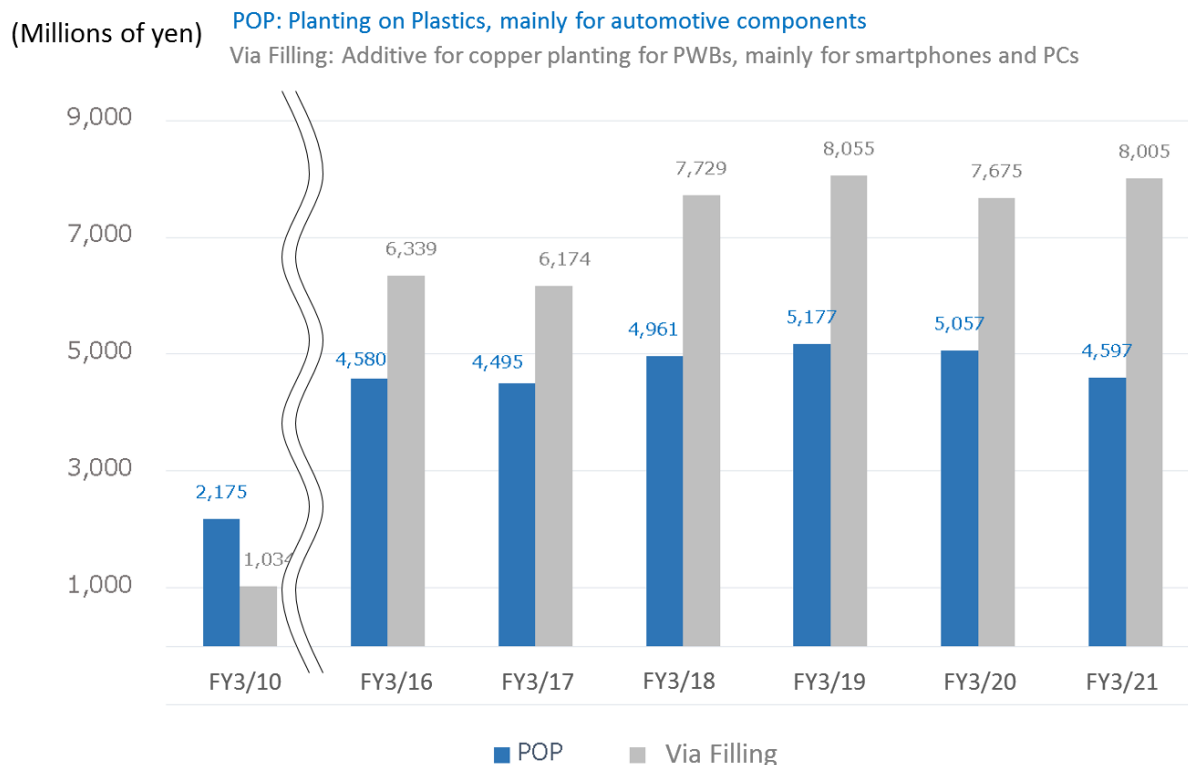
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Annual Sales of Chemicals for POP and Via Filling



Page 14 shows the sales trend of our main products by fiscal year.

Via filling chemicals are the main products in the electronics field, these are copper plating chemicals used in the manufacturing of printed circuit boards found in high-performance electronic devices, such as smartphones, PCs, and tablets.

With the spread of 5G and IoT, the market is growing remarkably and is the driving force behind our sales increase.

POP chemicals are our main products in the core field of Plating on Plastics. It is a chemical used in the plating process of applying metallic films to plastic materials.

It is found mainly in automobile parts such as front grills, emblems, and door handles, as well as shower heads and faucet fittings.

Although the market is relatively stable, it was significantly affected by COVID-19 in FY March 2021.

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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 planting for PWBs, mainly for smartphones and PCs



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This page shows the quarterly sales trend of our main products.

Sales of via filling chemicals usually tend to increase from 1Q to 4Q. 1Q is off to a slow start due to the Chinese New Year vacations in China and other Asian countries.

In 2Q and 3Q, there will be mass production for the launch of new products of various electronic devices, and chemical sales will be on an upward trend.

Although 4Q is affected by the sales situation of new products launched, it usually tends to increase even more than 3Q due to the Christmas shopping season and the rush demand before the Chinese New Year vacations.

POP chemicals have been stable with no particular trend from period to period. In 1Q of FY March 2021, COVID-19 expanded rapidly for the first time in China, resulting in a significant drop in the production capacity utilization rate of auto parts manufacturers.

In 2Q, due to the lockdown caused by COVID-19 in ASEAN countries other than China, both sales and production of automobiles decreased further, and sales of chemicals also decreased significantly.

In the second half of the year, the automotive market recovered, but this was not enough to offset the decline in the first half of the year, resulting in a decrease in POP chemicals sales for the full year.

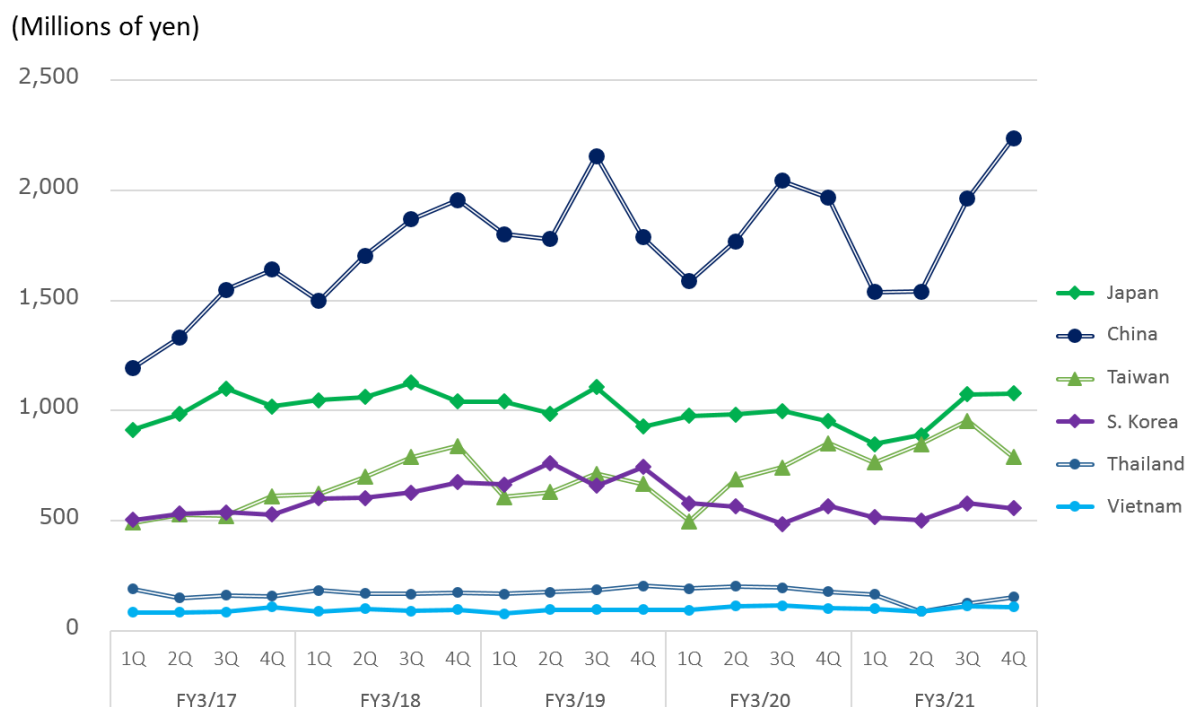
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Quarterly Sales of Chemicals by Region



Page 16 is a graph showing the trend in pharmaceutical sales by region.

China has the largest impact, accounting for about 40% of pharmaceutical sales.

In Japan, the market has been shrinking. But recently, chemicals for electronics have been growing steadily.

In Taiwan, sales were strong, mainly for chemicals for electronic components.

In South Korea, sales of chemicals continued to be sluggish last year due to the impact of PCB manufacturers who withdrew from the HDI business. However, sales are expected to improve in the future.

Thailand and Vietnam account for a small percentage of the total, but we expect them to grow moderately in the future due to the shift in production from China, the China Plus One strategy.

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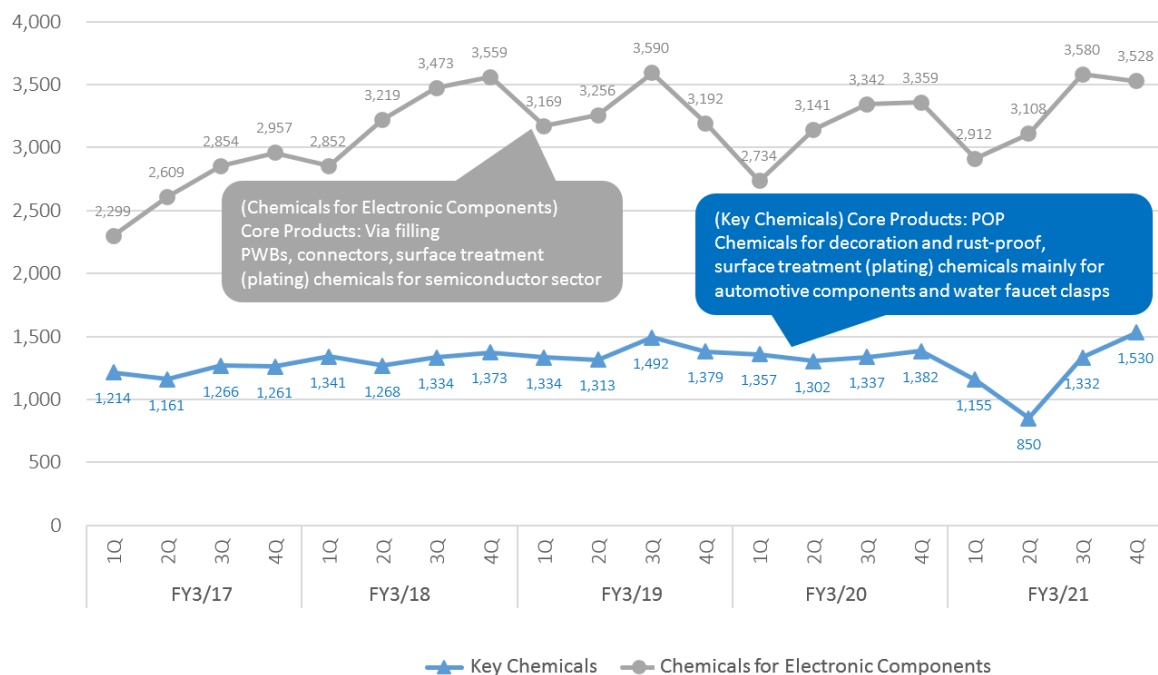
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Quarterly Sales of Chemicals by Category

(Millions of yen)

Consolidated



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This page is a graph showing the trend in pharmaceutical sales by field.

The performance of electronic chemicals will be affected by global demand for high-performance electronic devices.

Last year, in addition to the sales volume of high-function electronic devices, the volume of semiconductors to be installed also increased, contributing to our business performance.

The performance of core chemicals is affected by the global sales situation of Japanese automobiles in particular. But in China, chemicals are also being used in European and US automobiles.

After the convergence of COVID-19, we expect a moderate growth.

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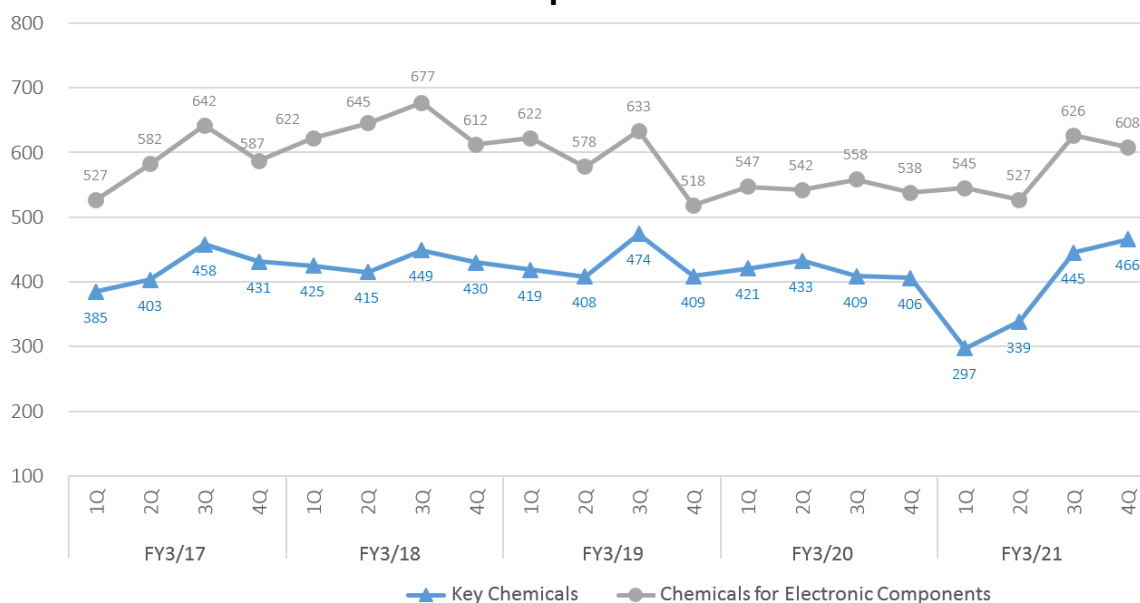
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Quarterly Sales of Chemicals by Region

(Millions of yen)

Japan



Chemicals for Electronic Components
Down 2% QoQ Up 13% YoY Up 6% vs. FY3/20

Key Chemicals
Up 4% QoQ Up 14% YoY Down 7% vs. FY3/20

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This is the trend of domestic pharmaceutical sales.

Demand for electronic chemicals has been on a downward trend in recent years due to the impact of the shift of manufacturing to Asian countries.

From 3Q of FY March 2021 onward, sales of chemicals for package substrates increased due to strong demand for semiconductors. For the full year, sales of electronic chemicals increased compared to the same period of the previous year.

In the core chemicals business, production capacity utilization by automobile parts manufacturers declined significantly in 1Q due to the declaration of a state of emergency and other factors.

From 2Q onward, exports of automobiles recovered, and both production capacity utilization by automobile parts manufacturers and sales of chemicals recovered.

In the area of automotive parts, we are closely watching the impact of the decline in automobile production due to the shortage of semiconductors.

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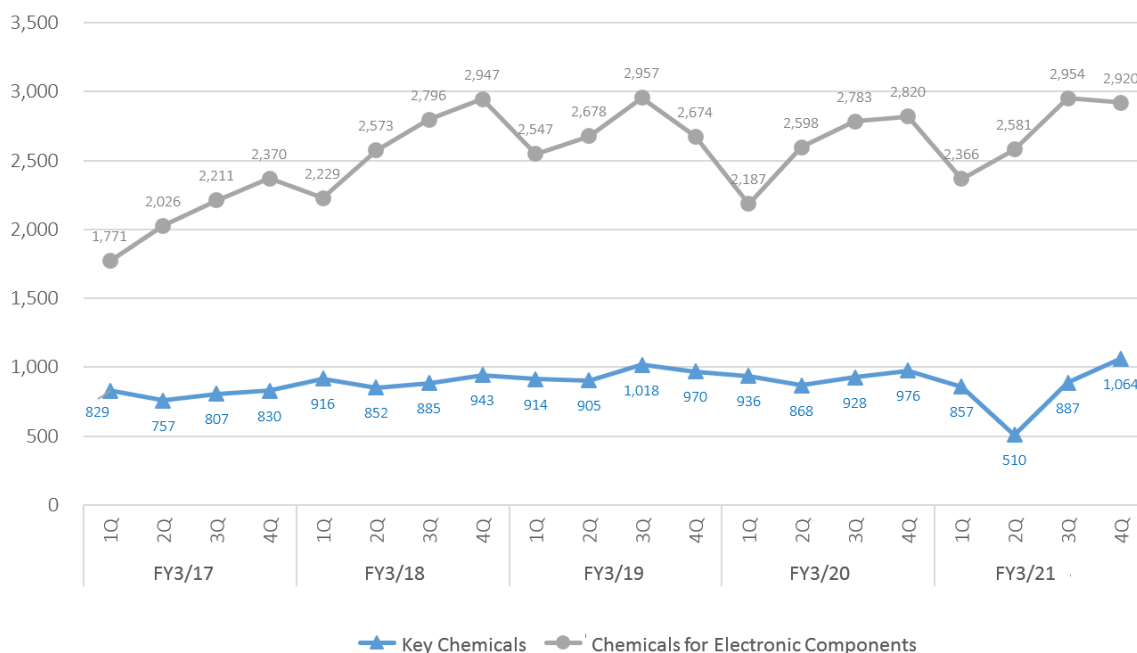
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Quarterly Sales of Chemicals by Region

(Millions of yen)

Overseas



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Next is the trend of overseas pharmaceutical sales.

Sales of electronic chemicals were not negatively affected by COVID-19 and were higher than the same period last year.

The main regions of sales are China, Taiwan, and Korea.

For core chemicals, the main sales area is China.

As a result, the graph is mostly linked to sales trends in China.

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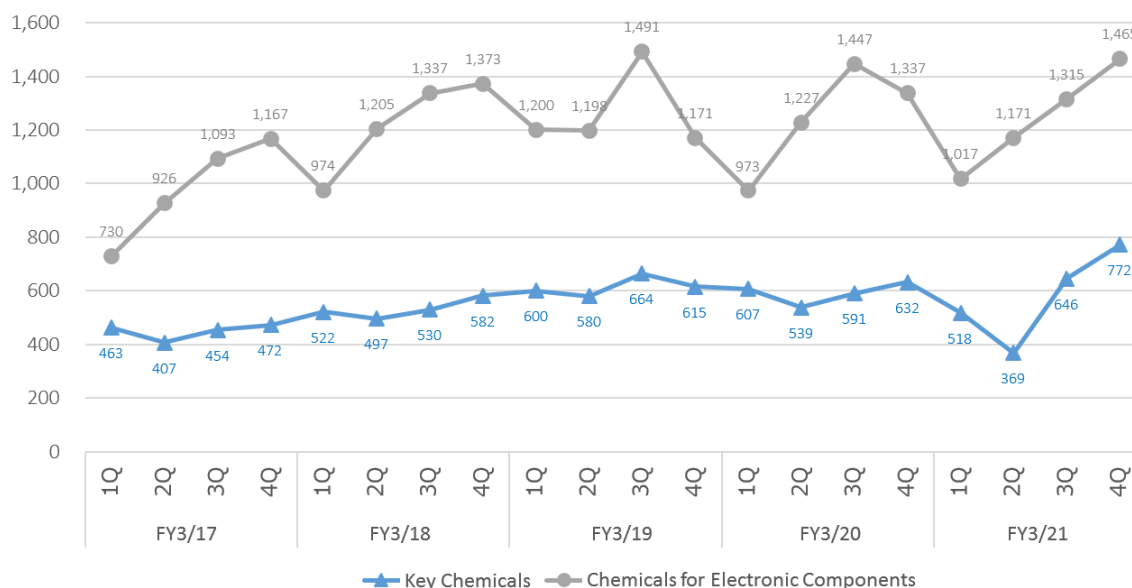
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Quarterly Sales of Chemicals by Region

(Millions of yen)

China



Chemicals for Electronic Components
Up 11% QoQ Up 9% YoY ±0 % vs. FY3/20

Key Chemicals
Up 19% QoQ Up 22% YoY Down 3% vs. FY3/20

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This is the situation in China.

In electronic chemicals, demand for printed circuit boards for smartphones decreased due to a decline in the number of smartphones sold. However, the demand for information and communication devices other than smartphones increased. Sales of printed circuit boards for 5G base stations and printed circuit boards for surveillance cameras are also continuing to increase, albeit slowly.

As a result, demand for chemicals remained flat.

In the future, we expect to see an accelerated increase in the number of base stations, printed circuit boards for servers, and printed circuit boards for automobiles as 5G becomes more widespread.

Demand for core chemicals decreased significantly in the first half of the fiscal year due to the impact of COVID-19, as automobile parts manufacturers reduced their production capacity.

In the second half of the year, the demand for chemicals recovered to a level higher than that of the same period last year. As a result, demand for chemicals remained flat.

Moving forward, there are concerns about the continuation of trade friction between the US and China, and a decline in automobile production capacity due to semiconductor shortages.

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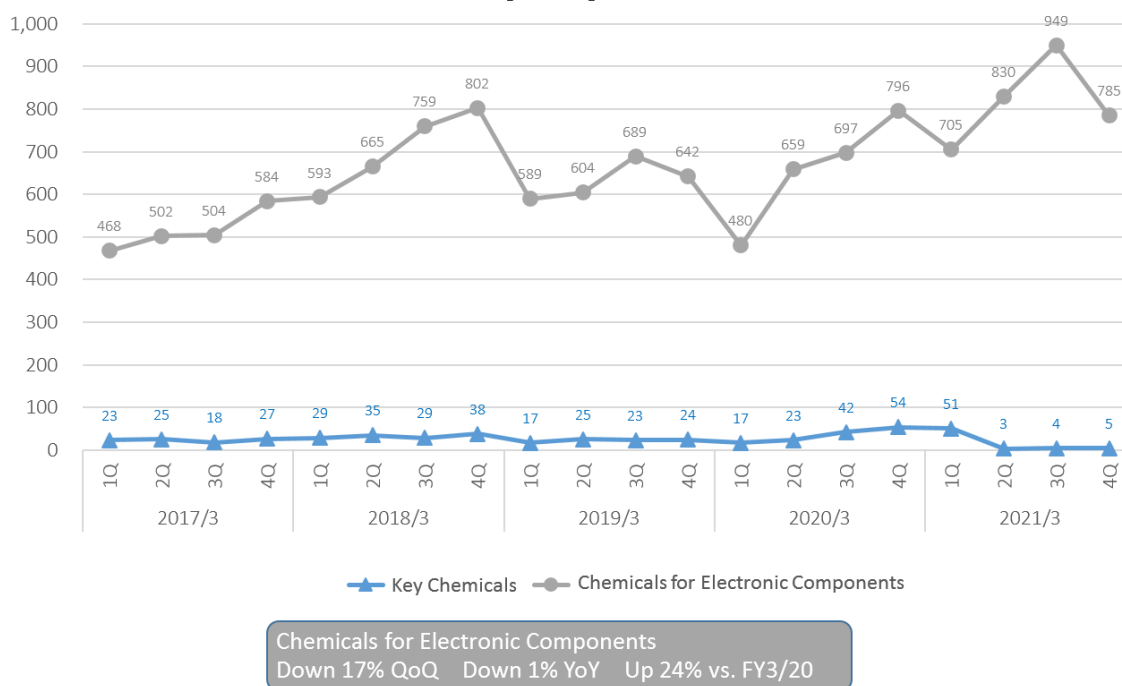
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Quarterly Sales of Chemicals by Region

(Millions of yen)

Taiwan



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This is for Taiwan.

As you can see in the graph, electronic chemicals performed very well in FY March 2021.

As in China, demand for printed circuit boards increased due to a sharp rise in demand for information and telecommunications equipment. Demand for chemicals for use in semiconductor package substrates also increased sharply as the number of electronic components, such as semiconductors and camera modules, increased in line with the growing sophistication of electronic devices.

In 4Q of FY March 2021, there was a temporary decrease in sales due to a fire at the factory of one of our major customers.

The global shortage of semiconductors is continuing, and our customers' factories are expected to continue operating at full capacity for some time to come.

In the medium to long term, we expect demand for semiconductors for tablets, wearable devices, and servers to increase further as 5G becomes more prevalent.

In terms of demand for chemicals in Taiwan, the increase in demand for semiconductor package substrates has been greater than that for printed circuit boards.

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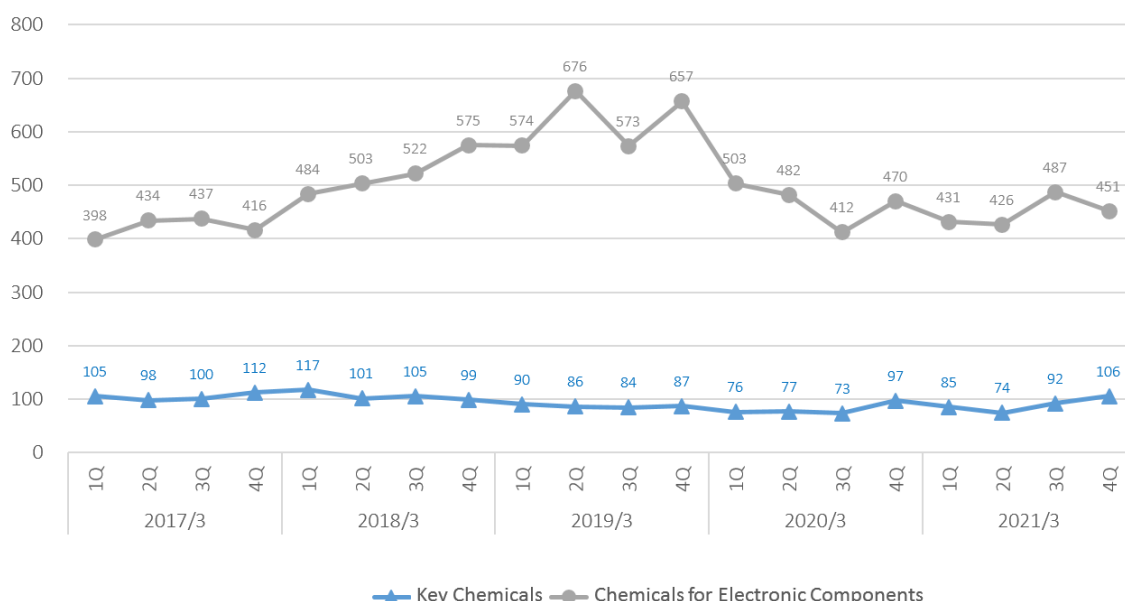
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Quarterly Sales of Chemicals by Region

(Millions of yen)

South Korea



Chemicals for Electronic Components
Down 7% QoQ Down 4% YoY Down 3% vs. FY3/20

Key Chemicals
Up 15% QoQ Up 9% YoY Up 10% vs. FY3/20



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Next, let's look at the situation in Korea.

In electronic chemicals, sales of chemicals for semiconductor package substrates increased, especially for memory semiconductors used in electronic devices and servers.

In FY March 2020, some PCB manufacturers withdrew their HDI manufacturing businesses from Korea, and the demand for chemicals was on a significant downward trend.

From the second half of FY March 2021 onward, the situation started to recover.

In the future, in addition to the increase in semiconductor package substrates, COF, or chip-on-film for smartphones, and 8K LCD TVs are expected to increase, which will contribute to the sales of our chemicals.

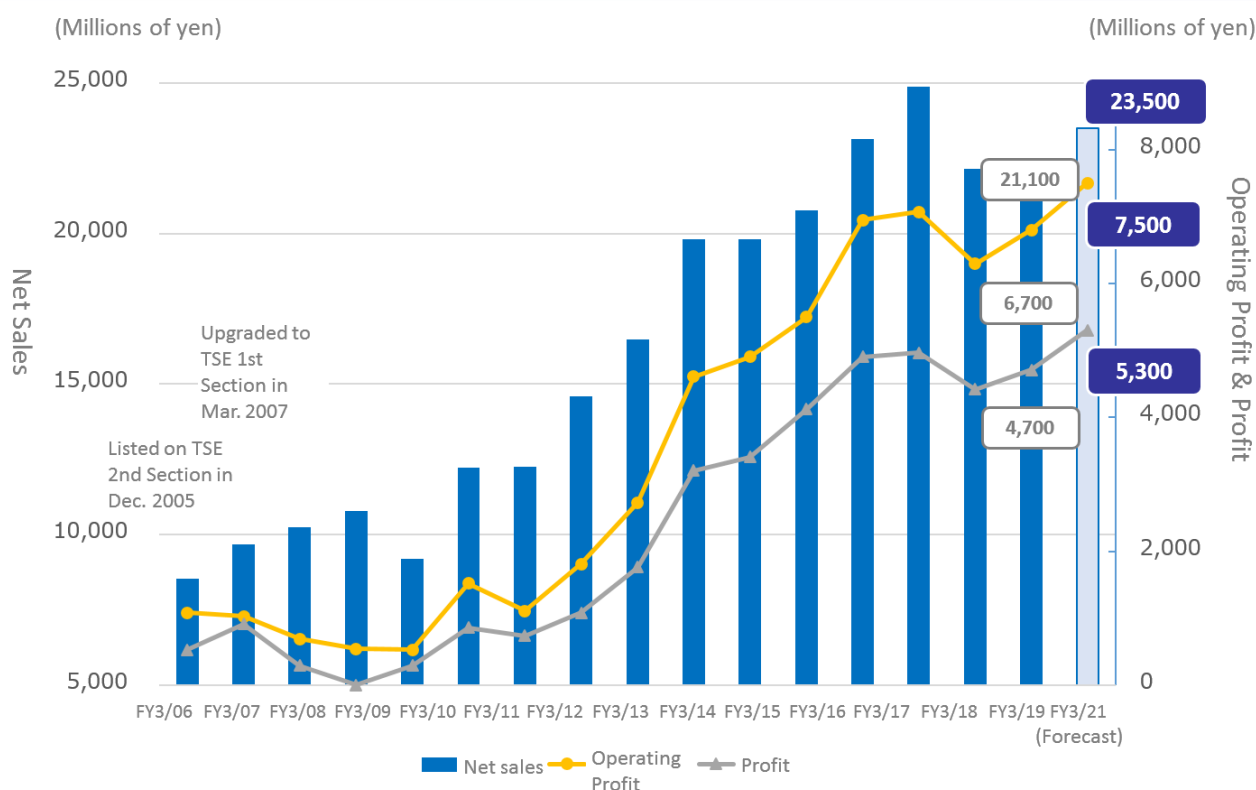
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Financial Results since Listing



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Page 23 shows our business performance since listing.

FY March 2021 was a year of drastic changes in the external environment, including COVID-19, semiconductor export restrictions on Huawei due to US-China trade frictions, and the subsequent disruptions in the electronics industry supply chain.

Under such circumstances, although net sales decreased YoY, operating income increased due to strong sales of electronic chemicals, as well as controlled SG&A expenses.

In FY March 2022, we will aim to increase both sales and profits.

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FY3/22 Dividend Forecast

		FY3/20	FY3/21	FY3/22 (Forecasts)
Dividends per share	Interim	23.5 yen	25.0 yen	27.0 yen
	Year-end	25.0 yen	25.0 yen	27.0 yen
	Annual	48.5 yen	50.0 yen	54.0 yen

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.

This is the dividend forecast.

For FY March 2021, the Company will pay dividends as forecasted at the beginning of the fiscal year.

Our policy is to maintain stable dividends, and we have increased dividends for 11 consecutive fiscal years. We will continue to aim to increase dividends in FY March 2022.

This is the end of the explanation of the financial results.

Next, I will explain the newly formulated medium-term management plan for the period from FY March 2022 to FY March 2024.

It is a table of contents. The first half of the presentation will be a review of what we have done so far, so I will limit myself to a brief explanation.

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I. Corporate Philosophy, CSR Policy, the JCU Spirit

Corporate Philosophy

Explorer in Surface Engineering

Since our inception, we have supported the growth of the automobile, electronics and other industries as a provider of a diverse array of surface treatment technologies originating from our expertise in decorative plating and rust-proof plating.

We are dedicated to using knowledge gained over many years and our R&D capabilities in order to achieve more progress in the field of surface treatment technologies. Our goal is to support manufacturing processes and play a role in enabling people around the world to lead fulfilling lives.



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I. Corporate Philosophy, CSR Policy, the JCU Spirit

Corporate Social Responsibility Policy

JCU has a four-part CSR policy for the purpose of contributing to the sustainable progress of our society.

1. Constantly supply better products and services as a company with operations centered on R&D.
2. Comply with legal and social rules and work on meeting even greater demands of society.
3. Maintain relationships rooted in trust by building sound lines of communication with all stakeholders.
4. Conduct all corporate activities with fairness by increasing the transparency of management and fostering workplace environments with openness for information and sharing ideas and opinions

The JCU Spirit

“Enthusiasm and integrity” are the guidelines for performing our jobs. We are always enthusiastic about what we do and we are dedicated to treating others with integrity at all times.



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Pages 2 and 3 describe our corporate philosophy, CSR policy, and the JCU Spirit.

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II. The History of JCU

- JCU started operations in 1958 by importing and selling decorative and functional plating chemicals from the U.S. company Udylyte Corporation.
- The development and sale of chemicals for the electronics industry started in 1983.
- The development and sale of PWB via filling chemicals started in 2000.
- The speed of overseas growth increased in 2003 following a management buyout.
- Sales and earnings increased rapidly starting in 2013 along with growth of the smartphone market.



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The following is a summary of the Company's history, including trends in sales and operating income.

III. Five-year Summary

(Millions of yen)

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Net sales	20,760	23,120	24,866	22,319	21,192
Operating profit	5,500	6,948	7,072	6,297	6,799
Ordinary profit	5,502	6,972	7,192	6,240	6,922
Profit attributable to owners of parent	4,124	4,906	4,963	4,416	4,708

FY3/21 goal is a new product sales ratio of at least 10%

Actual ratio: 9.4%

(Ratio was 3.2% in FY3/17)



Reasons that the FY3/19-FY3/21 medium-term management plan targets were not achieved

- Decrease in smartphone sales volume
- Decrease in automobile sales volume caused by U.S.-China trade friction
- Global economic downturn caused by the COVID-19 pandemic

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This chart shows the business performance during the previous medium-term management plan period.

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Our numerical targets for FY March 2021, the final year of the previous medium-term management plan, were sales of JPY26.5 billion, operating income of JPY7.5 billion, and current net income of JPY5.7 billion.

However, the actual result was sales of about JPY21.1 billion, operating profit, about JPY6.7 billion. Current net income for the year was approximately JPY4.7 billion.

In the previous mid-term management plan, we had set a target of 10% sales ratio of new products. In this case, the result was 9.4%.

The external environment surrounding the Company is as described below. The start of 5G infrastructure development, increasing functionality of electronic devices, decrease in smartphone sales, decrease in automobile sales due to US-China trade frictions, and the global economic slowdown due to COVID-19.

In spite of the above external environment, we have secured an increase in profit for FY March 2021.

IV. Assessment of the Previous Medium-term Management Plan

Accomplishments	Challenges
<ul style="list-style-type: none">• Used JCU's global network to reduce vulnerability to changes in market conditions• Constructed a factory and technical center in Hubei, China• Increased sales of chemicals for automotive and electronic components in China• R&D for surface treatment technologies for new materials• Unified sales activities for chemicals and machinery to automotive component companies• Established a framework for compliance with laws and regulations	<ul style="list-style-type: none">• Improve the ability to collect information about future needs and advanced technologies• Develop products using a long-term perspective (the environment, resource conservation, etc.)• Establish sales strategies• Strengthen training programs• Build a production infrastructure incorporating the latest technologies• Develop machinery that fully utilizes the properties of chemicals• Strengthen compliance systems at group companies

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This page describes the results of the previous medium-term management plan, including what we were able to accomplish and the challenges we face.

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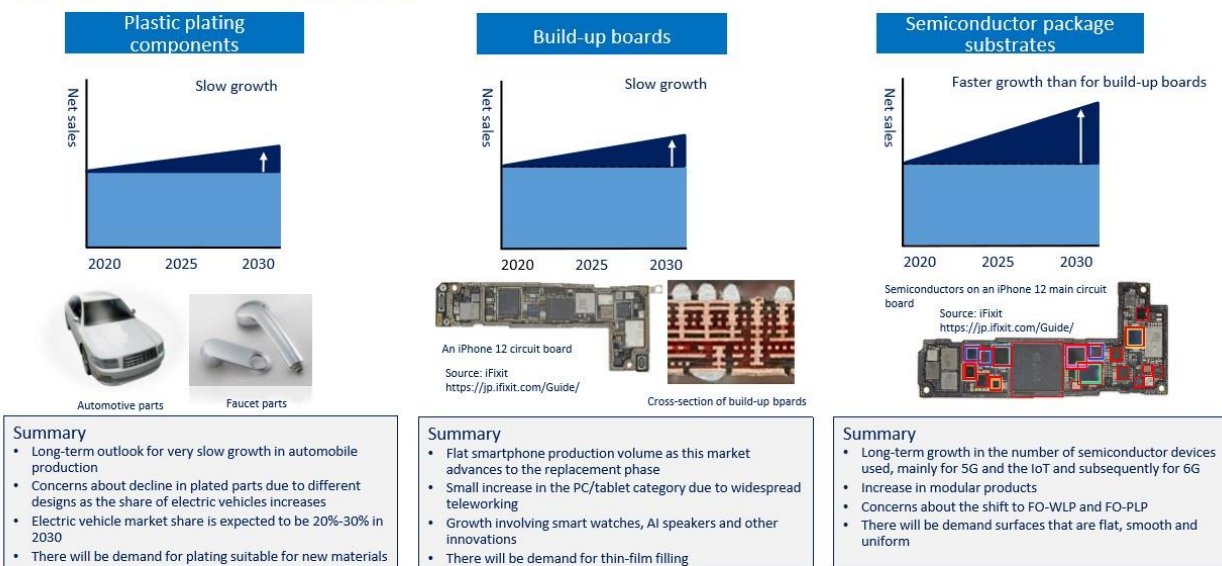
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V. The Business Climate

Forecasts		
Automobiles		Growth in China and emerging countries, but only minimal growth worldwide
Smartphones		No growth because the market is saturated
PCs and tablets		Small increase partly because of widespread teleworking
Servers		Demand is increasing, mainly for data center servers
Base stations		Demand is increasing because of 5G investments worldwide
Wearable electronics		Demand is increasing as these devices feature more advanced functions

The following is the market forecast for end products that will affect our business performance as the environment surrounding our company.

V. The Business Climate



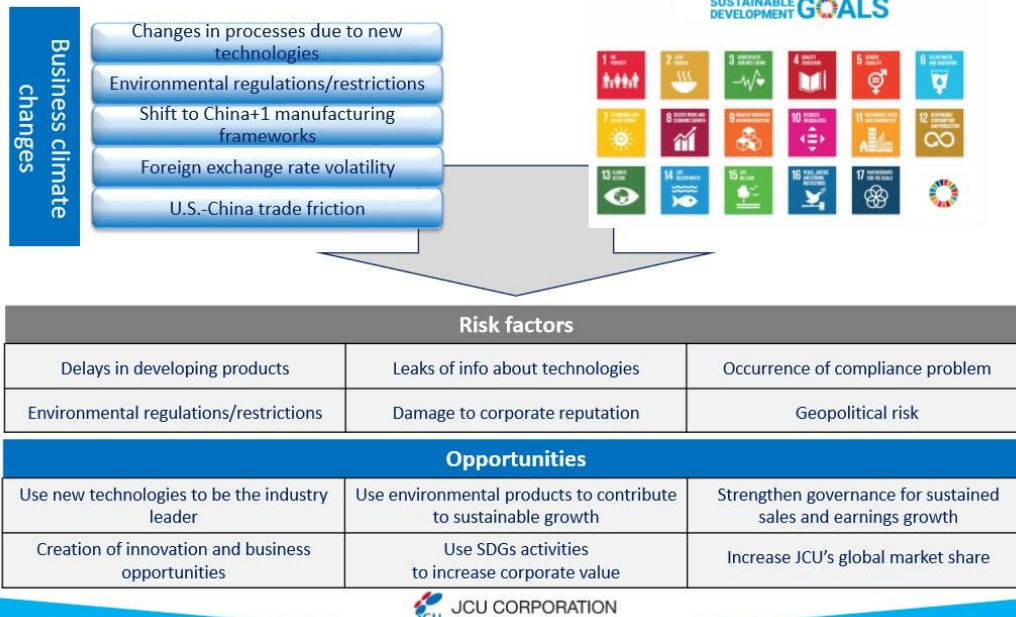
Similarly, market forecasts for major components that affect our business performance are provided.

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V. The Business Climate – Risk and Opportunity



This page describes the changes in the environment, risks and opportunities surrounding the Company.

VI. Our Vision

A Global Company Capable of Sustained Growth

■ A company capable of sustained growth

Business operations that reflect ESG and the SDGs

- Sell products that match current customer and social needs
- Able to adapt to social changes (social and environmental problems)
- Commitment to regional and social requirements and issues (contributions to equal opportunity employment, regional vitality, economic growth)
- All employees have a sound understanding of and commitment to corporate governance

■ A global company

A company that can succeed anywhere in the world

- A supplier of products that can be sold worldwide and that are needed worldwide
- Business operations that reflect the distinctive cultures and customs of different countries and regions
- Business operations that coexist with host countries and regions and contribute to their economic growth
- A diverse workforce, including in terms of nationality, with understanding and support for their culture and spirit
- Supply products and services of the same high quality everywhere in the world based on a single global corporate philosophy

Actions for becoming a company capable of sustained growth

- 1) Build an infrastructure that can compete and win in the surface treatment industry.
- 2) Be the first to identify the needs of customers and society and develop products that can help solve social problems.
- 3) Upgrade training programs to create a workforce where everyone is a member of a global organization.
- 4) Strengthen corporate governance by giving everyone a sound understanding and commitment to the corporate philosophy and management policies.

This page shows our long-term vision, which is linked to the new medium-term management plan.

Our goal is to be a global company that continues to grow in a sustainable manner. The document illustrates what it means to be a global company that continues to grow in a sustainable manner.

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In order to achieve this status, we believe the following is necessary.

One, create a system that is competitive in the surface treatment industry.

Two, quickly capture the needs of the world, develop products, and contribute to the solution of social problems.

Three, enhance human resource development to make all employees part of a global company.

Four, improve corporate governance by instilling our corporate philosophy and management policies.

1. Fundamental Policies

Next 50 Innovation 2 nd	
<h3>Reinforce Core Businesses</h3> <p>Priorities</p> <ul style="list-style-type: none">Marketing strategyProduct/technology development strategySales strategy <p>Perform marketing activities as a unified organization. Use information acquired through these activities for determining product/technology and sales strategies in order to make core businesses stronger with the support of cooperation among group companies.</p> <p>Core businesses: via filling, plating on plastic, machinery</p>	<h3>Creating a Management Foundation with Emphasis on ESG</h3> <p>Priority</p> <ul style="list-style-type: none">Employee training programs <p>Build a base for the management of business operations that can support global growth and adapt to changes in market conditions.</p> <p>Developing the skills of employees will be essential for accomplishing this goal. In addition, training and education activities must be accompanied by management with a strong commitment to ESG.</p>

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What should we do in the next 3 years to realize this vision of our company? This will be summarized in our new medium-term management plan, which will be shown on the next page.

First, we have set the following 2 basic policies as qualitative goals to achieve our numerical targets.

One, strengthen core businesses. Two, to build a management foundation from an ESG perspective.

In strengthening our core businesses, we will place the highest priority on marketing, development, and sales strategies.

We will conduct systematic marketing activities, formulate development and sales strategies based on the information we obtain, and strengthen our core businesses in cooperation with other groups.

In building a management foundation from an ESG perspective, we place the highest priority on human resource development.

In order to expand our global operations, build a management base that can respond to changes in the environment surrounding the Company, and to conduct management from an ESG perspective, we need the right human resources, so we have taken up this issue as a top priority.

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2. Performance Targets

(Millions of yen)

	FY3/22	FY3/23	FY3/24
Net sales	23,500	25,500	26,500
Operating profit	7,500	8,000	8,500
Ordinary profit	7,550	8,000	8,500
Profit attributable to owners of parent	5,300	5,600	6,000

Next is the numerical target.

For FY March 2024, the final year of the new medium-term management plan, we are targeting sales of JPY26.5 billion, operating income of JPY8.5 billion, and current net income of JPY6 billion.

We are aiming for record highs in both sales and profits.

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3. Key Strategies (1)

Reinforce Core Businesses	
Development	<ul style="list-style-type: none"> • Develop products that reflect environmental, cost and health considerations • Develop products that are superior to the products of competitors
Chemicals sales	<ul style="list-style-type: none"> • Establish a global sales strategy for unified and efficient sales activities
Machine sales	<ul style="list-style-type: none"> • Become more competitive by developing products that fully utilize the properties of chemicals
Production	<ul style="list-style-type: none"> • Assemble a global manufacturing infrastructure • Consistently supply high-quality products that meet customers' requirements
Marketing	<ul style="list-style-type: none"> • Strengthen sales capabilities by efficiently collecting information

For strengthening our core businesses, which is one of our basic policies, we have listed the representative strategies for each theme.

In terms of product development, we greatly consider factors such as environment, cost, and health during the process. We will develop products that outperform the competition.

In the pharmaceutical sales business, we will have organized and efficient sales activities based on the global sales strategy.

In equipment sales, we will improve our competitiveness by developing equipment that maximizes the performance of chemicals.

In production, we will establish a global production system. Stable supply of high-quality products that meet customer requirements.

In marketing, we will strengthen our sales capabilities by efficiently collecting information.

These are our representative strategies. The JCU Group, as a whole, will formulate and implement well-disciplined marketing, development, and sales strategies to strengthen our core businesses.

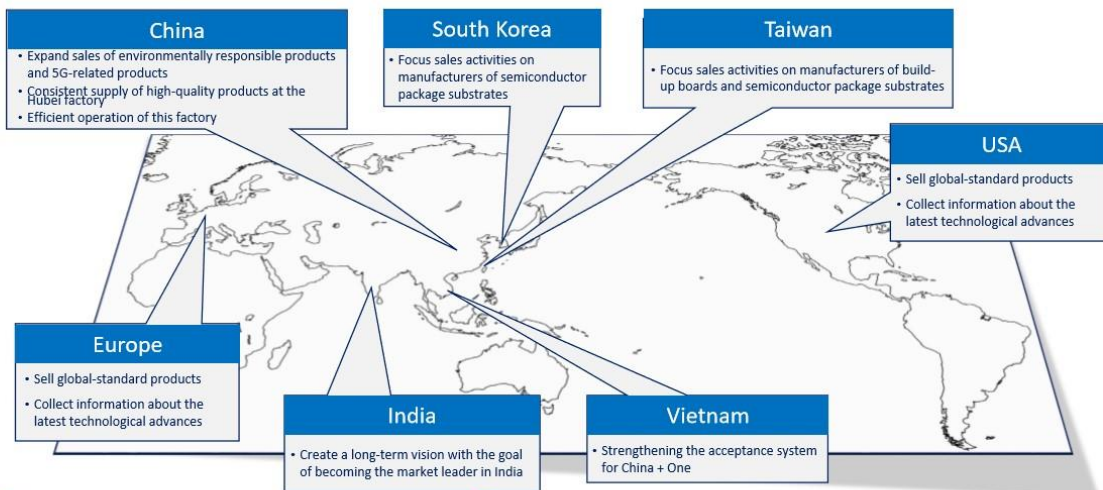
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3. Key Strategies (2)

Strategies for Key Countries and Regions



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Next, in order to strengthen our core businesses, we will discuss our strategy for key regions.

We are formulating strategies in line with the challenges of each region, including China as a major market for POP, and build-up substrates for automobiles.

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3. Key Strategies (3)

Creating a Management Foundation with Emphasis on ESG

Environment	Develop and sell environmentally responsible products Achieve the CO ₂ emission reduction target
Society	Human resources development
Governance	Strengthen monitoring of management and business operations Strengthen governance of the JCU Group

The following is a list of representative strategies for each theme of our second basic policy, which is to build a management foundation from an ESG perspective.

In the previous medium-term management plan, the last item in the basic policy was to improve the management base and raise awareness.

In the new medium-term management plan, we have added an ESG perspective to this.

In the area of the environment, we will develop and market environmentally friendly products and achieve our CO2 reduction goals.

In society, human resource development.

In governance, we aim to strengthen the monitoring of management and execution or strengthening group governance.

These are our representative strategies.

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3. Key Strategies (4)

Human Resources Development



In this context, as I indicated earlier, our top priority is to develop human resources.

These pages show the image of human resources required for our company.

Human resources with superior product development skills to support high-end technologies.

Personnel with great support skills, which will be necessary at the customers' production sites.

Human resources who can respond globally to promote further sales expansion in overseas markets that are expected to grow in the future. Human resources with a management perspective to maximize corporate value.

In order to develop the above-mentioned human resources, we will work on the themes described above.

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3. Key Strategies (5)

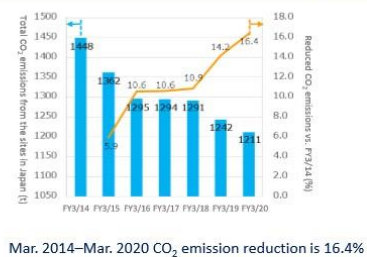
CO₂ Emission Reduction Initiatives

Goal is a 20% reduction of CO₂ emissions in Japan by FY3/24
based on the FY3/14 level



Actions

- Improve manufacturing efficiency
- Conserve energy by replacing/updating aging equipment
- Install LED lights
- More internal electricity generation by installing more solar panels
- Continue using carbon offsets



Goal is Niigata Plant “Zero CO₂”
by FY3/31



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Next, we have set our environmental initiatives and CO₂ reduction targets.

Based on FY March 2014, we aim to reduce total domestic emissions by 20% by FY March 2024.

Specific measures will be as described on the page.

Ultimately, by FY March 2031, which is 10 years from now, we aim to completely offset the amount of CO₂ equivalent to the amount emitted by the Niigata Factory, under the initiative Niigata Factory CO₂ Zero.

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3. Key Strategies (6)

Activities for Environmentally Responsible Products

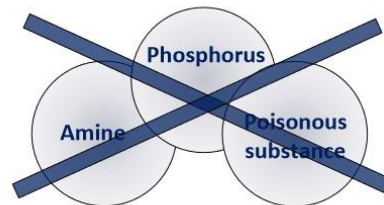
Automotive parts

Processes that do not use restricted substances (hexavalent chromium)



Samples of plated parts (door handle)

Electronic components



Developed chemicals without substances that have a significant environmental impact in order to make water treatment processes easier

JCU has developed and sold a large number of environmentally responsible products for many years. We remain dedicated to becoming a global organization capable of sustained growth that places priority on not developing or selling products with a significant environmental impact.

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The following section describes our initiatives for environmentally friendly products. We have developed and launched a variety of environmentally friendly products in the past. In the future, we will continue to make it a priority not to develop or sell products that have an impact on the environment, aiming to be a global company that continues to grow in a sustainable manner.

3. Key Strategies (7)

SDGs Initiatives

	<ul style="list-style-type: none"> Support for the Sorapuchi Kids Camp 		<ul style="list-style-type: none"> Registered as a City of Kawasaki disaster readiness business site
	<ul style="list-style-type: none"> Activities for workforce diversity 		<ul style="list-style-type: none"> Environmentally responsible products Products that are easy to use
	<ul style="list-style-type: none"> Reduction in water usage Products that reduce the need to treat chemical effluents 		<ul style="list-style-type: none"> Activities to reduce CO₂ emissions Activities involving carbon offsets
	<ul style="list-style-type: none"> Use of renewable energy sources (Installation of solar power generation equipment) 		<ul style="list-style-type: none"> Environmentally responsible products Lower need for effluent and waste material treatment/disposal
	<ul style="list-style-type: none"> Workplaces that are pleasant and productive 		<ul style="list-style-type: none"> Activities involving carbon offsets Lower need for effluent and waste material treatment/disposal
	<ul style="list-style-type: none"> Environmentally responsible products Products that contribute to technological progress 		<ul style="list-style-type: none"> Cooperation and joint development programs with other companies in the same business sectors Activities involving carbon offsets Support for the Sorapuchi Kids Camp
	<ul style="list-style-type: none"> Activities for workforce diversity 		

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This is a list of our past efforts to address the SDGs.

We will continue to contribute to the SDGs.

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4. Equity Policy

KPI for measures involving equity

Total return ratio

EPS

Market capitalization

- Maintain financial soundness for long-term shareholder value growth
- Use equity as the base for funding capital expenditures and M&A
- Maintain and increase financial soundness and the efficient use of capital
- Increase the dividend and repurchase stock at suitable times

	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Total return ratio	28.7%	26.1%	22.0%	19.8%	24.8%	29.7%	24.1%	44.1%	75.9%	
Consolidated dividend payout ratio	28.7%	26.1%	22.0%	19.8%	24.8%	22.0%	24.1%	25.2%	29.6%	29.6%
Stock repurchased (Millions of yen)	-	-	-	-	-	320	-	948	2,051	999
EPS ※ (Yen)	52.25	76.61	62.51	113.57	120.88	147.55	176.31	178.55	163.97	

※: Earnings per share (EPS) are adjusted for the following stock splits to facilitate direct year-to-year comparisons.
Oct. 1, 2014: 2-for-1 stock split Apr. 1, 2017: 2-for-1 stock split Apr. 1, 2018: 2-for-1 stock split



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Lastly, I would like to explain our approach to capital policy.

We will aim to improve capital efficiency while maintaining a stable financial base.

We have described our performance to date, and our policy of emphasizing shareholder returns through stable dividends and flexible share buybacks will not change in the future.

In summary, the entire Group will work together to achieve our goal of becoming a global company that continues to grow in a sustainable manner in accordance with the new medium-term management plan.

Thank you very much for your attention.

[END]

Document Notes

1. Portions of the document where the audio is unclear are marked with [Inaudible].
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