



## **JCU Corporation**

Q2 Financial Results Briefing for the Fiscal Year Ending March 2024

November 8, 2023

## Event Summary

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[Company Name]	JCU Corporation
[Company ID]	4975-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Q2 Financial Results Briefing for the Fiscal Year Ending March 2024
[Fiscal Period]	FY2024 Q2
[Date]	November 8, 2023
[Number of Pages]	25
[Time]	16:00 – 16:43 (Total: 43 minutes, Presentation: 34 minutes, Q&A: 9 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	4
	Masashi Kimura Hirofumi Ikegawa Yoji Inoue Takayoshi Onuma
	Representative Director, President and CEO Managing Officer, Manager, General Affairs Department Managing Officer, Manager, Corporate Strategy Office Manager, Accounting Department

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# Presentation

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**Moderator:** Ladies and gentlemen, thank you very much for taking time out of your busy schedule today to participate in the Q2 Financial Results Briefing for the Fiscal Year Ending March 2024 of JCU Corporation.

This briefing is a live-streaming web-based financial results presentation via Zoom. If the delivery is interrupted or the video is frozen during the session, please refresh your page after a few minutes. If there are any problems with the video or audio and you are unable to fully view the presentation, we will post the video on our website at a later date, so please either view it there or contact our IR department for an individual financial results presentation.

The financial results briefing is scheduled to end at around 4:45 PM.

First of all, we would like to introduce the attendees from the company side. Today's attendees from the company side are the Representative Director, President and CEO Masashi Kimura. Managing Officer and Manager of the General Affairs Department, Hirofumi Ikegawa. Managing Officer and Manager of the Corporate Strategy Office, Yoji Inoue. Manager of the Accounting Department, Mr. Takayoshi Onuma.

After the financial results presentation, there will be time for questions and answers. Questions can be submitted anytime using the Q&A function at the bottom of your screen. Please include your company name and your name when asking questions. The information will be kept private for other participants and will be read by the management on your behalf. To prevent misreading, please include the furigana after your name.

Now, the President and CEO of JCU, Masashi Kimura, will give his greetings and explain the financial results for Q2 of the fiscal year ending March 31, 2024.

President Kimura, if you would please.

**Kimura:** Good afternoon, everyone. My name is Masashi Kimura, President and CEO. Thank you very much for taking time out of your busy schedules today to attend our earnings presentation. I would like to thank all of our investors for your continued understanding and support of our management.

In the fiscal year ending March 31, 2024, while the supply chain in semiconductors and various components is normalizing, the business environment remains challenging due to the end of demand for stay-at-home, weak consumer purchasing sentiment, and prolonged trade friction between the US and China. All of us at the Company, both executives and employees, are united in our efforts to achieve our forecasted performance figures even in such a difficult business environment.

I would now like to present our business results for H1 of the fiscal year ending March 31, 2024.

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## 2024年3月期2Q 業績概況



【2Q 累計会計期間】 JCU（単体）⇒ 2023.4～2023.9  
海外子会社 ⇒ 2023.1～2023.6

薬品事業	分野 電子向け	<ul style="list-style-type: none"> <li>■中国は一部のプリント基板メーカーにおいて回復基調がみられるものの、スマートフォンをはじめとする高機能電子デバイス向けプリント基板の需要が減少し、薬品売上高は減少</li> <li>■台湾はサーバー、高機能電子デバイス向け半導体パッケージ基板の需要が減少し、薬品売上高は減少</li> <li>■韓国は半導体市場の低迷が継続し、半導体パッケージ基板の需要が減少し、薬品売上高は減少</li> </ul>
	分野 自動車向け	<ul style="list-style-type: none"> <li>■日本は半導体・部品不足が緩和されたことにより、自動車の生産台数が回復基調となりましたが、薬品売上高は横ばいに推移</li> <li>■中国は半導体・部品不足の緩和に伴い、自動車の生産・販売台数は増加したものの、当社が対象とする自動車部品の需要が減少し、薬品売上高は減少</li> </ul>
装置事業		<ul style="list-style-type: none"> <li>■新型コロナウイルス感染症の影響による先送り案件の再開及び新規投資需要の増加により、売上高は増加、受注残高は大幅に増加</li> </ul>

2024年3月期 第2四半期決算説明資料

2

Now, page two summarizes our business performance for Q2 of the fiscal year ending March 31, 2024.

Since the closing period of our overseas subsidiaries has been delayed by three months, the domestic non-consolidated business results are from April 2023 to September 2023, and the overseas subsidiaries' business results are from January 2023 to June 2023.

In the electronics components sector, although some printed circuit board manufacturers in China showed signs of recovery, demand for PCBs for smartphones and other high-function electronic devices declined, resulting in a decrease in sales of the chemical business.

In Taiwan, demand for semiconductor package substrates for servers and high-performance electronic devices declined, resulting in lower sales in the chemical business.

Furthermore, South Korea's continued weak semiconductor market caused a decline in demand for semiconductor package substrates, resulting in a decrease in the chemical business.

In the automotive components sector in Japan, the easing of semiconductor and parts shortages led to a recovery trend in automobile production. Still, our sales in the chemical business remained unchanged.

In China, although automobile production and sales increased as the shortage of semiconductors and parts eased, demand for our target automobile parts declined, decreasing the chemical business.

As for the machine business, the resumption of postponed projects due to the impact of the COVID-19 infection and increased demand for new investments resulted in higher sales and a significant increase in the order backlog.

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## 2024年3月期2Q累計 連結実績



(単位：百万円)

	2022年3月期 上半期	2023年3月期 上半期	2024年3月期 上半期		
	実績	実績	予想	実績	対前年増減率
売上高	11,654	13,117	10,700	10,864	△17.2%
営業利益	4,350	4,680	2,590	3,095	△33.9%
経常利益	4,430	4,720	2,590	3,202	△32.2%
親会社株主に 帰属する 四半期純利益	3,078	3,326	1,750	2,177	△34.5%
1株当たり 四半期純利益	117円30銭	128円26銭	68円29銭	85円04銭	—

2024年3月期 第2四半期決算説明資料

3

As a result of this business environment, our consolidated results for Q2 of the fiscal year ending March 31, 2024, are as shown on page three of the document.

Net sales, operating income, and ordinary income all decreased YoY. The reason for these results was due to the low level of global demand for smartphones and other high-function electronic devices following the end of the COVID-19 disaster's demand to stay at home, particularly in the electronics industry.

However, amid such a business environment, we were able to land higher than our forecast at the beginning of the period due to demand obtained mainly for some printed circuit boards and the depreciation of the yen during the period.

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## 為替レート



為替感応度（連結年換算）：上記主要通貨 1%の変動で、連結営業利益 1.05億円程度

(単位：円)

	2023年3月期				2024年3月期	
	1Q	2Q	3Q	4Q	1Q (期首予想)	2Q
中国 人民元 ( C N Y )	18.29	18.93	19.35	19.48	19.34	19.45
台 湾 ド ル ( T W D )	4.15	4.28	4.37	4.41	4.36	4.42
韓 国 ウ ォ ン ( K R W )	0.0964	0.0996	0.1008	0.1017	0.1039	0.1042

(注) 当社の主要な外国通貨は、中国 人民元・台湾ドル・韓国ウォンであり、いずれも、期中平均レートを採用しております。

2024年3月期 第2四半期決算説明資料

4

Page four shows the exchange rate.

Since we sell our products in local currencies and convert them into yen at the time of consolidated closing, exchange rates affect our performance. The major currencies used are the yuan, Taiwan dollar, and South Korean won, all of which use the average rates for the period from January 2023 to June 2023.

Regarding exchange rate sensitivity, a 1% change in the major currencies will impact about JPY105 million on consolidated operating income. The depreciation of the yen against all three currencies YoY contributed to the increase in operating income.

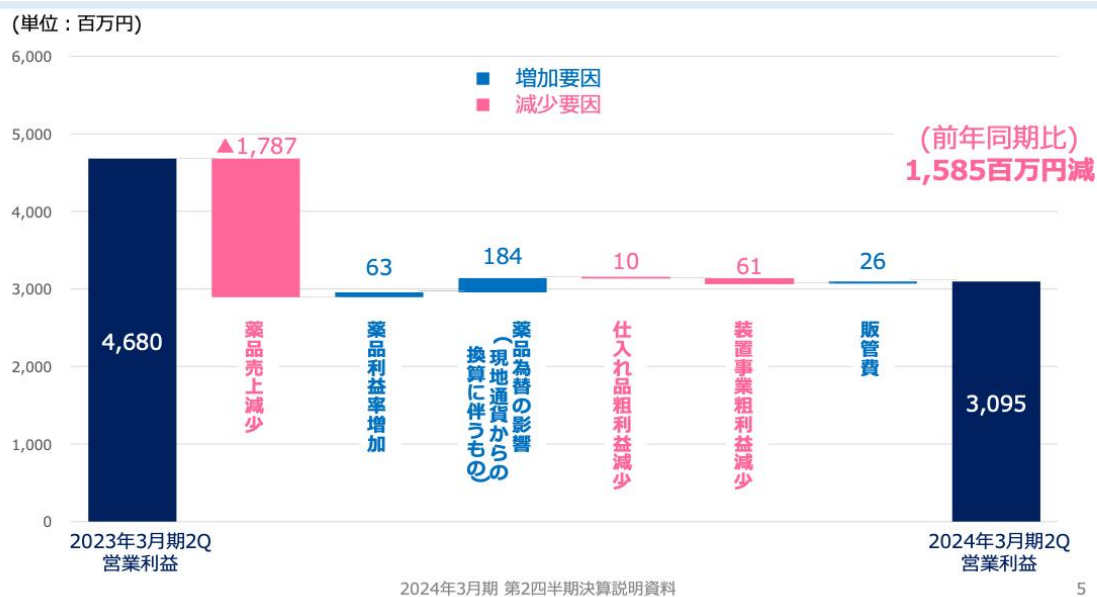
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## 2024年3月期2Q 連結営業利益 増減内容



Page five shows the factors of change in the amount of operating income YoY.

Sales of chemicals decreased by JPY1,787 million. The chemical's profit margin increased by JPY63 million. This increase was due to an improvement in the mix, which resulted from lower sales of preprocessing chemicals for POPs with low chemical profit margins.

The impact of foreign exchange rate fluctuations on chemicals increased by JPY184 million due to the depreciation of the yen against three major currencies.

SG&A expenses decreased by JPY26 million due to lower packaging and transportation costs resulting from lower sales of chemicals, despite increases in amortization, depreciation, and travel expenses.

As a result, operating income decreased by JPY1,585 million from the same period of the previous year.

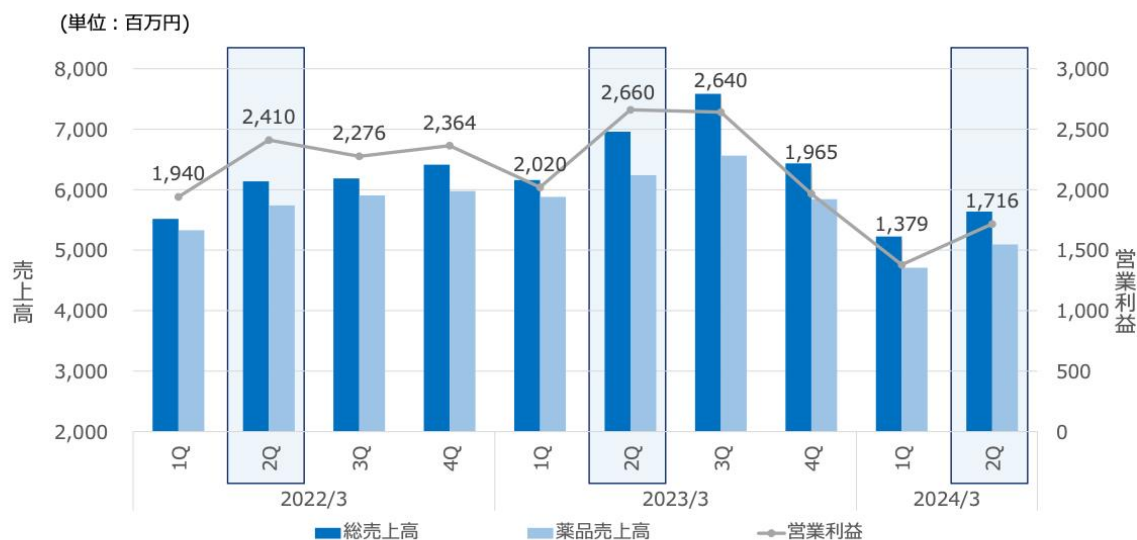
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## 四半期別 連結業績の推移



2024年3月期 第2四半期決算説明資料

6

Page six shows consolidated quarterly results for the fiscal year ending March 31, 2024.

The bar graph shows net sales and the line graph shows the operating profit amount. In Q1, chemical sales and operating profit amounts declined due to lower customer utilization in major regions, reflecting the continued market slump since the end of last year, the Chinese New Year holiday period, and the spread of infected patients after the end of the zero-COVID-19 policy.

Although there was no notable recovery in market conditions in Q2, the end of the holiday period brought a partial return to customer utilization, and sales increased.

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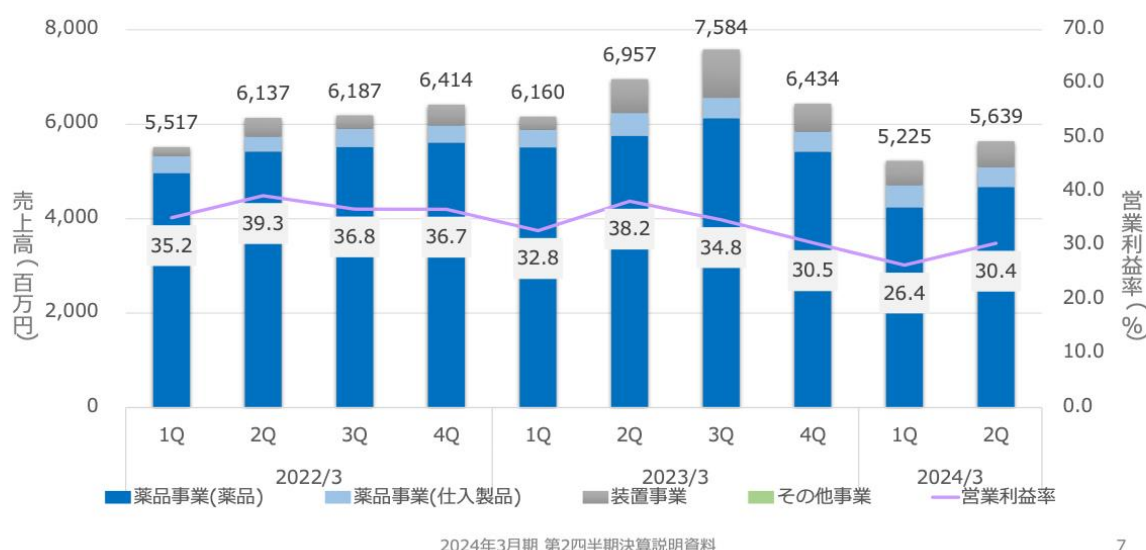
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## 四半期別 連結業績の推移(セグメント別)



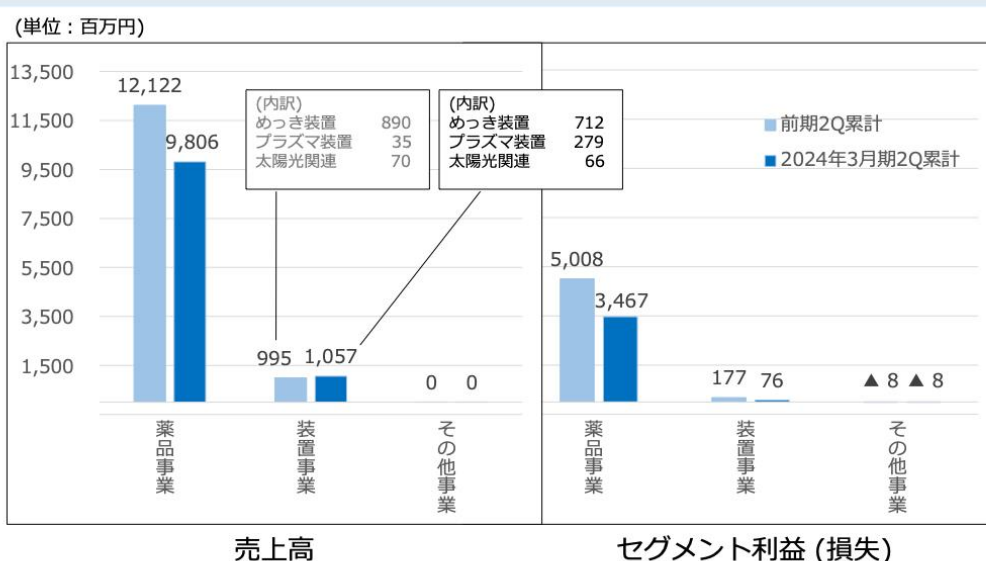
2024年3月期 第2四半期決算説明資料

7

The following is a summary of consolidated quarterly results by business segment.

The line graph on the previous page shows the amount of operating profit, while here it is the operating margin. As with the operating profit, the operating margin also increased in Q2 of the fiscal year ending March 31, 2024. Compared to Q1, the operating margin increased due to an improvement in the mix of chemical sales and a decrease in sales of preprocessing chemicals for POPs, which have low chemical profit margins.

## 2024年3月期2Q 連結セグメント業績



2024年3月期 第2四半期決算説明資料

8

Page eight shows a YoY comparison of consolidated segment results.

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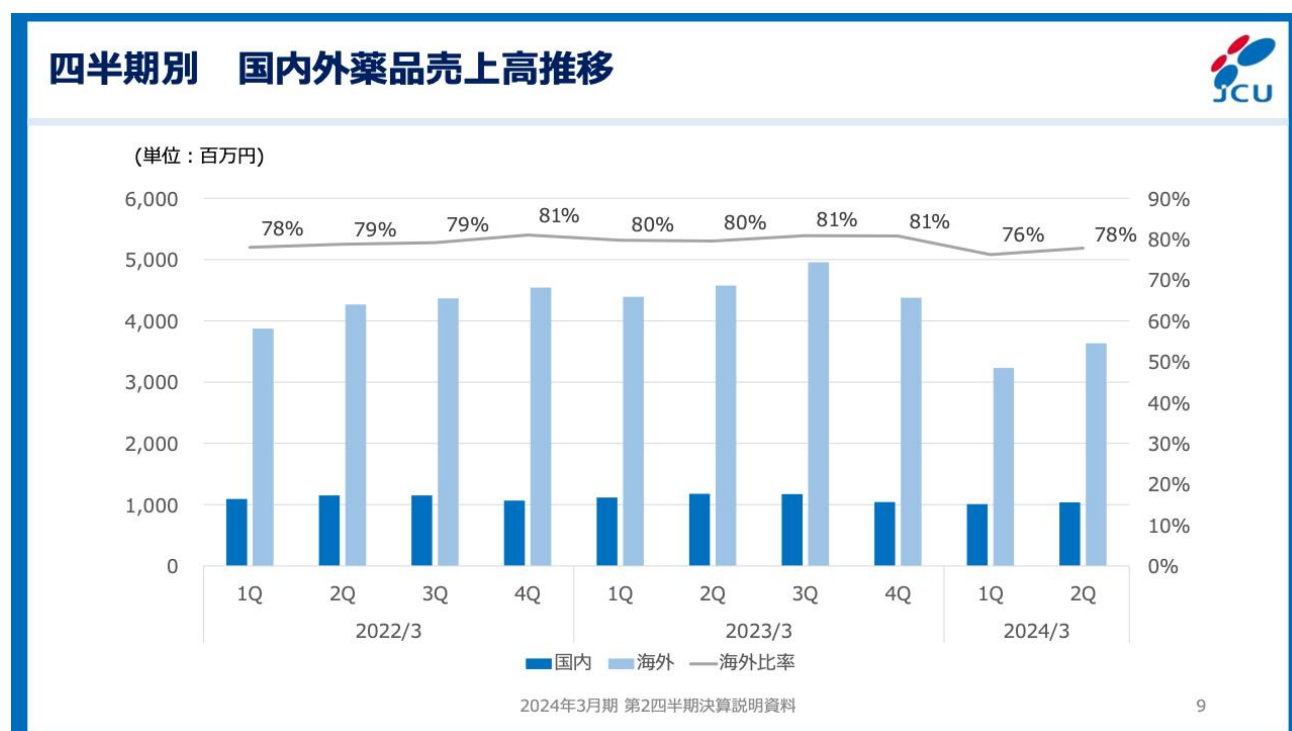
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In the chemicals business, both the electronics and automotive sectors faced a challenging business environment; in the electronics sector, demand for chemicals for printed circuit boards and semiconductor package substrates declined due to a decrease in demand for various high-performance electronic devices.

For the automotive sector, both net sales and segment income decreased YoY due to a decline in demand for automotive parts, our target market.

In the machine business, sales increased as customers resumed investment activities, and demand for new investments increased with the recovery from the COVID-19 disaster.



Page nine shows the domestic and overseas chemical sales trends.

With regard to domestic and overseas chemical sales trends, overseas sales accounted for approximately 80% of total sales. Due to the unstable global situation, the Company will continue closely monitoring economic trends in each trading region.

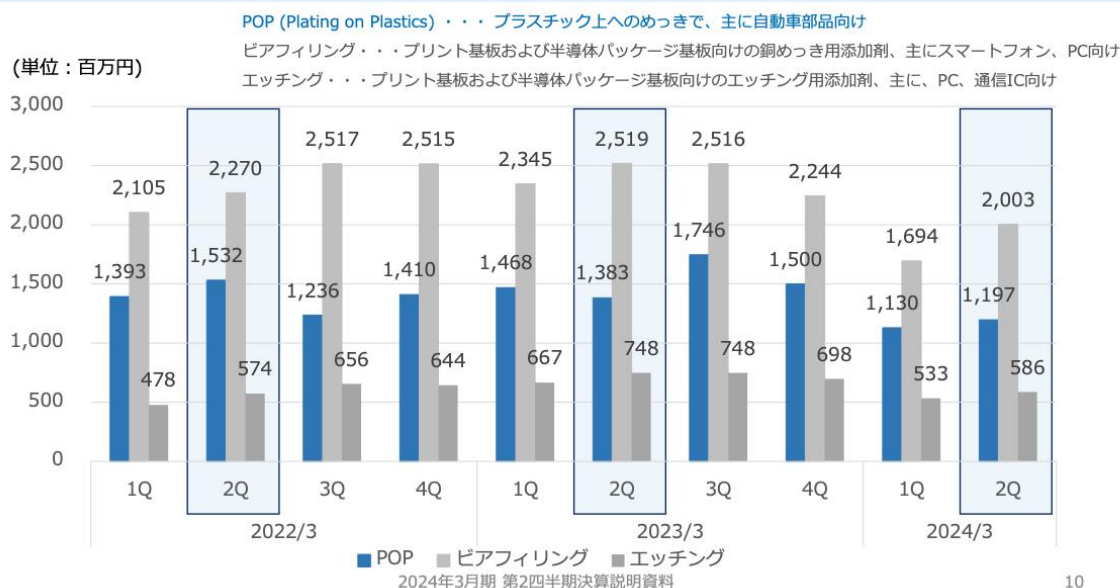
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## POP, ビアフィリング, エッチング用薬品 | 四半期別 売上高推移



10

Next is the quarterly sales trend of POP chemicals via filling and etching chemicals.

This section shows sales of our main products, and from this fiscal year, we have also included sales trends for etching chemicals. Many of our etching chemicals are used for semiconductor package substrates, which have been growing remarkably in recent years, and we have positioned this as one of our growth drivers. Currently, demand for semiconductor package substrates is weak, which has led to a decline in chemical sales, but we expect demand to increase as the market recovers.

In via filling chemicals, demand for printed circuit boards and semiconductor package substrates has been slow due to a worldwide decline in demand for various high-performance electronic devices, but in Q2, compared to Q1, our chemical sales increased due to a partial return to operations by customers after the Chinese New Year holiday period.

Although chemical sales are sluggish in the short term, growth is expected to continue due to the increase in high-function electronic devices resulting from the evolution of IoT technology and the growing demand for semiconductors.

We realize that the performance requirements for via-filling chemicals are also increasing daily. Since this is an important driver for our growth, we will aggressively pursue development to lead the industry, including investment in our Kumamoto base.

In POP, chemical, semiconductor, and component shortages have eased, and automobile production is on the rise. However, in the Chinese market, one of our key regions, our chemical sales have remained low due to the declining production volume of the Japanese automakers we target.

The automotive market is at a major turning point with the shift to EVs, changing design trends, advances in automated driving technology, and carbon neutrality. We are also keeping a close eye on market and customer trends, responding quickly to changes and developing products that meet customer needs.

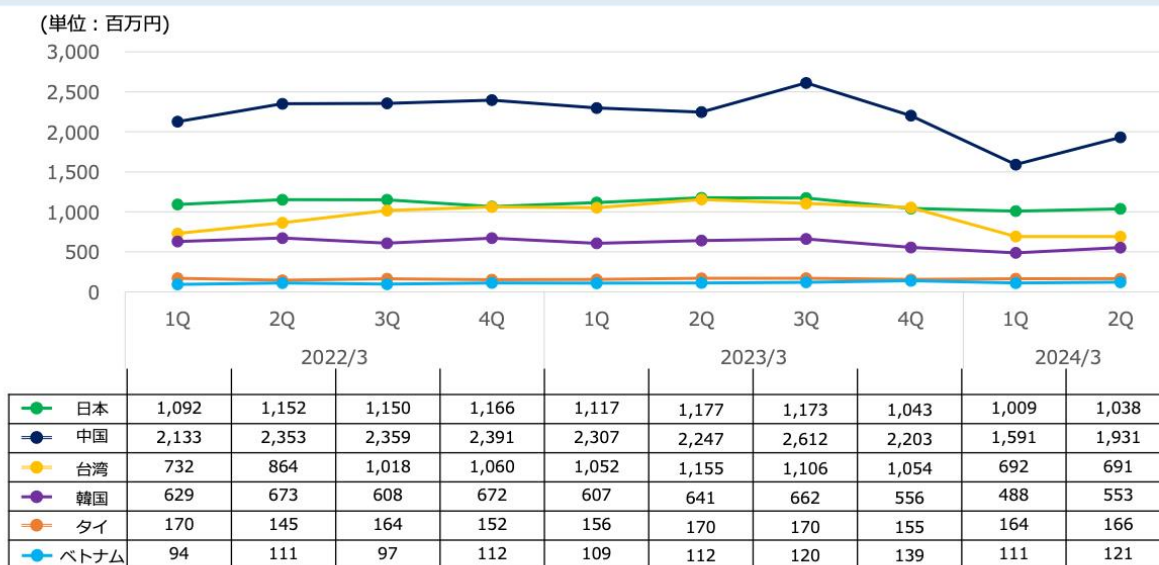
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## 四半期別 地域別薬品売上高の推移



2024年3月期 第2四半期決算説明資料

11

Page 11 shows the sales of chemicals by region.

The percentage of sales by region has not changed significantly over the years, with China accounting for approximately 40%, Japan for 20%, Taiwan for approximately 15%, and South Korea for 10%. In all major regions and fields, the business environment remains severe.

In recent years, production has shifted away from China, and Thailand and other Southeast Asian countries are attracting increasing attention. We have established a system that can respond to any customer needs in Southeast Asia, including Thailand, Vietnam, Indonesia, Malaysia, and India in South Asia.

Especially in Thailand and Vietnam, which have been the focus of much attention, we expect moderate growth in the future, although their share of the total is still small.

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## 四半期別 地域別薬品売上高の推移



### 連結

(単位：百万円)



(電子薬品) 主力製品：ビアフィリング  
プリント基板、コネクタ、  
半導体分野向けの表面処理(めっき)薬品

(装飾・機能薬品) 主力製品：POP  
装飾、防錆分野向けの薬品  
主に自動車部品、水栓金具等の  
表面処理(めっき)薬品

2024年3月期 第2四半期決算説明資料

12

Page 12 shows chemical sales trends by region and category.

In the electronic chemicals segment, via filling chemicals are the main products. Our business performance will be affected by demand for infrastructure such as data centers and global demand for high-function electronic devices such as smartphones, PCs, and tablets.

In decoration and function of chemicals, our main product is POP chemicals. In particular, global production and sales of Japanese automobiles affect our performance, and in China, our chemicals are used for some Western cars and local brands.

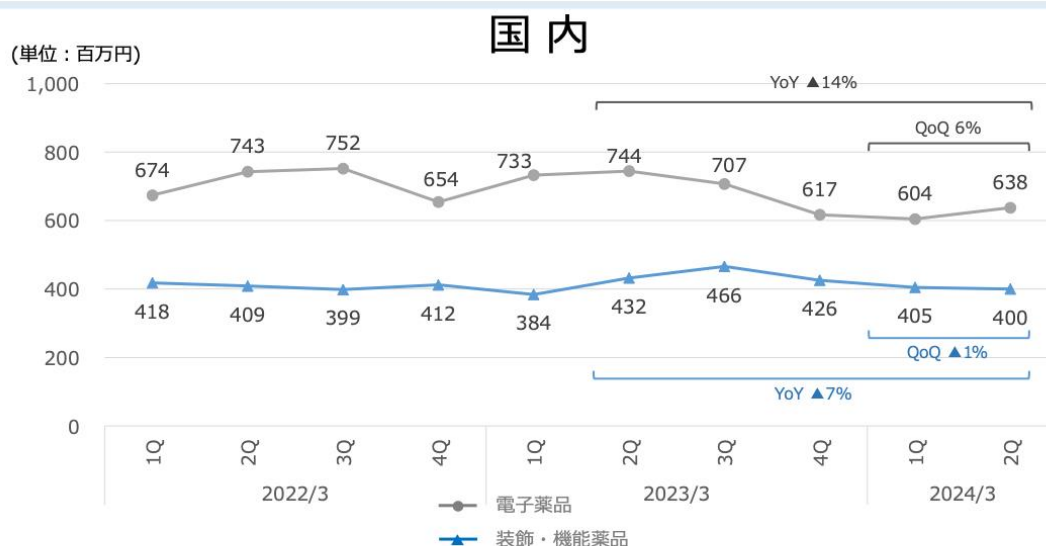
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## 四半期別 地域別薬品売上高の推移



2024年3月期 第2四半期決算説明資料

13

Next is the sales trend of chemicals in Japan.

In the electronic chemicals business, demand for high-performance electronic devices declined due to the global decline in consumer purchasing and the end of demand for stay-at-home. Still, demand for printed circuit boards for new smartphones and semiconductor package board chemicals for information and telecommunications applications was firm, resulting in increased chemicals sales in Q2.

In the decoration and function of the chemicals business, the production volume of automobiles is increasing due to the easing of the shortage of semiconductors and components. In line with this trend, some customers are seeing a recovery in their operations, but the overall recovery has not yet been achieved, and our sales of chemicals remain unchanged.

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## 四半期別 地域別薬品売上高の推移



### 海外



2024年3月期 第2四半期決算説明資料

14

Next is the trend of overseas chemical sales.

In recent years, sales of electronic chemicals have tended to increase from Q1 to Q3. In the fiscal year ended March 31, 2023, sales were affected by semiconductor inventory adjustments in Q4.

Subsequently, market conditions did not recover in Q1, and the period coincided with the holiday season, mainly in major countries, resulting in a significant decline in chemical sales. Although recovery varied by region, some customers recovered their operations after the holiday period, increasing sales in Q2.

In the decoration and function of the chemicals business, demand for automotive parts targeted by the Company in major countries declined. However, the recovery trend in the automotive market has continued since the end of last year as the shortage of semiconductors and parts has been resolved. As a result, chemical sales have remained at a low level since Q1. However, in Q2, the holiday period ended, and customers' operations recovered, increasing chemical sales.

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## 四半期別 地域別薬品売上高の推移



15

Page 15 shows chemical sales trends in China.

About 90% of our electronic chemicals are for printed circuit boards. Sales of chemicals for printed circuit boards decreased in Q1 due to a decline in demand for high-functional electronic devices as a result of a global decline in consumer purchasing sentiment and the end of the demand for stay-at-home since the end of last year.

However, from Q1 to Q2, the bottom fell out of the market, and the operating conditions of some customers recovered moderately, resulting in an increase in chemical sales in Q2. Recently, demand for chemicals not only for printed circuit boards but also for semiconductor package substrates is on the rise.

In the future, semiconductor package substrate manufacturing in China is also expected to increase, and we will try to gather information and expand sales to ensure we can capture these opportunities.

The decoration and function of chemicals are mainly for automotive components. Since the end of last year, automobile production and sales have been recovering as the shortage of semiconductors and components eases, whereas component production by Japanese automobile manufacturers, our target market, has been declining in China.

Against this backdrop, the number of operating days increased after the Chinese New Year holiday period, resulting in higher sales of chemicals in Q2. Recently, the automotive market has reached a major turning point with the shift to EVs and changes in design trends. We are also closely monitoring market and customer trends, responding quickly to these changes, and developing products that meet customer needs.

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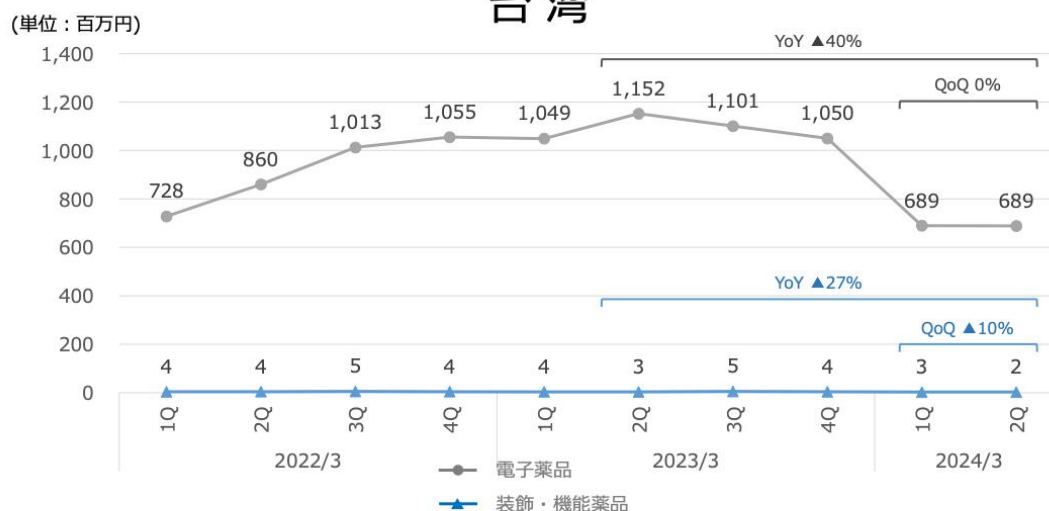
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## 四半期別 地域別薬品売上高の推移



### 台湾



2024年3月期 第2四半期決算説明資料

16

Page 16 shows the sales of chemicals in Taiwan.

About 50% of our electronic chemicals are for printed circuit boards, and the remaining 50% are for semiconductor package substrates. Until H1 of the fiscal year ending March 31, 2023, the demand for our chemicals remained higher than in previous years due to our customers' expansion of manufacturing lines and other factors.

However, as in the Chinese market, demand for our chemicals declined significantly YoY due to a decrease in demand for high-functional electronic devices since the end of last year as a result of a global decline in consumer purchasing sentiment and the end of the demand for stay at home.

From the latter half of Q2, the demand for chemicals showed a gradual recovery trend as the demand for printed circuit boards for smartphones increased. Still, the recovery was weaker than initially expected, and we will continue to monitor future trends closely.

In the medium-term management plan, we will strengthen sales expansion of etching chemicals in addition to our mainstay via filling chemicals, as this is a growing market centered on chemicals for semiconductor package substrates.

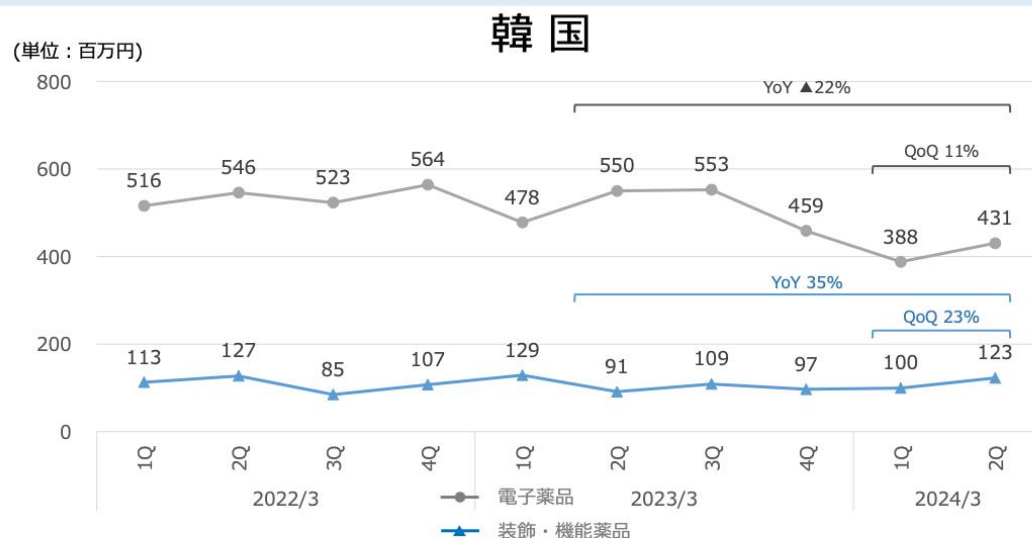
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## 四半期別 地域別薬品売上高の推移



17

Page 17 shows the sales trend of chemicals in South Korea.

In South Korea, our main business is electronic chemicals, and about 90% of our products are for semiconductor package substrates. Our chemical sales have been lagging due to the effects of semiconductor inventory adjustment that has continued since last year.

Against this backdrop, our chemical sales have decreased significantly YoY. Nonetheless, our chemical sales increased from Q1 to Q2 due to a temporary increase in orders from some of our customers.

## 2024年3月期 業績予想



(単位：百万円)

決算期	2023年3月期 通期 実績	2024年3月期 上半期 実績	2024年3月期 通期 予想	通期予想に 対する進捗率
売上高	27,137	10,864	25,000	43.5%
営業利益	9,285	3,095	7,000	44.2%
経常利益	9,369	3,202	7,000	45.7%
親会社株主に 帰属する 四半期純利益	6,103	2,177	4,800	45.4%
1株当たり 四半期純利益	232円62銭	85円04銭	187円81銭	—

2024年3月期 第2四半期決算説明資料

18

Page 18 is our forecast for the fiscal year ending March 31, 2024.

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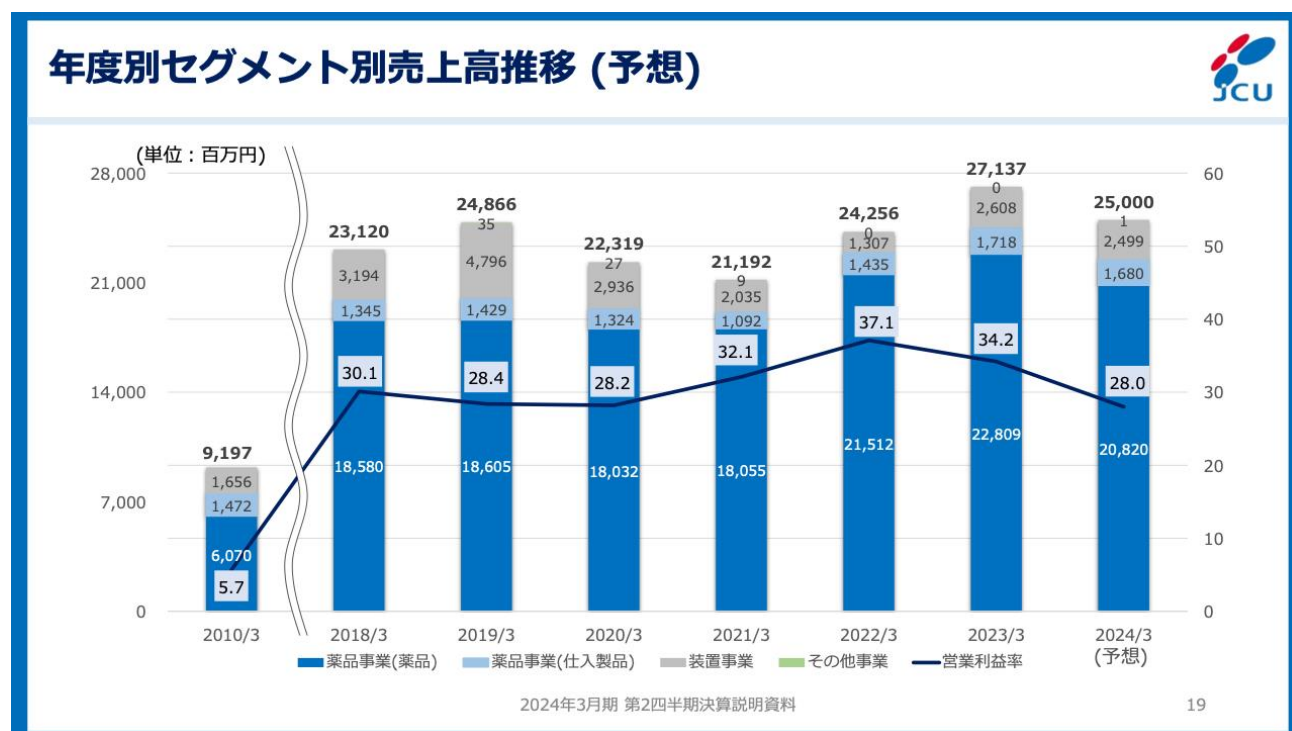
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In a challenging business environment, net sales and operating profit for H1 were JPY10,864 million and JPY3,095 million, respectively, compared to our initial projections of JPY25,000 million in net sales and JPY7,000 million in operating profit.

Both sales and operating profit in H1 of the year were in line with the plan, and in H2 of the year, we will strive to achieve the plan without making any changes to the initial plan. While we are facing a harsh business environment, all of our directors and employees are united in our efforts to achieve the projected values.



Page 19 shows the segment and consolidated results by fiscal year.

Machine sales are expected to decrease by approximately JPY100 million in the fiscal year ending March 31, 2023, despite the resumption of postponed projects in the automotive components sector and continued new investments in the electronics sector. Due to the decrease in chemical sales, the operating income margin is expected to decline by 6.2% YoY.

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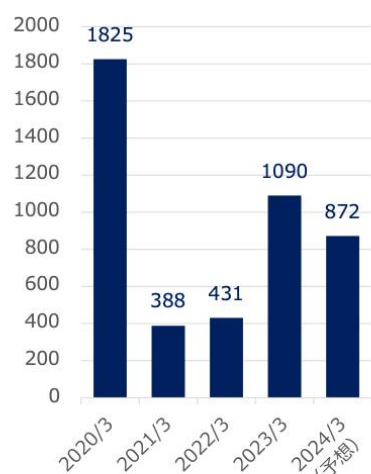
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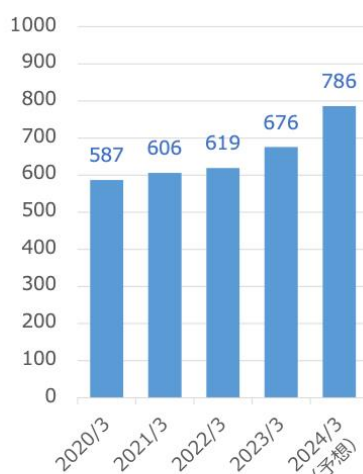
## 設備投資額、減価償却費および研究開発費



(単位：百万円) 設備投資額



減価償却費



研究開発費および  
売上高研究開発費比率



2024年3月期 第2四半期決算説明資料

20

Page 20 shows changes in capital expenditures, depreciation and amortization, and R&D expenses.

There are no major changes from what we have shown so far, and capital expenditures for the fiscal year ending March 31, 2024, are expected to be JPY872 million, which will include the renovation of existing production facilities and the introduction of new testing facilities at the General Research Laboratories.

Depreciation is projected at JPY786 million due to the introduction of the latest type of testing equipment to the General Research Laboratories last year and the introduction of solar power generation equipment to the Niigata Production Division.

R&D expenses are expected to increase to JPY1,259 million, mainly due to investment expenses related to focused areas prior to the establishment of the Kumamoto facility.

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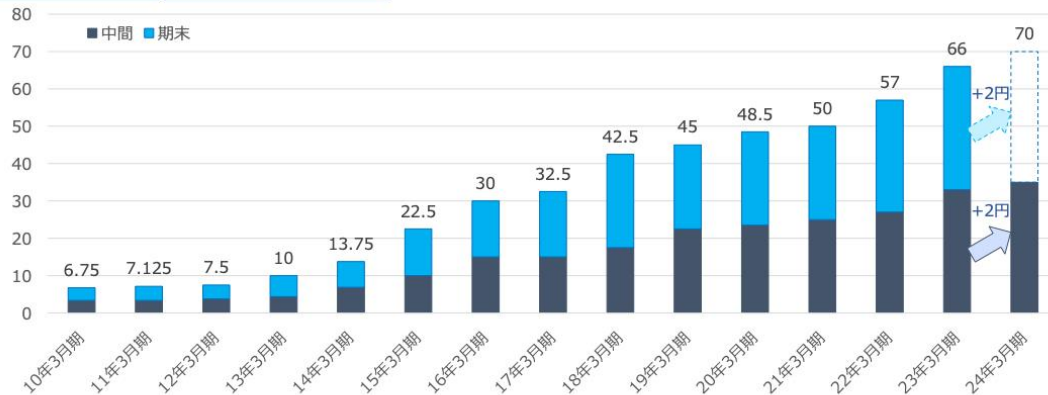
## 2024年3月期 配当予想



1株当たりの配当金  
(予想)

中間配当金：35円  
期末配当金：35円

14期連続増配予定



当社は、持続的な成長を達成するため手元流動性を確保し、安定した財務基盤を維持しつつ、成長投資を継続してまいります。  
配当は、安定増配基調継続を目指し、機動的な自己株式の取得による株主還元の実施を基本方針としております。

2024年3月期 第2四半期決算説明資料

21

Page 21 is the dividend forecast.

Our policy is to maintain stable dividends even in a difficult business environment, and we have decided to pay an interim dividend of JPY35 per share, as announced at the beginning of the fiscal year. For the fiscal year ending March 31, 2024, we aim to increase dividends for the 14th consecutive year.

## ESGに関する取り組み



当社グループは、ESGに配慮した課題に事業活動を通じて取り組み、持続可能な成長を続けるグローバル企業を目指してまいります。

### Environment



#### 環境配慮型製品の開発

- －スタンプ式めっき処理装置および薬品
- －低環境負荷化学ニッケルめっきプロセス
- －低環境負荷装飾用硫酸銅めっきプロセス



#### CO<sub>2</sub>排出量 (単体)

1,057 t-CO<sub>2</sub> 【2023年3月期末】  
※2013年度比27%削減

### Social



#### 女性管理職比率 (単体)

11.3% 【2023年3月期末】



#### 国内外拠点のISO9001取得状況

7か国12拠点 【2023年3月期末】  
※日本、中国、台湾、韓国、タイ  
ベトナム、メキシコ

### Governance



#### 企業統治の体制

- 取締役  
社内：6名、社外：4名 (内、女性1名)
- 監査役  
常勤：1名、社外：3名 (内、女性1名)

当社CSRレポート： <https://www.jcu-i.com/sustainability/download/>

2024年3月期 第2四半期決算説明資料

22

Page 22 shows our ESG initiatives.

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The Group is actively engaged in ESG management that takes into consideration social issues. In order to be accepted by local communities and society, it is essential that we continue to manage our business with an awareness of both the environment, society, and corporate governance. Through these activities, we aim to be a global company that continues to grow sustainably.

For details of our activities, please refer to the CSR Report posted on our website. The CSR Report we issue annually is scheduled to be published as a sustainability report from this fiscal year, with a view to preparing an integrated report. We will post it on our website by the end of this month, so please have a look at it at your convenience.

## 新拠点（マレーシア）の開設について



マレーシアは半導体関連企業の大規模投資が相次いでおり、半導体関連の表面処理薬品および装置の販売を開始  
JCUの東南アジア地域の拠点はタイ、ベトナム、インドネシアに次いで4カ国目

会社名	JCU MALAYSIA SDN. BHD.
所在地	631, Jalan Seraya 3/7, Pusat Perniagaan Seraya, 09000 Kulim, Kedah.
設立	2022年9月30日
事業開始	2023年3月13日 (開所式 2023年5月22日)
事業内容	表面処理薬品、表面処理用装置および 関連資機材の製造・販売



2024年3月期 第2四半期決算説明資料
25

Page 25 is an introduction to the opening of our new base in Malaysia.

We recognize that Malaysia will play an important role in the electronics industry in Southeast Asia, with a series of large investments by semiconductor-related companies.

Almost a year has passed since we announced the establishment of our overseas subsidiary in May of last year, and we have successfully completed the opening ceremony. The Malaysian base plans to manufacture and sell surface processing chemicals, equipment, and related materials and equipment, with surface processing chemicals for the electronics field as a particular core product.

This will be the fourth country in which we do business in Southeast Asia, following Thailand, Vietnam, and Indonesia, and we will strive to form an East-West corridor for our business, including our India base in South Asia.

This is all for the explanation of financial results. Inquiries and requests for individual meetings are always welcome. Please contact us via the contact information on the last page of the document. Thank you very much for your cooperation to the end of this presentation.

**Moderator:** Thank you very much.

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## Question & Answer

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**Moderator [M]:** We will now move on to the question and answer session.

Please note that, in principle, we will only be able to respond to one question per person at this time. I will now take your questions.

Let's start with a question from Mr. Noriya.

**Noriya [Q]:** What is your forecast for Taiwan in H2 compared to H1? Please give us your best estimate.

**Kimura [A]:** Thank you for your question, Mr. Noriya.

Regarding the H2 performance trend for Taiwan, we expect that electronic component sales in Taiwan will increase toward the end of the year, especially for smartphones, and we believe that the situation will likely grow slightly. That is all.

**Moderator [M]:** Thank you very much. Next, we have Mr. Mori.

**Mori [Q]:** What do you think is the reason behind your share price struggling in the last six months compared to your competitors? Is it because of the high ratio of sales to China? I would appreciate your response.

**Kimura [A]:** Regarding Mr. Mori's question, I think that the most recent growth or slump in stock prices is due to our dependence on China. However, we are also taking measures to return profits to our shareholders, such as flexible share buybacks. Still, since we cannot actually predict the share price, I am sorry that I am unable to give you a further answer to your question.

**Moderator [M]:** Thank you very much. That is all the questions we have received at this time.

I am sorry, there is one more question. The next question is from Mr. Hasegawa.

**Hasegawa [Q]:** Regarding semiconductor packaging in China, please tell us about the types of devices and the future outlook. Also, how much of the increase in demand is due to the shift from Taiwan to the general-purpose sector?

**Kimura [M]:** Regarding the question from Mr. Hasegawa, I would like to ask Inoue from the Corporate Strategy Department to answer.

**Inoue [A]:** All right, I, Inoue will answer.

First of all, I would like to talk about semiconductor packaging in China, which I understand is just now increasing. I believe that the number of both local manufacturers and foreign companies in China is [inaudible] increasing considerably.

However, we have not yet been able to analyze which of the two is growing. We will analyze this issue again in the future, and we will let you know when we have more information. That is all.

**Moderator [M]:** Thank you very much. Next, we will take Mr. Yamato's questions.

**Yamato [Q]:** In Q2 of slide 10, chemical sales increased compared to the previous quarter. What were the respective trends for PCBs and IC substrates? Please give us your thoughts.

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**Kimura [M]:** Inoue will answer this question as well.

**Inoue [A]:** I, Inoue, will explain. From Q1 to Q2, sales of chemicals have been increasing, and what was good was the strong sales of chemicals for PCBs, the general printed circuit boards here.

In addition, the recovery of IC substrates and packaged substrates has been a little slower than that of PCBs, so the recovery of these products is still slow at this point. That is all for now.

**Moderator [M]:** Thank you for your patience. I am sorry, but we are approaching the end of our time, so I will close with the next question. Regarding further questions, we will be happy to answer them in a separate e-mail.

The next one is from Mr. Noriya.

**Noriya [Q]:** In H2 of the year, what do you see as the background for the increase compared to H1 of the year in terms of chemicals for PCBs and IC packages? Please give us your perspective.

**Kimura [A]:** Regarding your question about the situation of PCB and IC package substrates in H2 of the year; specifically, we expect growth in PCB motherboards.

Since the inventory of semiconductor chips has finally bottomed out, we expect that semiconductor package substrates will grow from next year onward. That will be all.

**Moderator [M]:** Thank you very much.

This concludes the Q2 Financial Results Briefing for the Fiscal Year Ending March 2024 of JCU.

Thank you very much for taking time out of your busy schedules to join us today.

[END]

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### **Document Notes**

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
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