



JCU CORPORATION

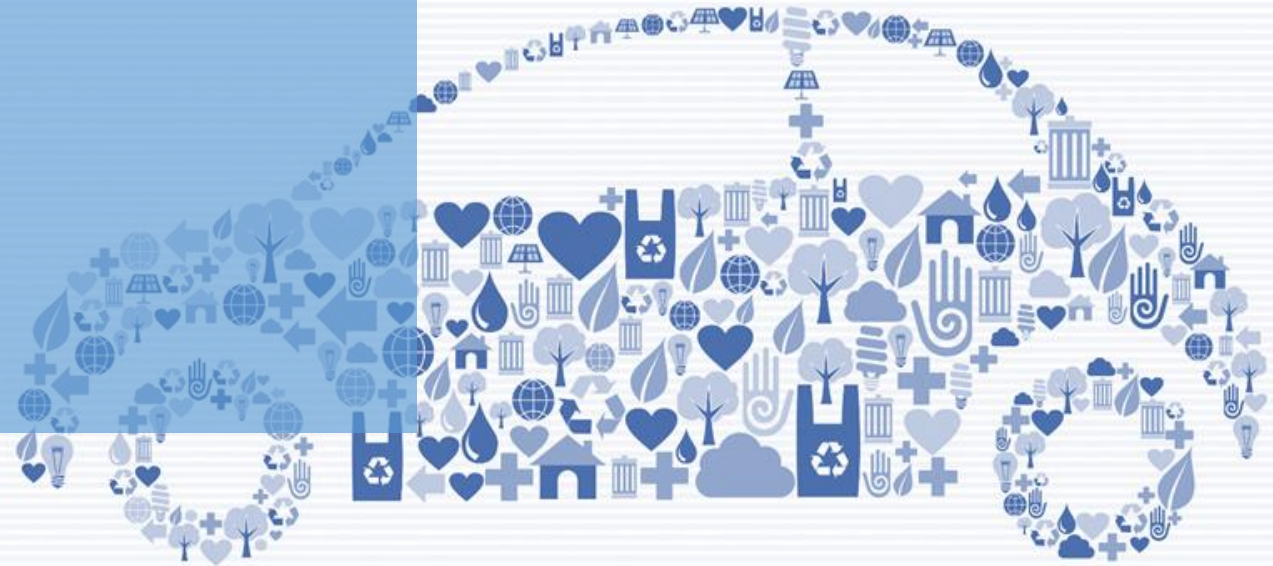
# Financial Results Briefing Material

for the Third Quarter of the Fiscal Year  
Ending March 2023

JCU CORPORATION

TSE Prime (Stock Code: 4975)

February 3, 2023



# Summary of Consolidated Financial Results for 3Q FY3/23



Accounting Period of 3Q FY3/23

JCU (non-consolidated): April 1 to December 31, 2022

Overseas subsidiaries: January 1 to September 30, 2022

## Chemicals Business

### For electronic components

- China: While demand for PWBs for other high-performance electronic devices subsided after having increased with IoT and teleworking as keywords, demand for chemicals increased thanks to the production of PWBs for smartphones staying relatively strong.
- Taiwan: Demand for semiconductor package substrates for high-performance electronic devices and servers remained strong, and demand for chemicals increased significantly.
- South Korea: As a result of demand for the semiconductor market being slacked, demand for chemicals stayed flat because some manufactures of semiconductor package substrates continued reducing inventories.

### For automotive components

- Japan: The shortage of semiconductors and parts was alleviated, resulting in increases in automobile production and demand for chemicals.
- China: Recovery in production started as strict activity restrictions were relaxed in early June, resulting in an increase in automobile production. However, demand for chemicals stayed flat.

## 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 3Q FY3/23



(Millions of yen)

	3Q FY3/22	3Q FY3/23	YoY % Change
Net sales	17,841	20,702	16.0%
Operating profit	6,626	7,320	10.5%
Ordinary profit	6,743	7,398	9.7%
Profit attributable to owners of parent	4,620	5,154	11.5%
Net income per share	176.47 yen	198.86 yen	-

# Foreign Exchange Rates



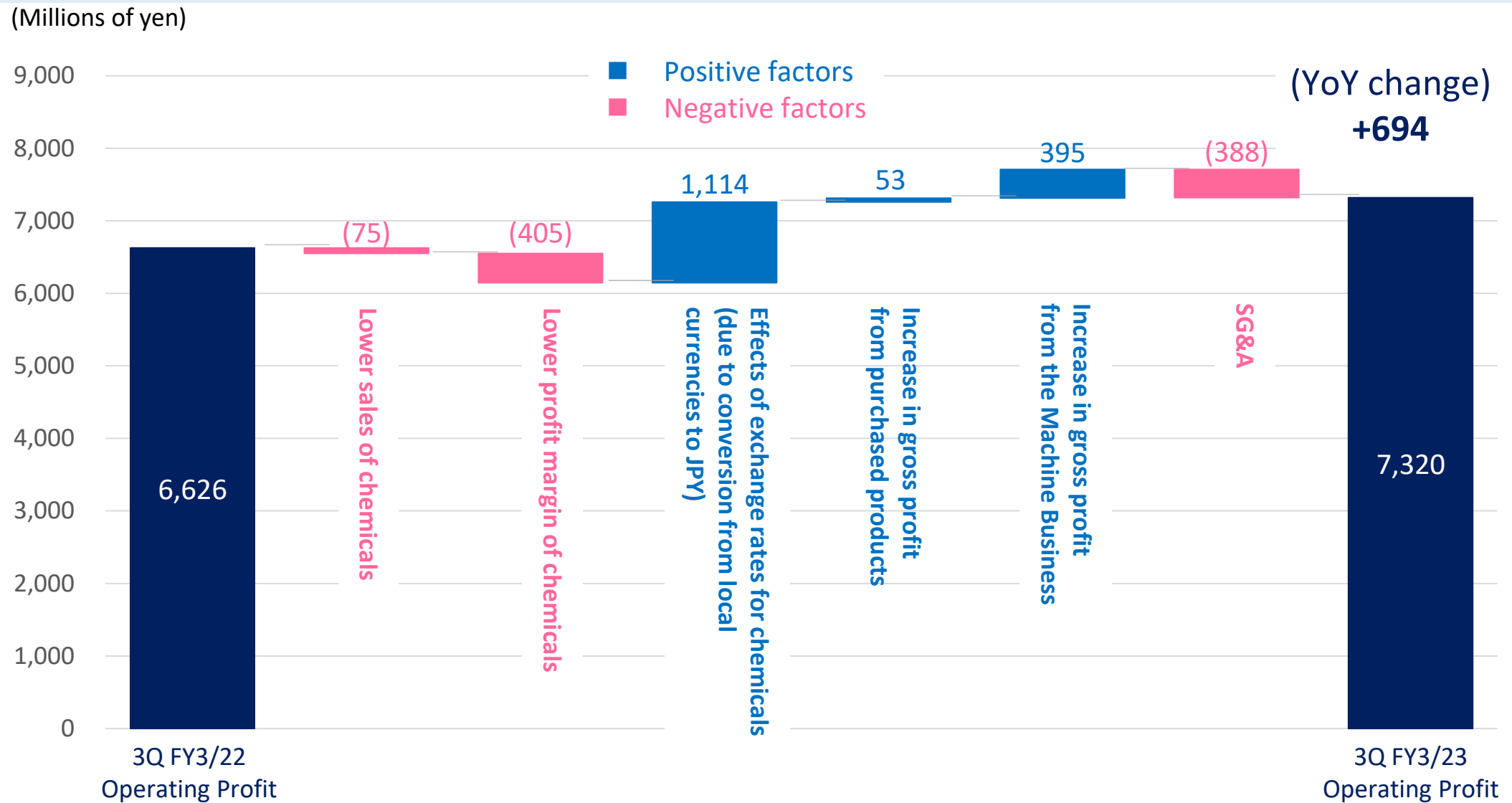
Foreign exchange sensitivity (as at the consolidated year): Changes of about 90 million yen in consolidated operating profit with 1% change in major currency rates listed below

(Yen)

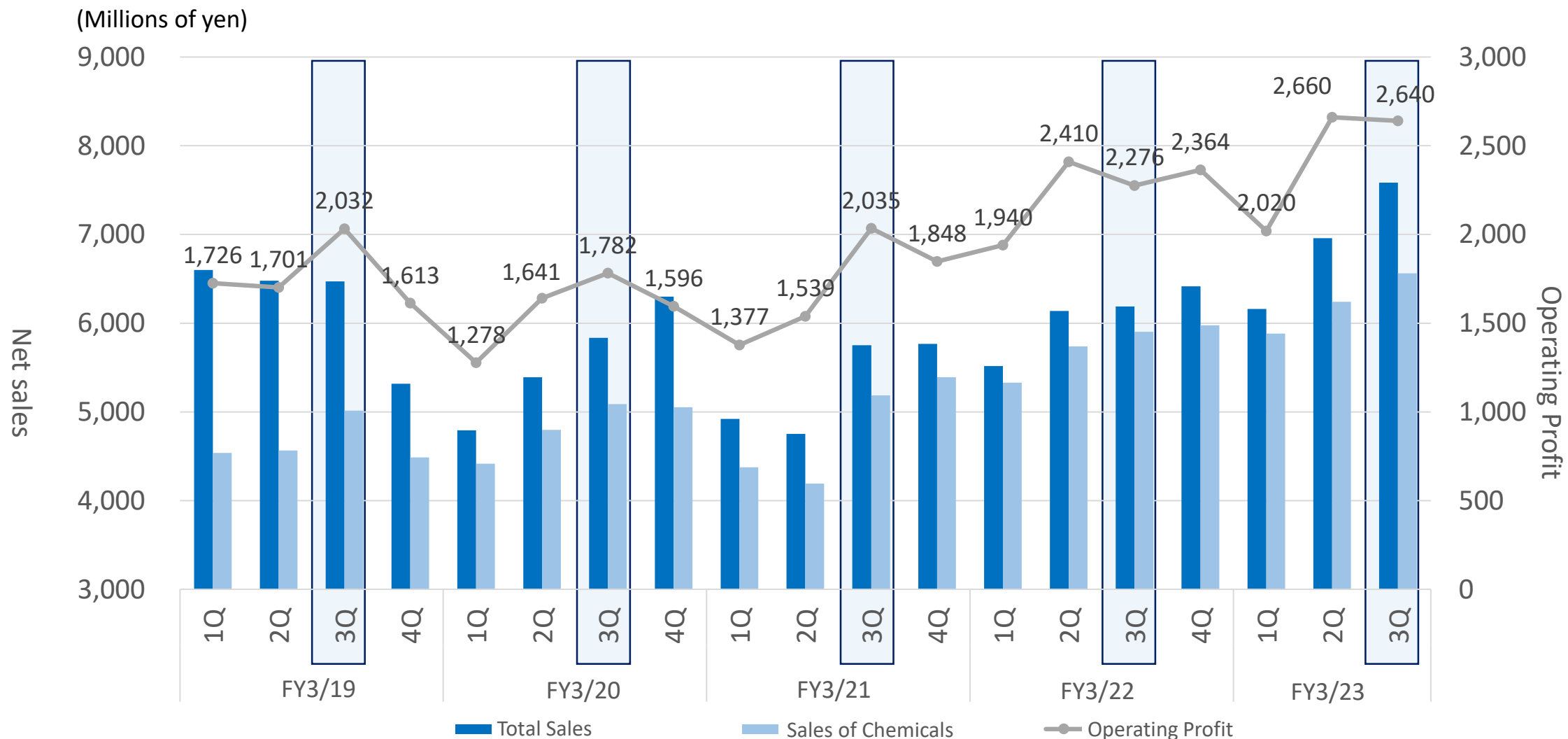
	FY3/22				FY3/23			
	1Q	2Q	3Q	4Q	(Initial forecast)	1Q	2Q	3Q
Chinese yuan (CNY)	16.36	16.66	16.78	17.03	17.20	18.29	18.93	19.35
Taiwan dollar (TWD)	3.77	3.84	3.88	3.93	4.00	4.15	4.28	4.37
Korean won (KRW)	0.0951	0.0964	0.0959	0.0960	0.0940	0.0964	0.0996	0.1008

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.

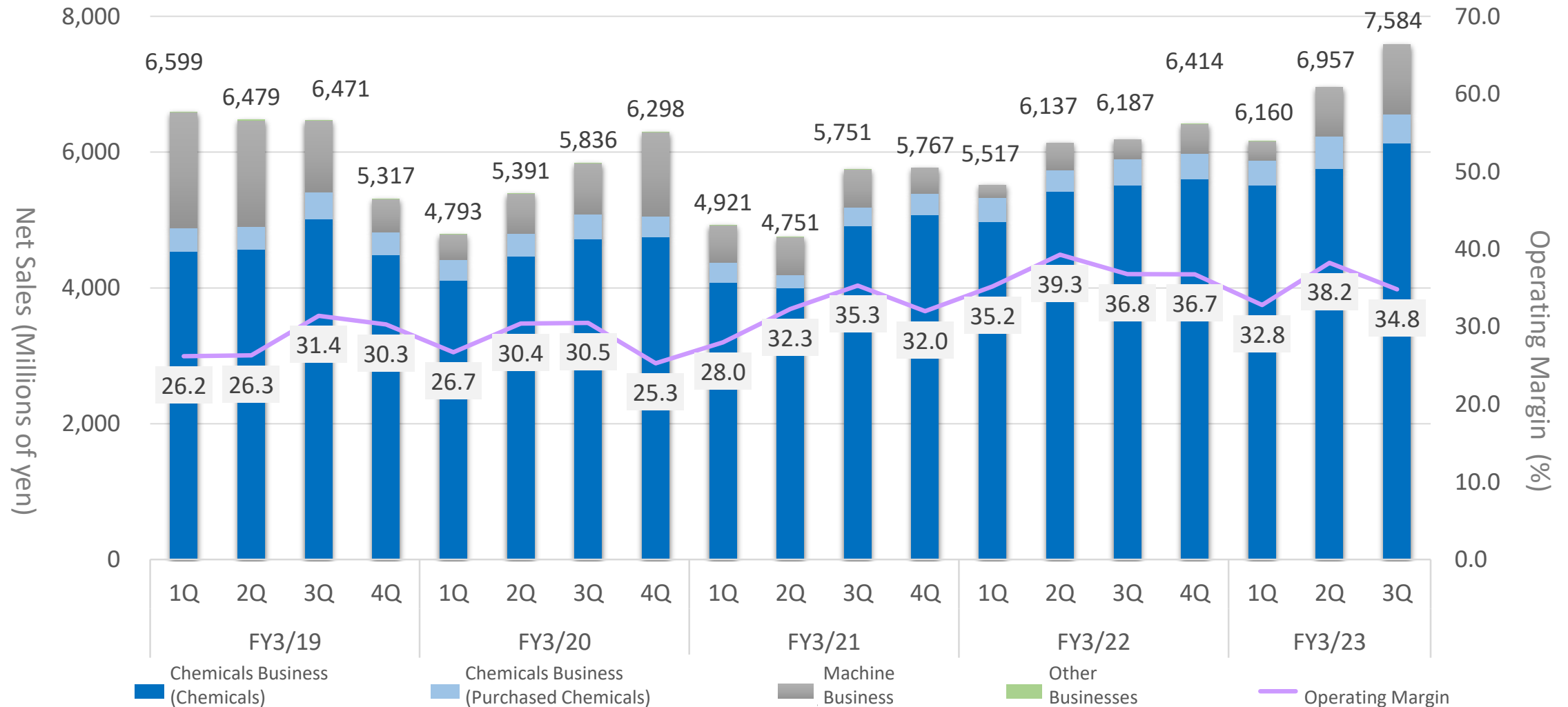
# Changes in Consolidated Operating Profit for 3Q FY3/23



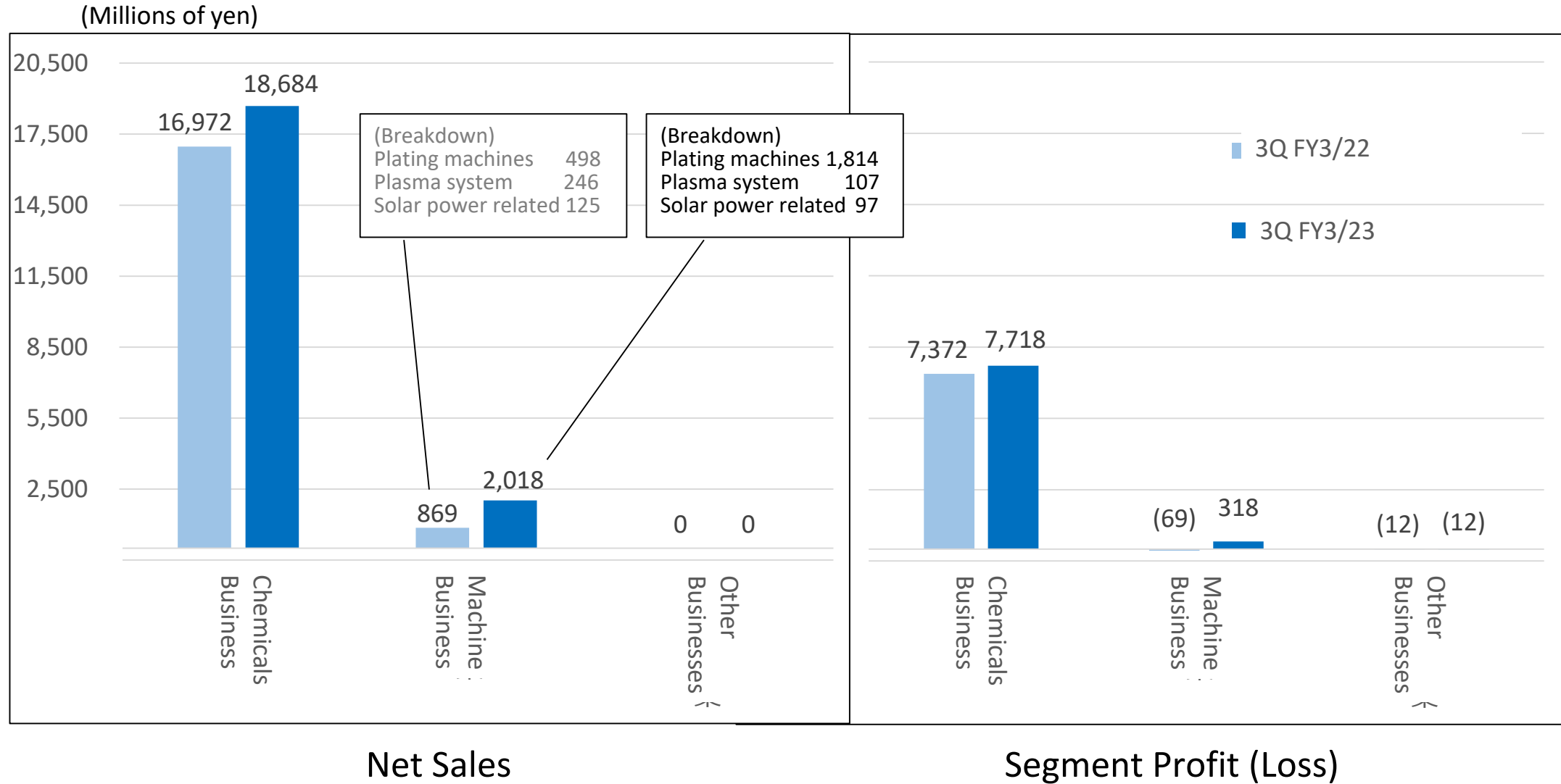
# Quarterly Consolidated Financial Results



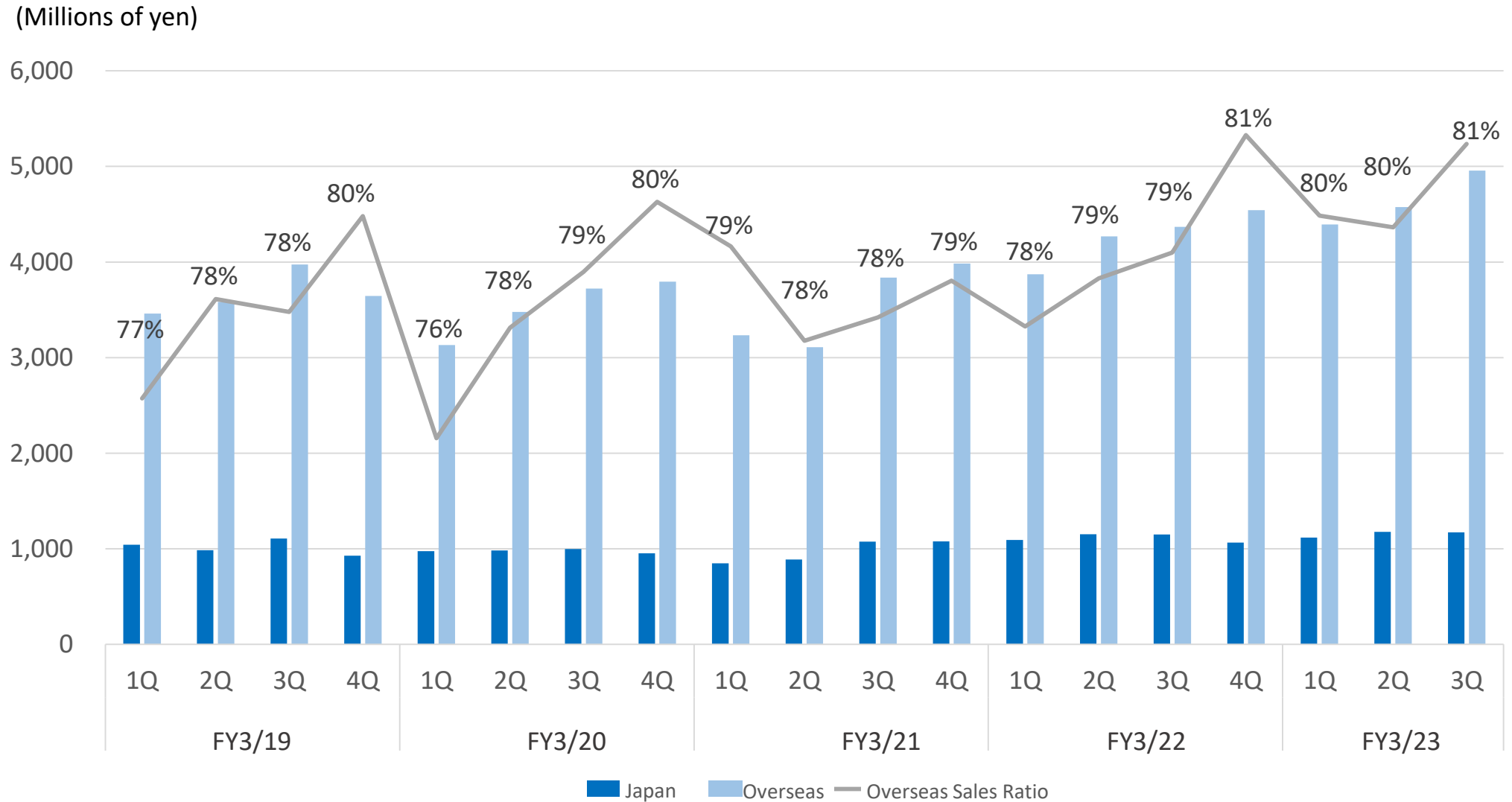
# Quarterly Consolidated Financial Results (By Segment)



# Consolidated Segment Results for 3Q FY3/23



# Quarterly Sales of Chemicals in Japan and Overseas



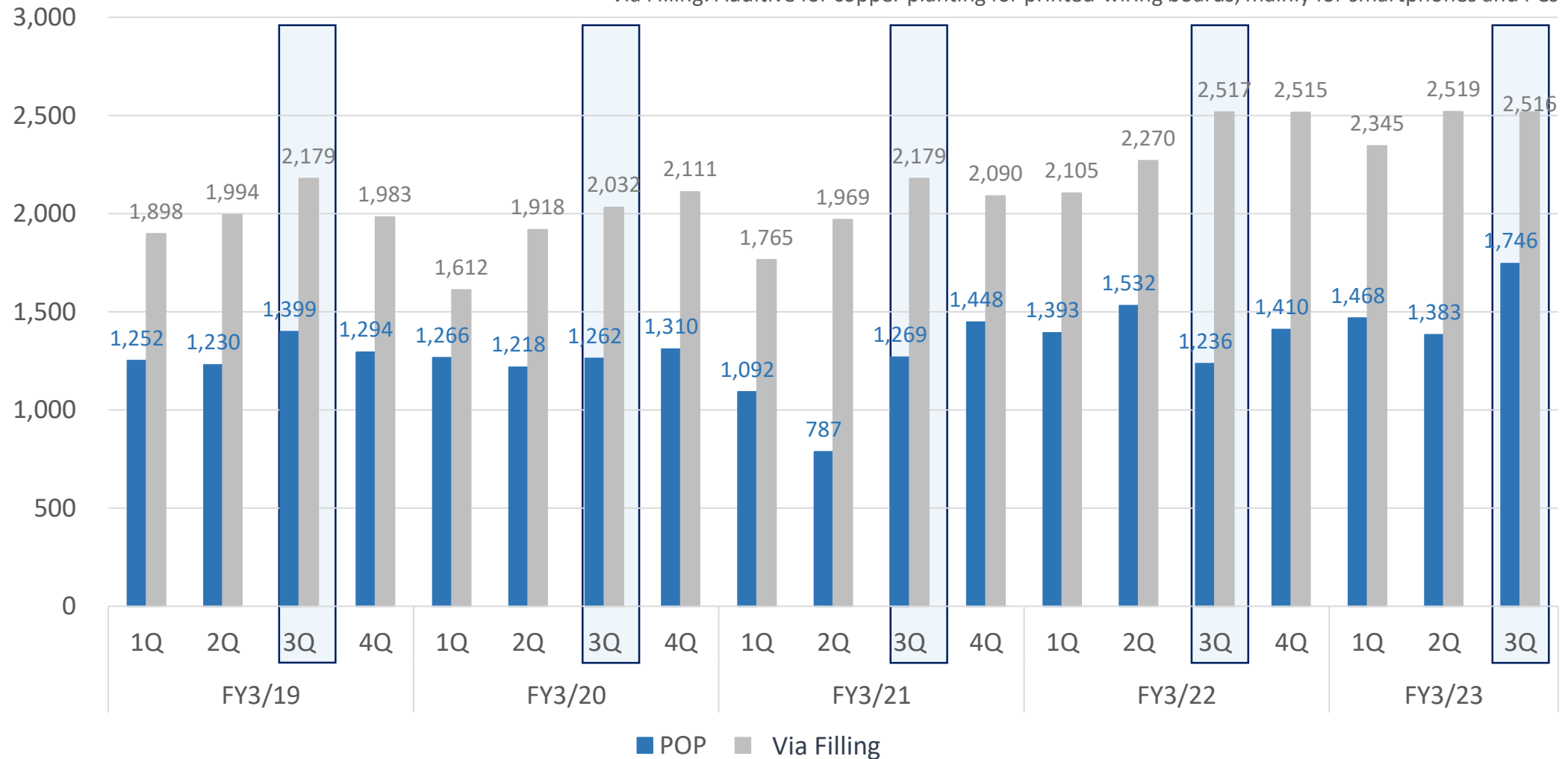
# Quarterly Sales of Chemicals for POP and Via Filling



(Millions of yen)

POP: Planting on Plastics, mainly for automotive components

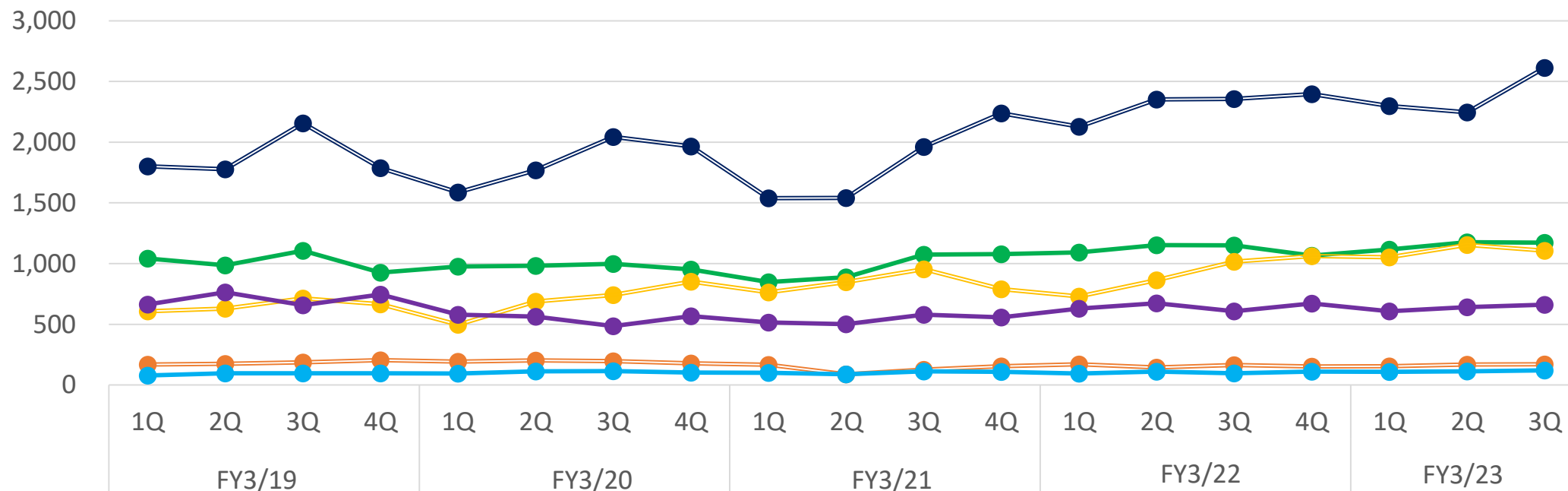
Via Filling: Additive for copper planting for printed-wiring boards, mainly for smartphones and PCs



# Quarterly Sales of Chemicals by Region

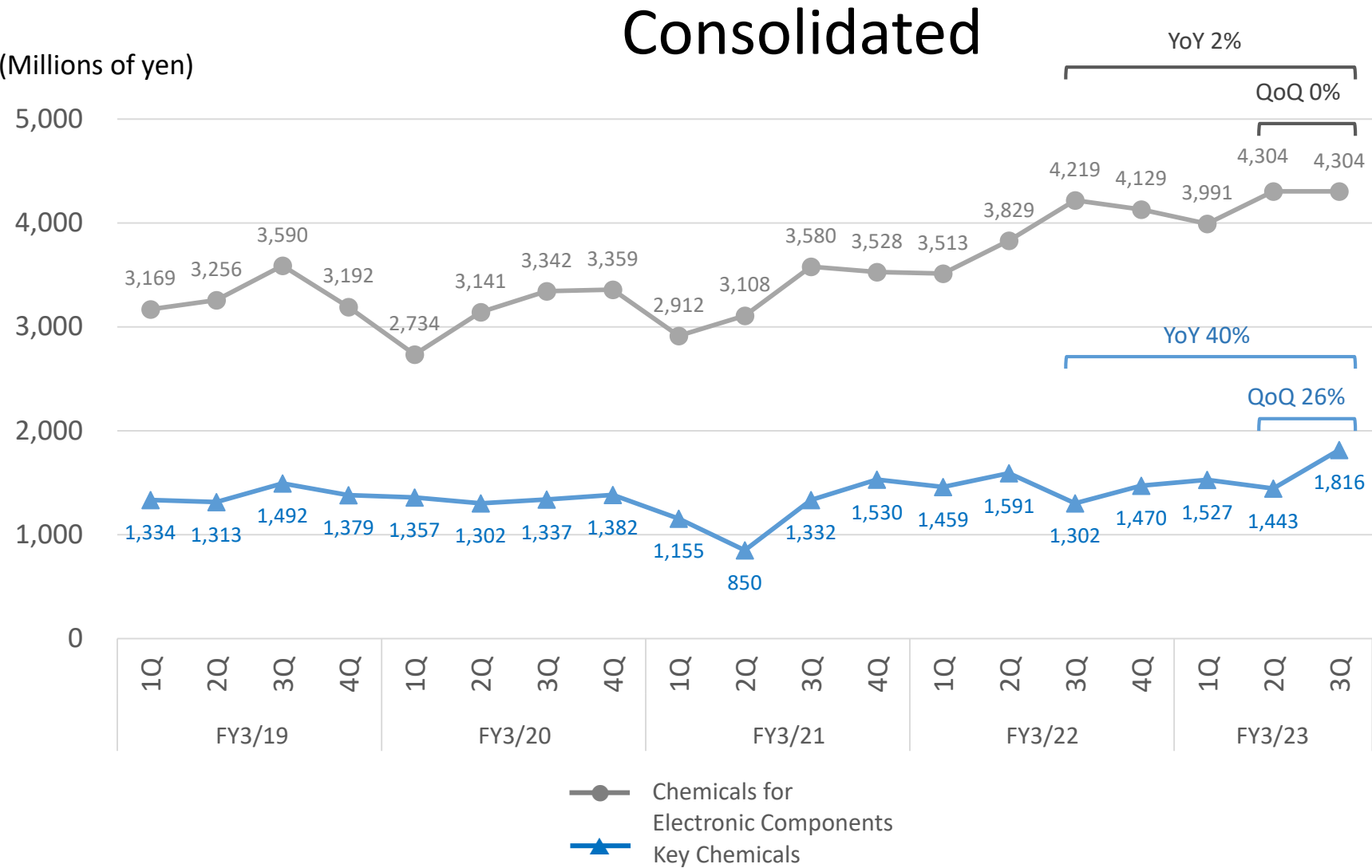


(Millions of yen)



	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	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	1,173
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	2,612
Taiwan	606	629	712	666	497	682	739	850	756	833	953	790	732	864	1,018	1,060	1,052	1,155	1,106
S. Korea	664	762	657	744	579	559	485	567	516	500	579	557	629	673	608	672	607	641	662
Thailand	168	175	188	205	192	203	193	179	166	83	131	155	170	145	164	152	156	170	170
Vietnam	80	98	95	97	95	113	115	101	100	89	114	107	94	111	97	112	109	112	120

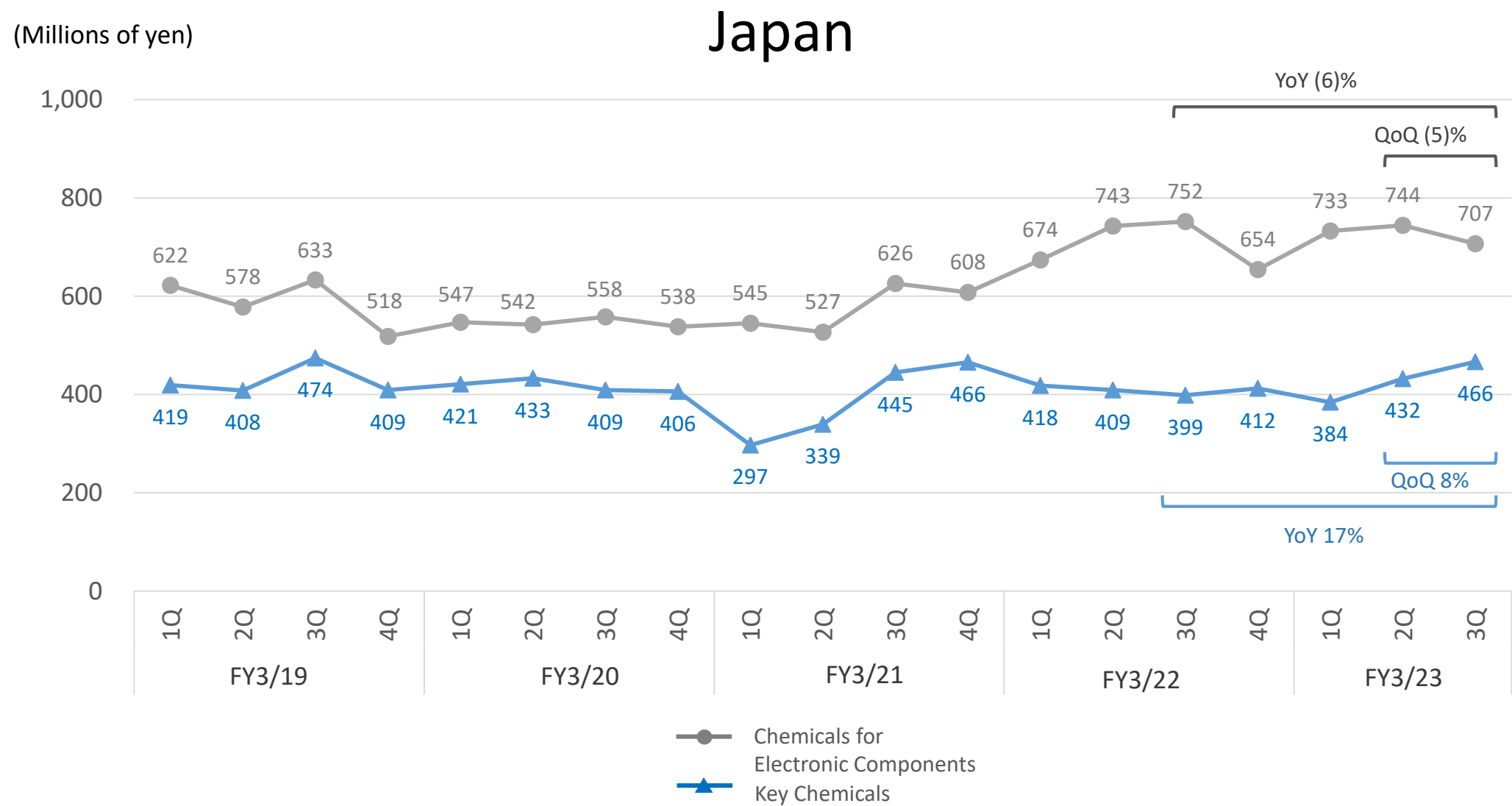
# Quarterly Sales of Chemicals by Category



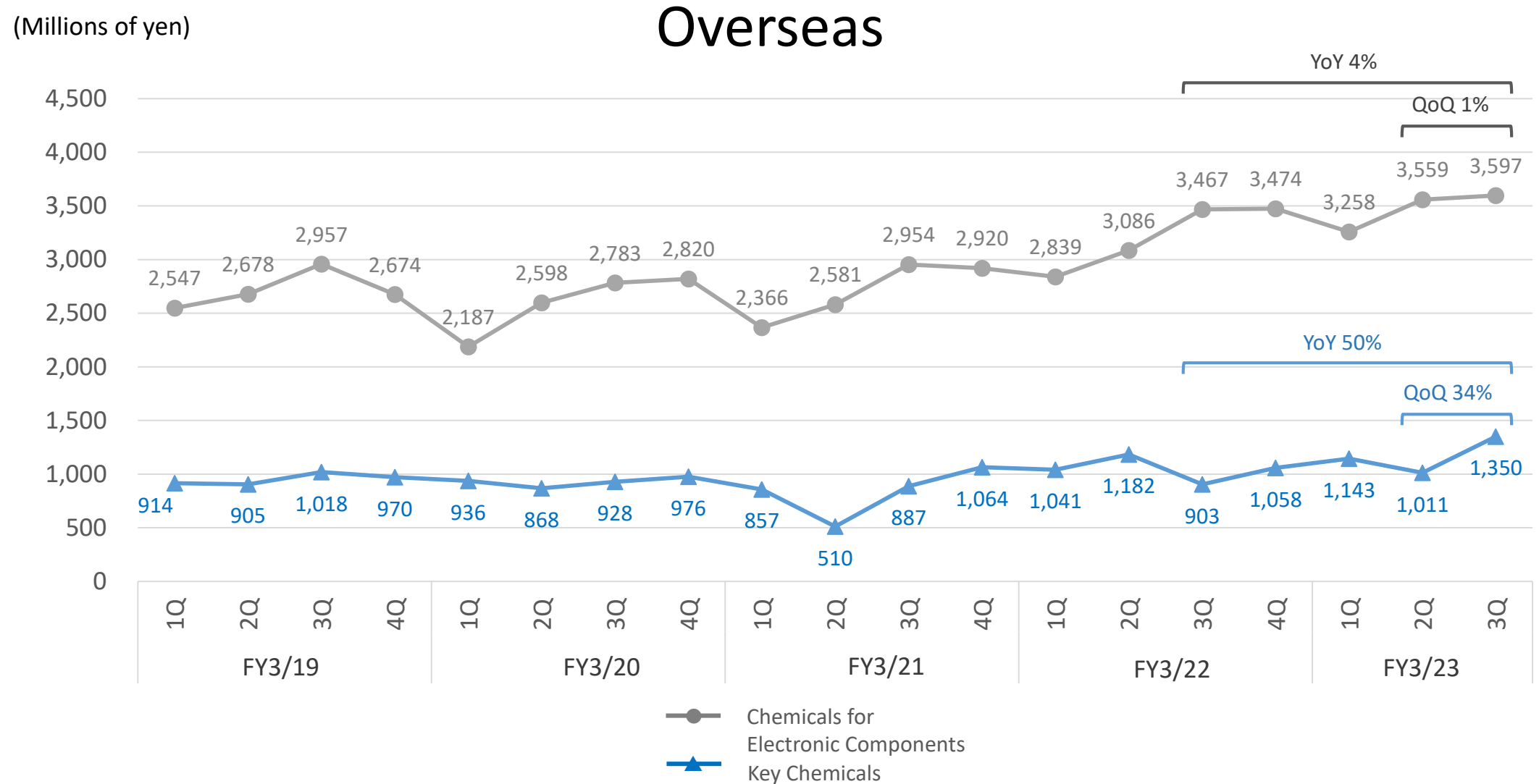
(Chemicals for Electronic Components) Core Products: Via filling  
PWBs, connectors, surface treatment (plating) chemicals for semiconductor sector

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

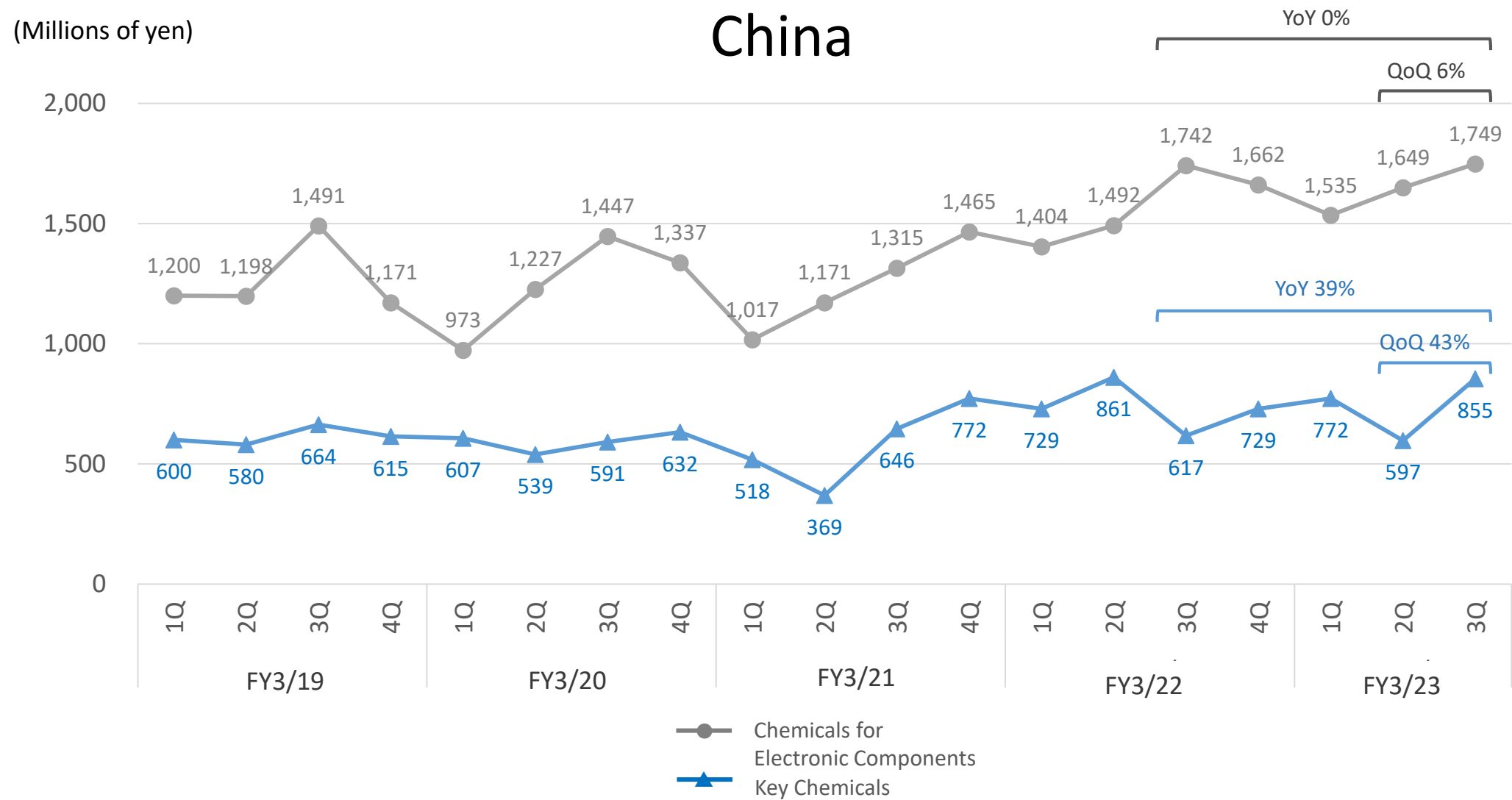
# Quarterly Sales of Chemicals by Region



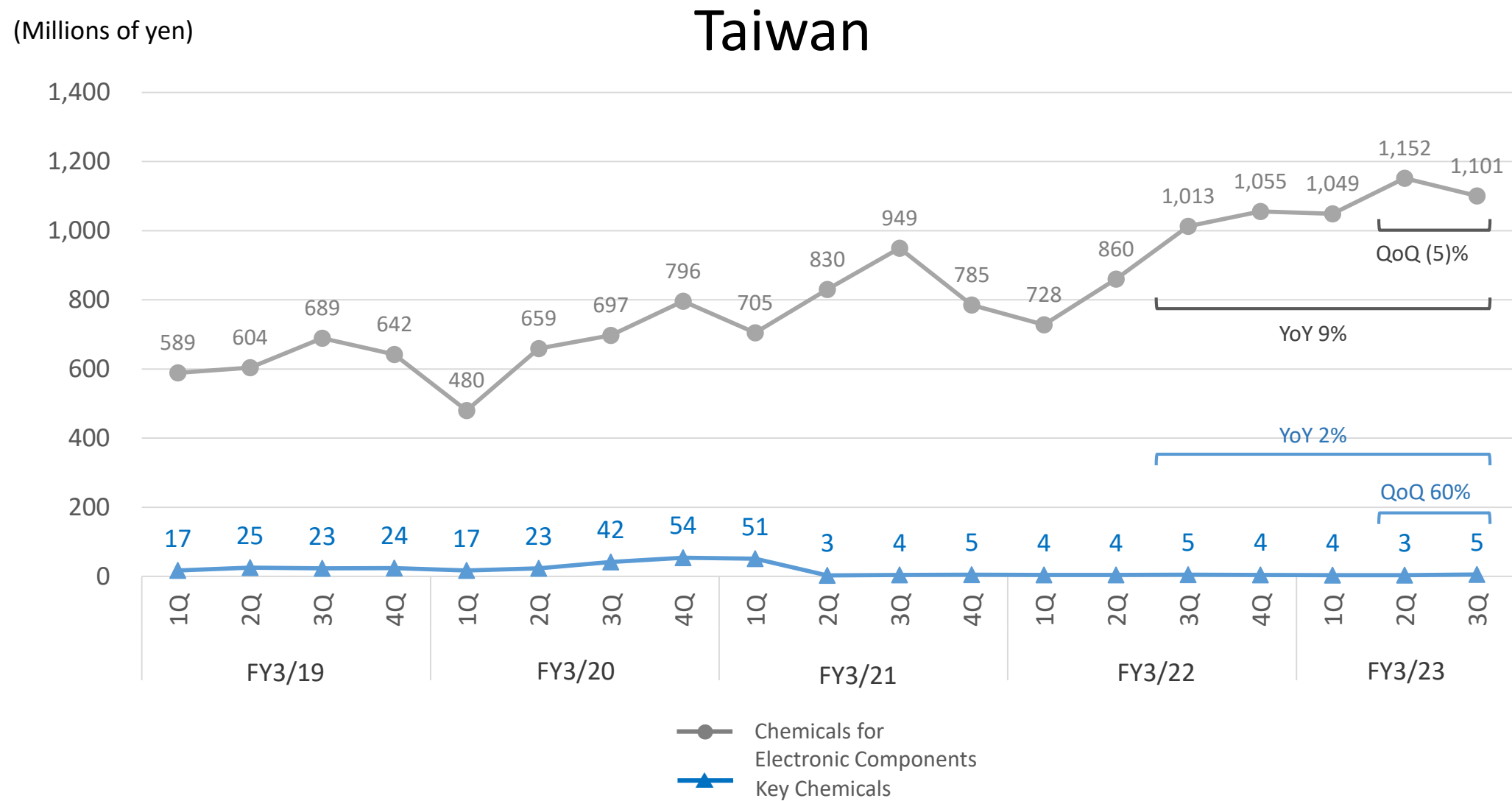
# Quarterly Sales of Chemicals by Region



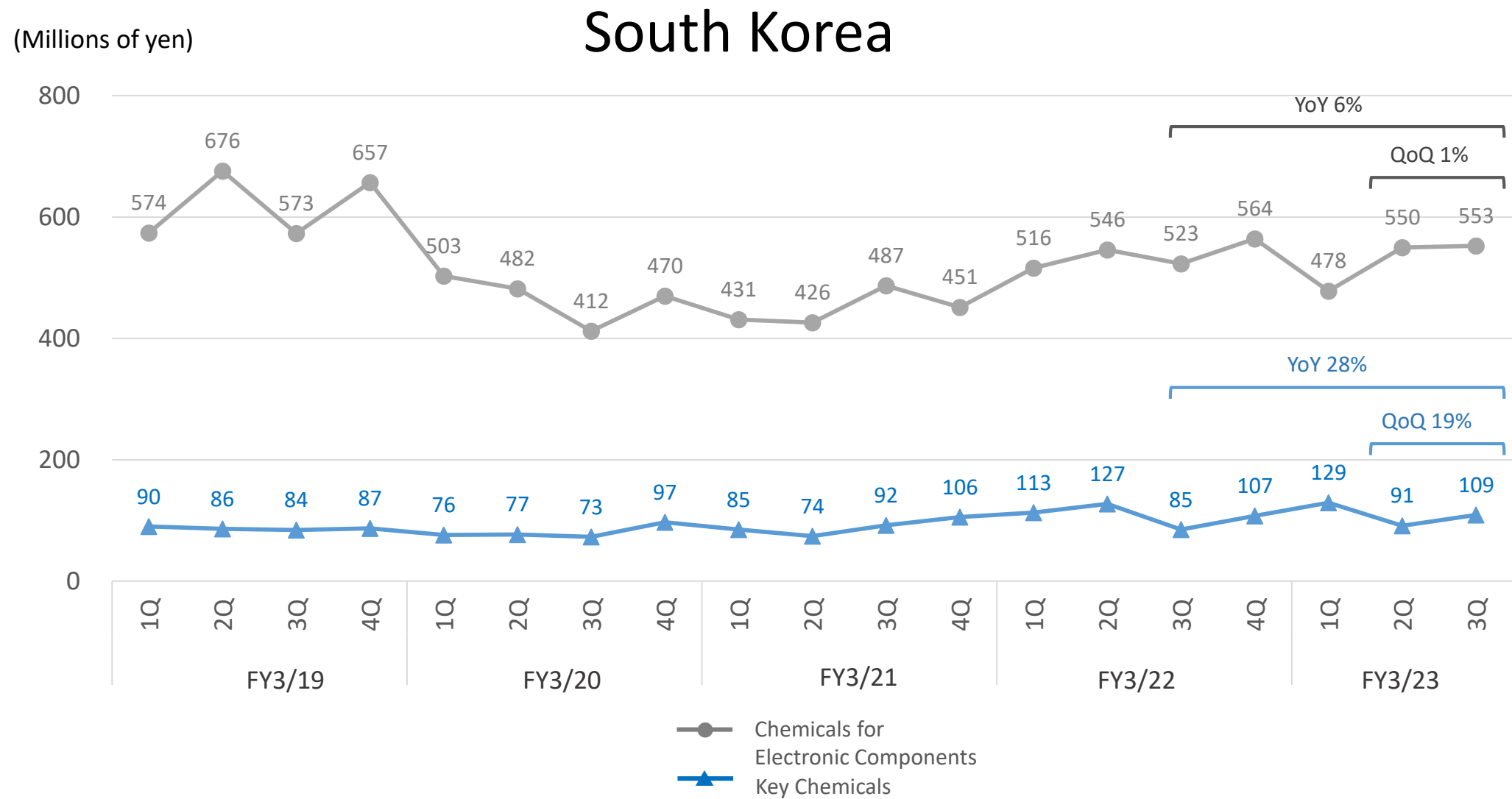
# Quarterly Sales of Chemicals by Region



# Quarterly Sales of Chemicals by Region



# Quarterly Sales of Chemicals by Region



# 3Q Progress Rate against FY3/23 Forecasts

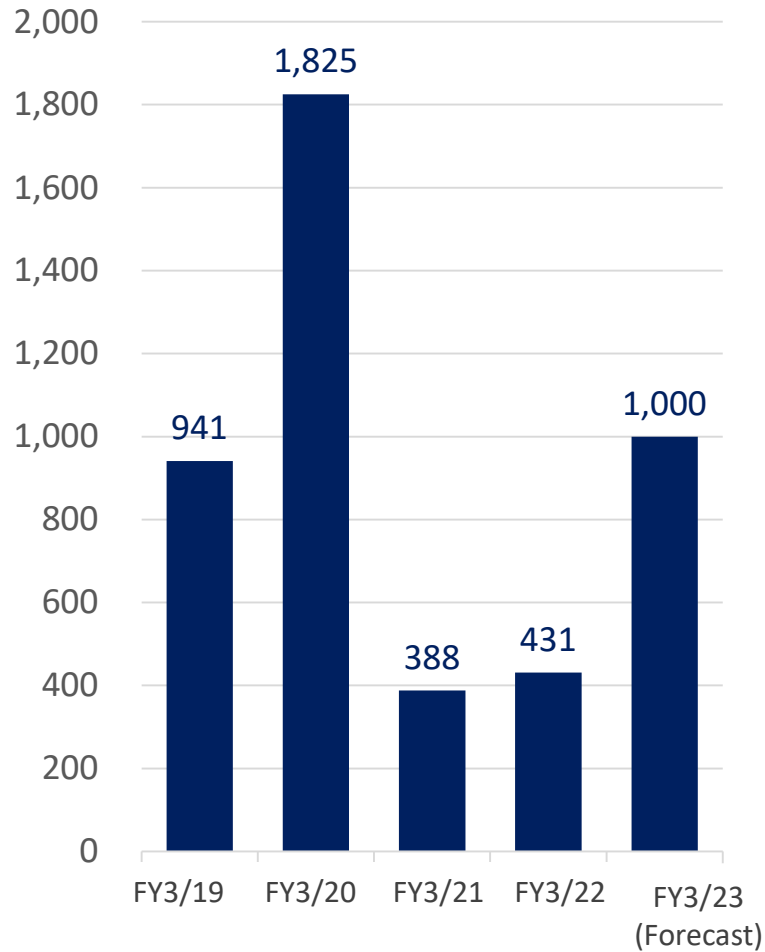


(Millions of yen)

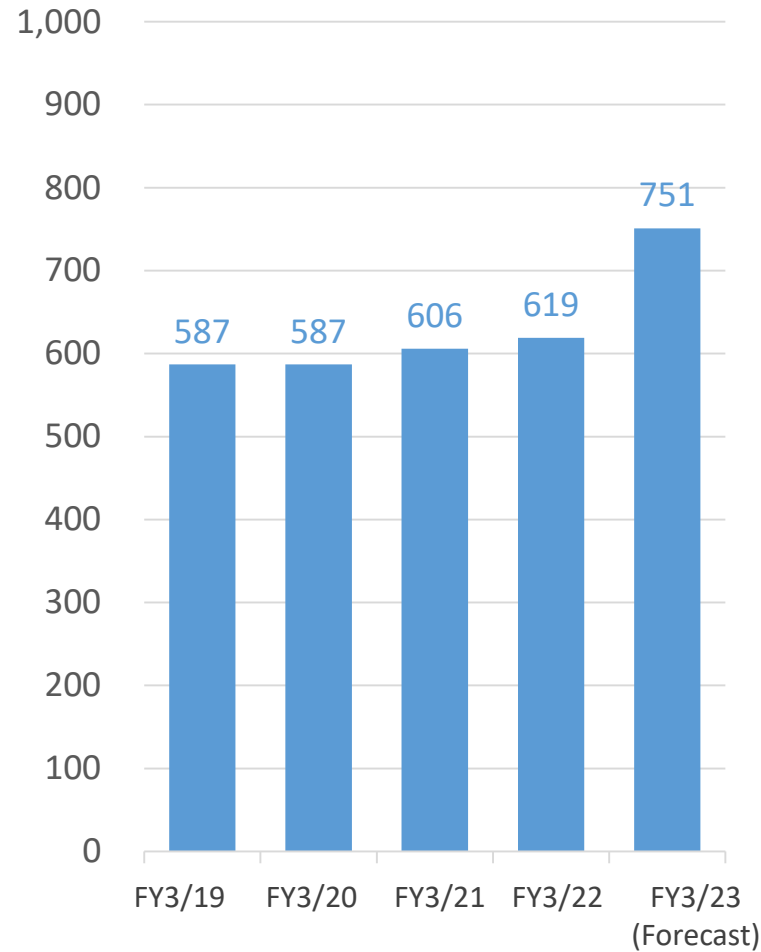
	3Q FY3/23	FY3/23 Forecasts (Revised on May 11, 2022)	Progress rate against full-year forecast
Net sales	20,702	26,500	78.1%
Operating profit	7,320	9,100	80.4%
Ordinary profit	7,398	9,100	81.3%
Profit attributable to owners of parent	5,154	6,300	81.8%
Net income per share	198.86 yen	243.46 yen	-

# Capital Expenditures, Depreciation and R&D Expenses

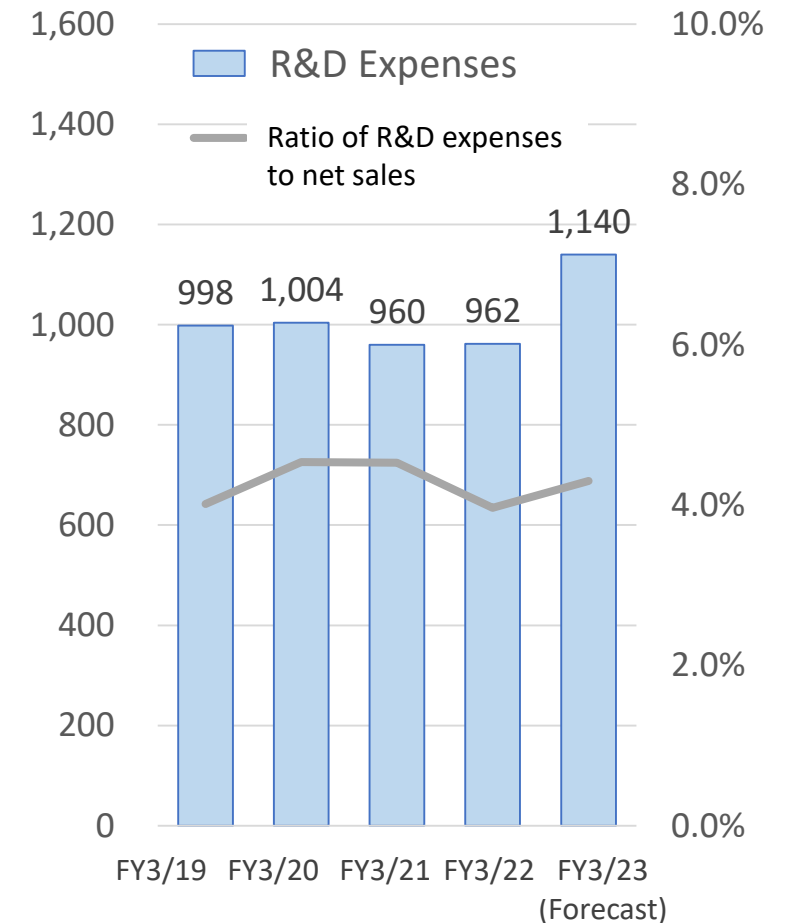
## Capital expenditures



## Depreciation



## R&D expenses and ratio of R&D expenses to net sales

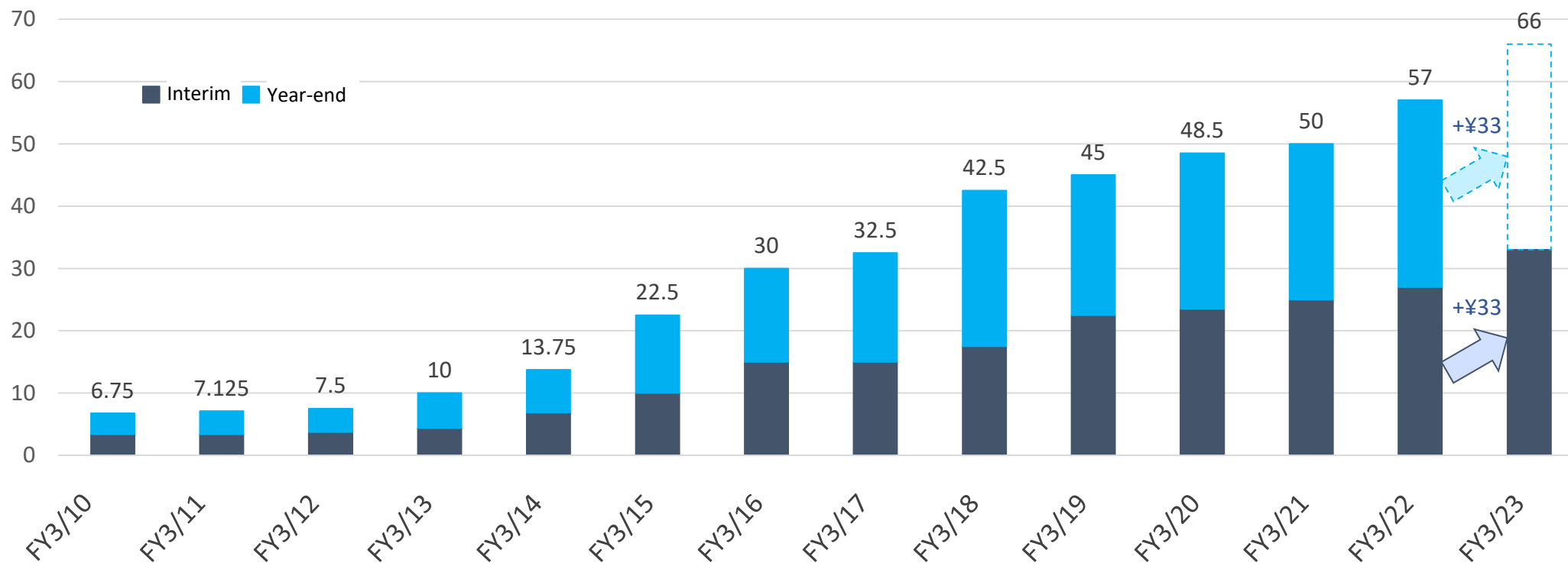


# Dividend Forecast

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 production 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



<b>Founded in</b>	:	December 1957
<b>Established on</b>	:	April 1, 1968
<b>Capital stock</b>	:	1,245 million yen
<b>Annual sales</b>	:	Non-consolidated: 12.7 billion yen / Consolidated: 24.2 billion yen (For the fiscal year ended March 31, 2022)
<b>Head office</b>	:	TIXTOWER UENO 16F, 8-1 Higashiueno 4-chome, Taito-ku, Tokyo
<b>Lines of business</b>	:	Manufacturing and sale of surface treatment chemicals, surface treatment machines, and related materials
<b>Representative Directors</b>	:	Masashi Kimura, Chairman and CEO
<b>Employees</b>	:	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

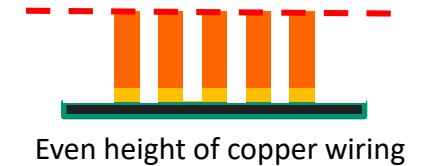
Etching

(1) Improve within wafer non-uniformity

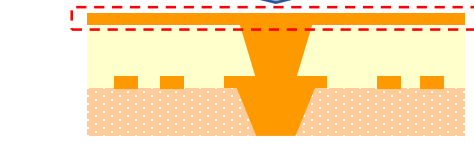
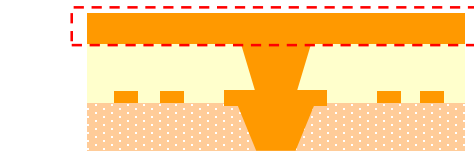
Current



Future

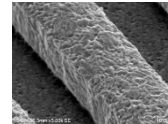


(2) Improve via filling for thin-film layer



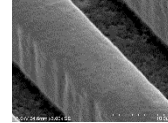
(3) Maintain squareness and improve smoothness

Current



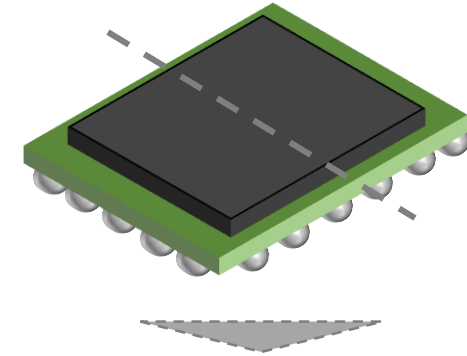
Surface of copper wiring becomes rough after etching

Future

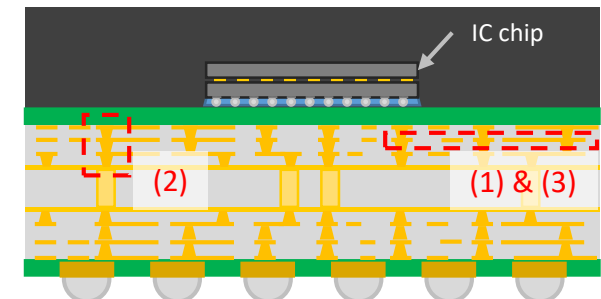


Surface is kept smooth even after etching

Schematic diagram of semiconductor package board



Sectional view of semiconductor package board



# Surface Treatment Technology in Future —Decoration & Function—

Target  
technology

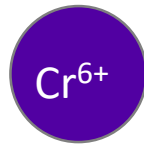
Automotive components (front grilles, door handles, emblems, etc.)  
Faucet parts (showerheads, drain plugs, etc.)

Surface treatment technology to be  
focused on

Eco-friendly surface treatment  
technology

## (1) Restricted substance-free alternatives

Current



Hexavalent chromium ion  
considered harmful to humans

Processes using  $\text{Cr}^{6+}$

- Pre-treatment
  - Etching
- Post-treatment
  - Plating
  - Electrolytic chemical treatment

Future



Implement environmentally  
responsible processes thoroughly  
free from hexavalent chromium ion  
considered harmful to humans

Appearances after  
various kinds of  
plating



## (2) Eco-friendly decorative copper plating process



Dye-based additive for  
copper plating

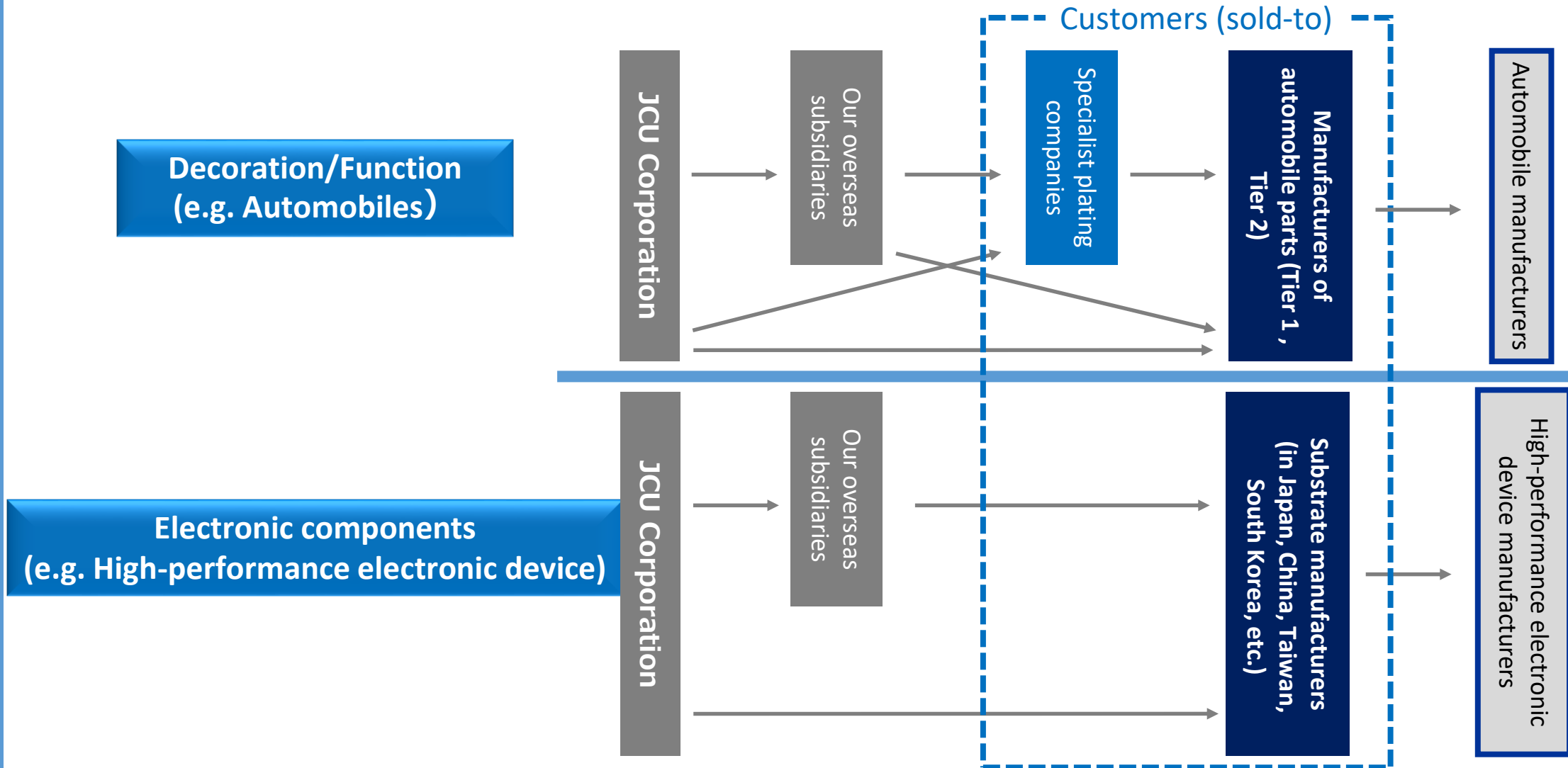
Environmentally harmful chemicals  
are used in manufacturing process

Eco-friendly

Develop a non-dye-based additive for  
copper plating that realizes the same  
performance as the conventional one,  
without using environmentally harmful  
chemicals



# 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	<p>Major products for key chemicals Chemicals for metal coating on plastics</p> 	<p>(Automotive parts) Front grilles, emblems, etc. (Faucet parts) Showerheads, water faucet cocks, etc.</p>
Other key chemicals	Chemicals for metal coating on metallic materials such as copper and steel	<p>(Construction materials) Screws, hinges, etc.</p>
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	<p>(5G-related components) 5G base stations, in-vehicle PWBs, smart home appliances, etc.</p> <p>(Data centers and other infrastructures) Motherboards for communication servers etc.</p> <p>(High-performance electronic devices) Smartphones, PCs, tablets, game consoles, etc.</p>
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	
Other	Plating chemicals for connectors and lead frames, etching chemicals for scraping unnecessary copper when formulating interconnection onto motherboards or semiconductor packages boards	

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

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