



JCU CORPORATION

Financial Results Briefing Material

for the Fiscal Year Ended March 2024

JCU CORPORATION

TSE Prime (Stock Code: 4975)

May 10, 2024



Summary of Consolidated Financial Results for FY3/24



Accounting Period of FY3/24

JCU (non-consolidated): April 1, 2023 to March 31, 2024

Overseas subsidiaries: January 1 to December 31, 2023

Chemicals Business

For electronic components

- China: Despite a recovery trend in some PWB manufacturers, demand for high-performance electronic devices including smartphones was sluggish. As a result, sales of chemicals remained unchanged.
- Taiwan: Due to weak demand for servers and semiconductor package substrates for high-performance electronic devices, sales of chemicals decreased.
- South Korea: Due to the semiconductor market remaining sluggish, demand for semiconductor package substrates was weak. As a result, sales of chemicals decreased.

For automotive components

- Japan: Although automobile production increased as shortages of semiconductors and parts began to ease, a change in the composition of automotive parts reduced demand for chemicals and sales were also held down by the suspension of some automobile shipments in the fourth quarter.
- China: Despite increases in automobile production due to an improvement in shortages of semiconductors and parts, demand for automobile parts which is subject to our business decreased. As a result, sales of chemicals decreased.

Machine Business

- Sales and order backlog increased thanks to the increasing demand for new investment as economic activities returning to normal.

Summary of Financial Results for FY3/24



(Millions of yen)

	FY3/22	FY3/23	FY3/24		
	Results	Results	Forecasts	Results	YoY % Change
Net sales	24,256	27,137	25,000	24,859	(8.4)%
Operating profit	8,990	9,285	7,000	8,041	(13.4)%
Ordinary profit	9,231	9,369	7,000	8,216	(12.3)%
Profit attributable to owners of parent	6,370	6,013	4,800	5,530	(8.0)%
Net income per share	243.82 yen	232.62 yen	187.30 yen	216.95 yen	-

Summary Consolidated Balance Sheet



(Millions of yen)	FY3/23	FY3/24
Current assets	36,646	40,831
Cash and deposits	24,180	27,037
Notes and accounts receivable-trade	8,526	10,171
Inventories	2,852	2,518
Non-current assets	8,255	8,810
Property, plant and equipment	6,081	6,165
Investments and other assets	2,126	2,602
Total assets	44,901	49,641
Current liabilities	6,164	6,664
Notes and accounts payable-trade (incl. electronically recorded obligations-operating)	2,397	3,122
Short-term borrowings (incl. current portion of long-term borrowings)	754	616
Non-current liabilities	875	727
Long-term borrowings	288	121
Total liabilities	7,039	7,391
Total net assets	37,861	42,250
Total liabilities and net assets	44,901	49,641

Note: Certain line items are omitted

Foreign Exchange Rates



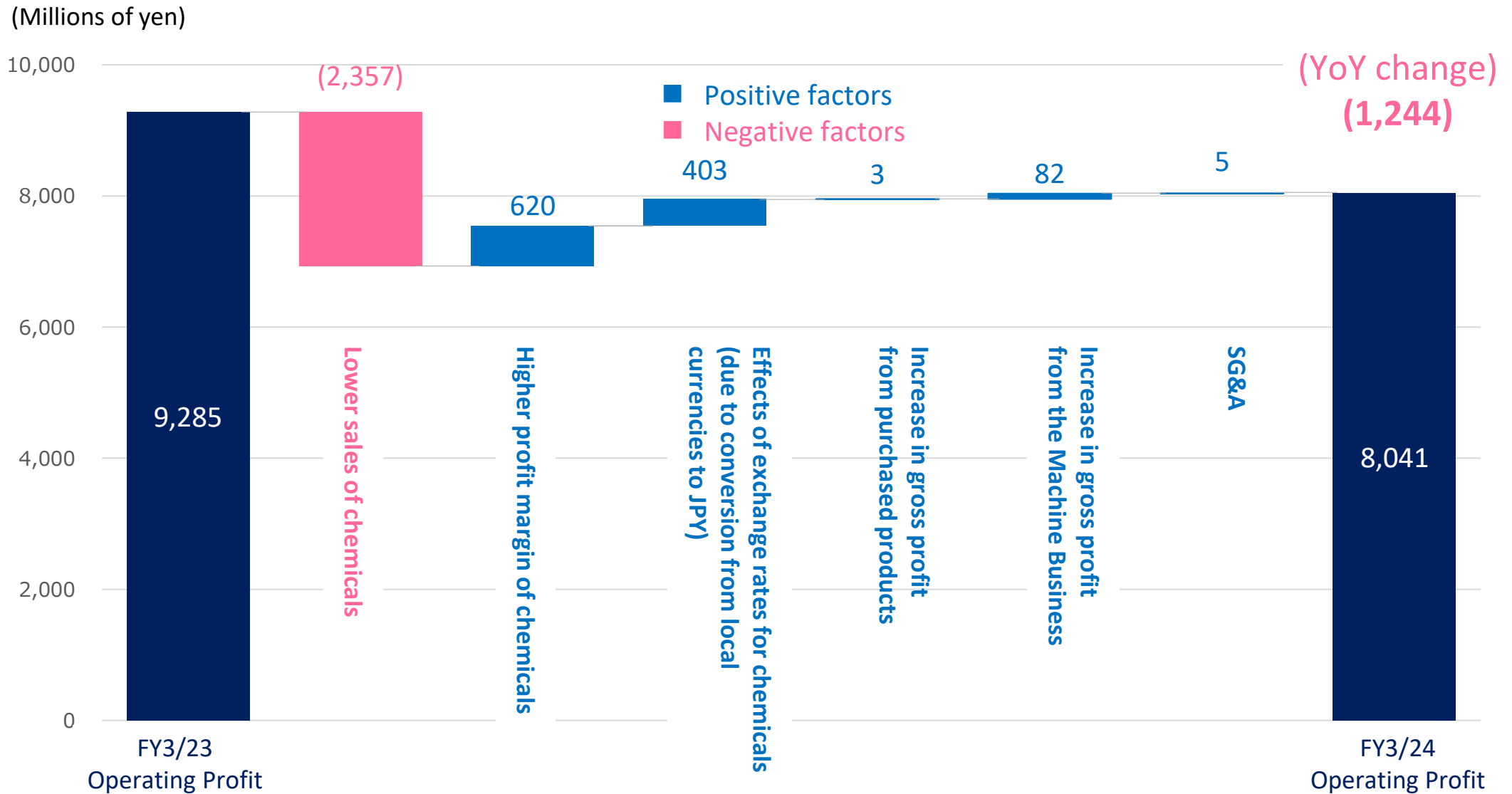
Foreign exchange sensitivity (as at the consolidated year): Changes of about 105 million yen in consolidated operating profit with 1% change in major currency rates listed below

(Yen)

	FY3/23	FY3/24				FY3/25 (Forecast)
		1Q (Initial forecast)	2Q	3Q	4Q	
Chinese yuan (CNY)	19.48	19.34	19.45	19.61	19.82	20.40
Taiwan dollar (TWD)	4.41	4.36	4.42	4.47	4.51	4.60
Korean won (KRW)	0.1017	0.1039	0.1042	0.1062	0.1076	0.1100

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 FY3/24



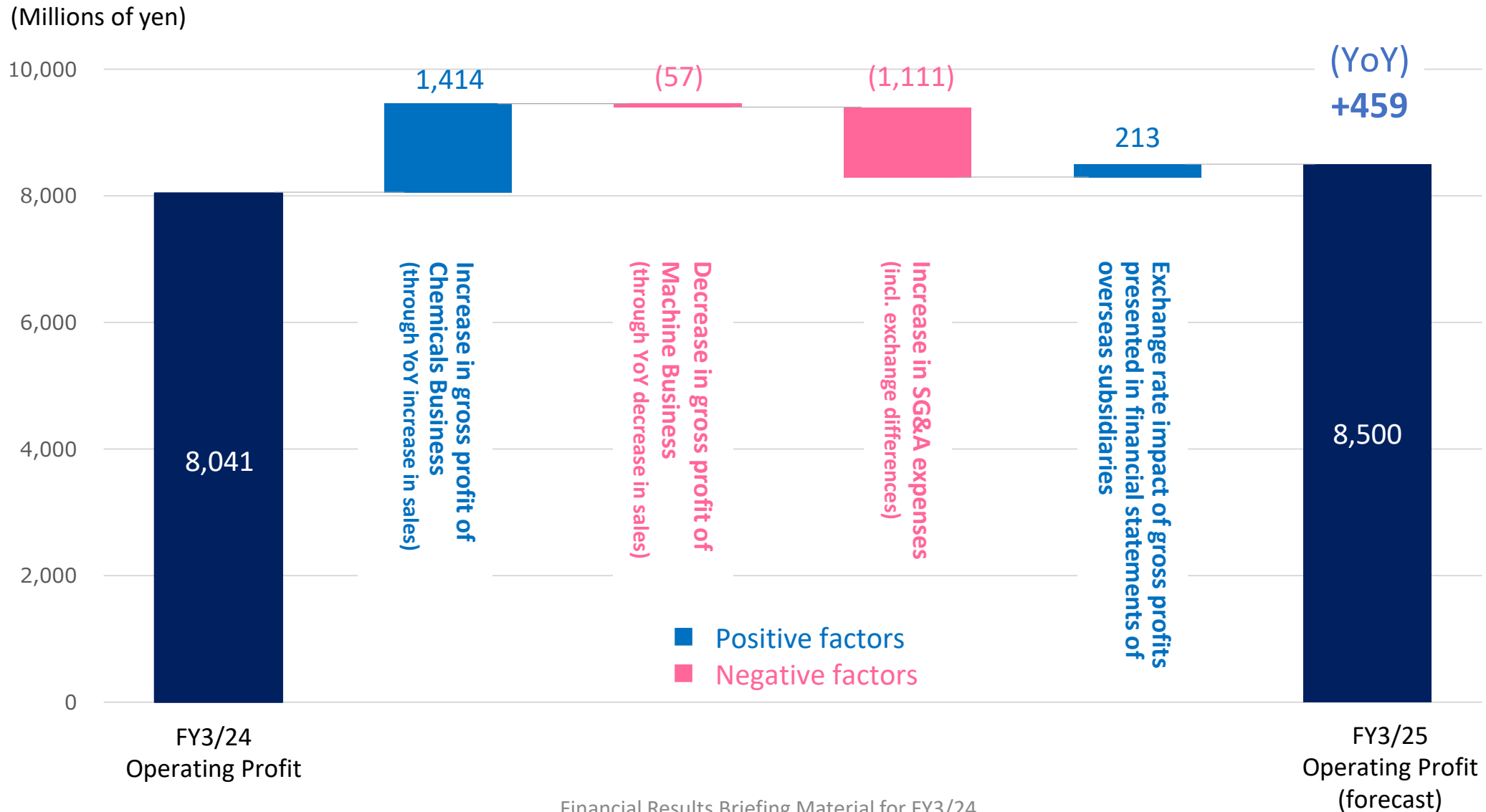
Forecasts for FY3/25



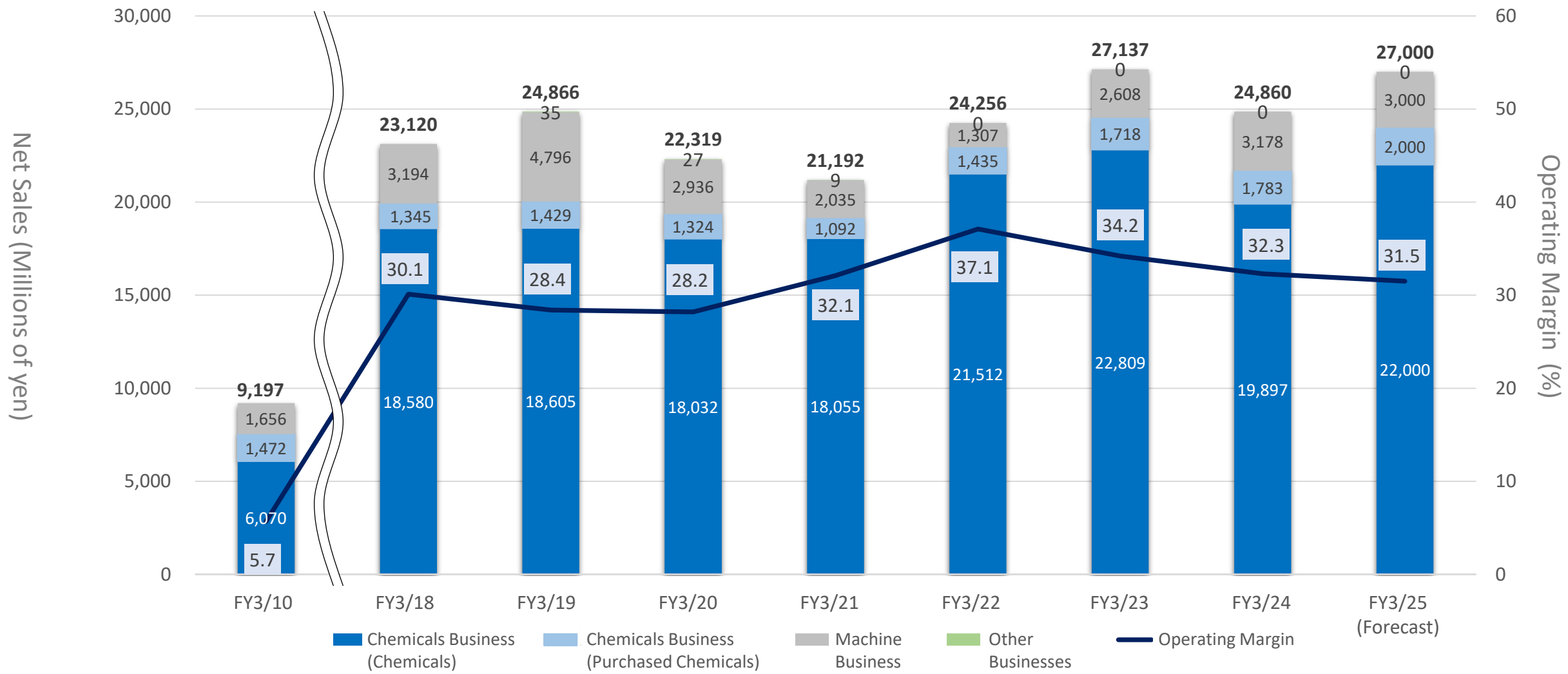
(Millions of yen)

	FY3/24 Results	FY3/25 Forecasts	YoY% Change
Net sales	24,859	27,000	8.6%
Operating profit	8,041	8,500	5.7%
Ordinary profit	8,216	8,500	3.5%
Profit attributable to owners of parent	5,530	5,900	6.7%
Net income per share	216.95 yen	232.90 yen	-

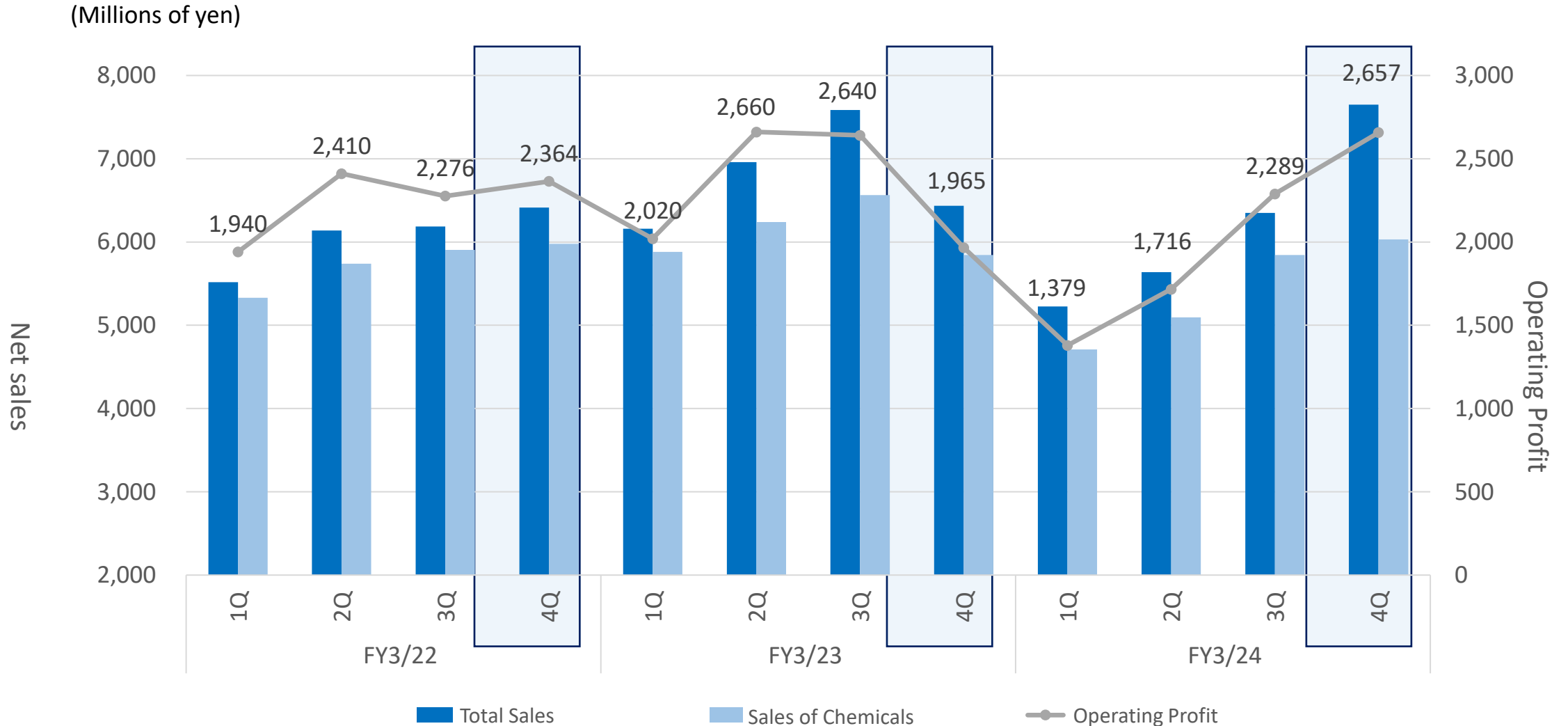
Changes in Consolidated Operating Profit (Forecast for FY3/25)



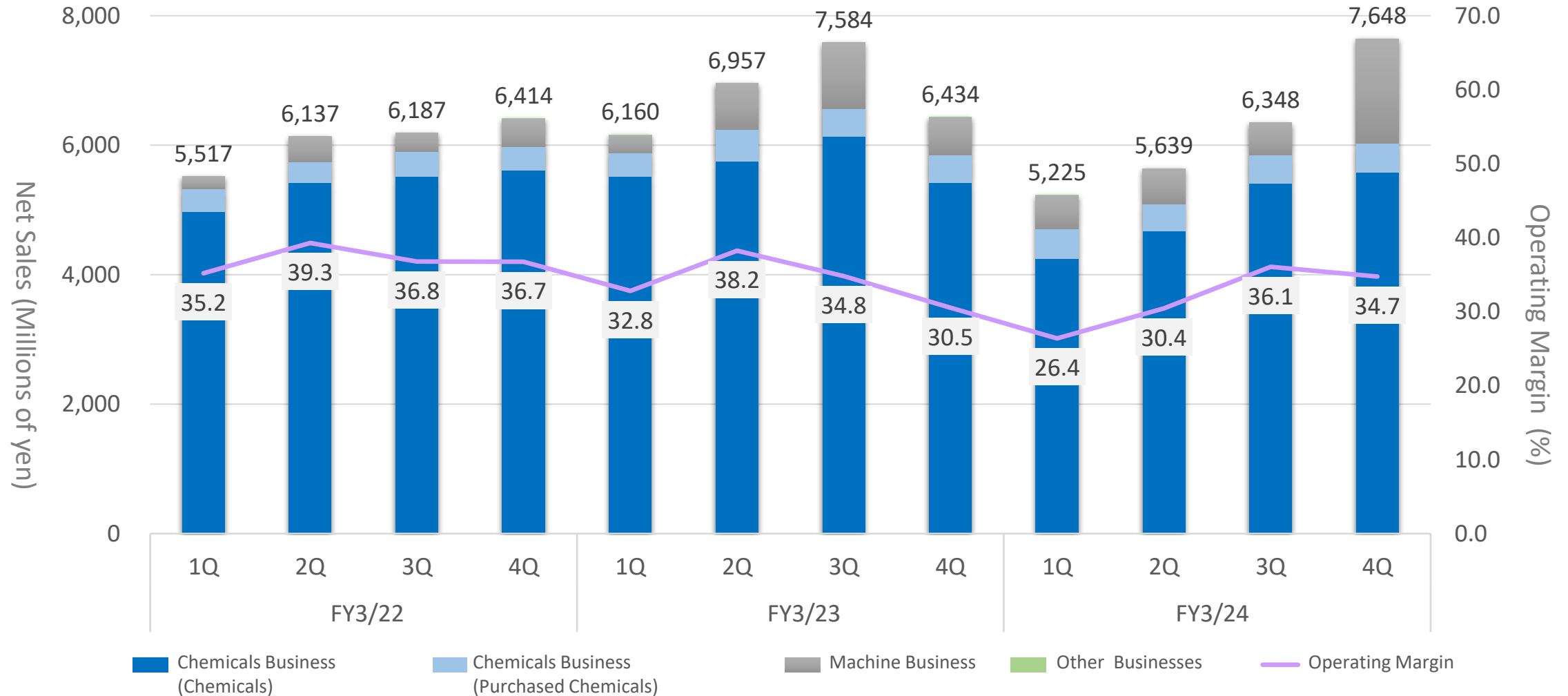
Annual Consolidated Financial Results (By Segment)



Quarterly Consolidated Financial Results



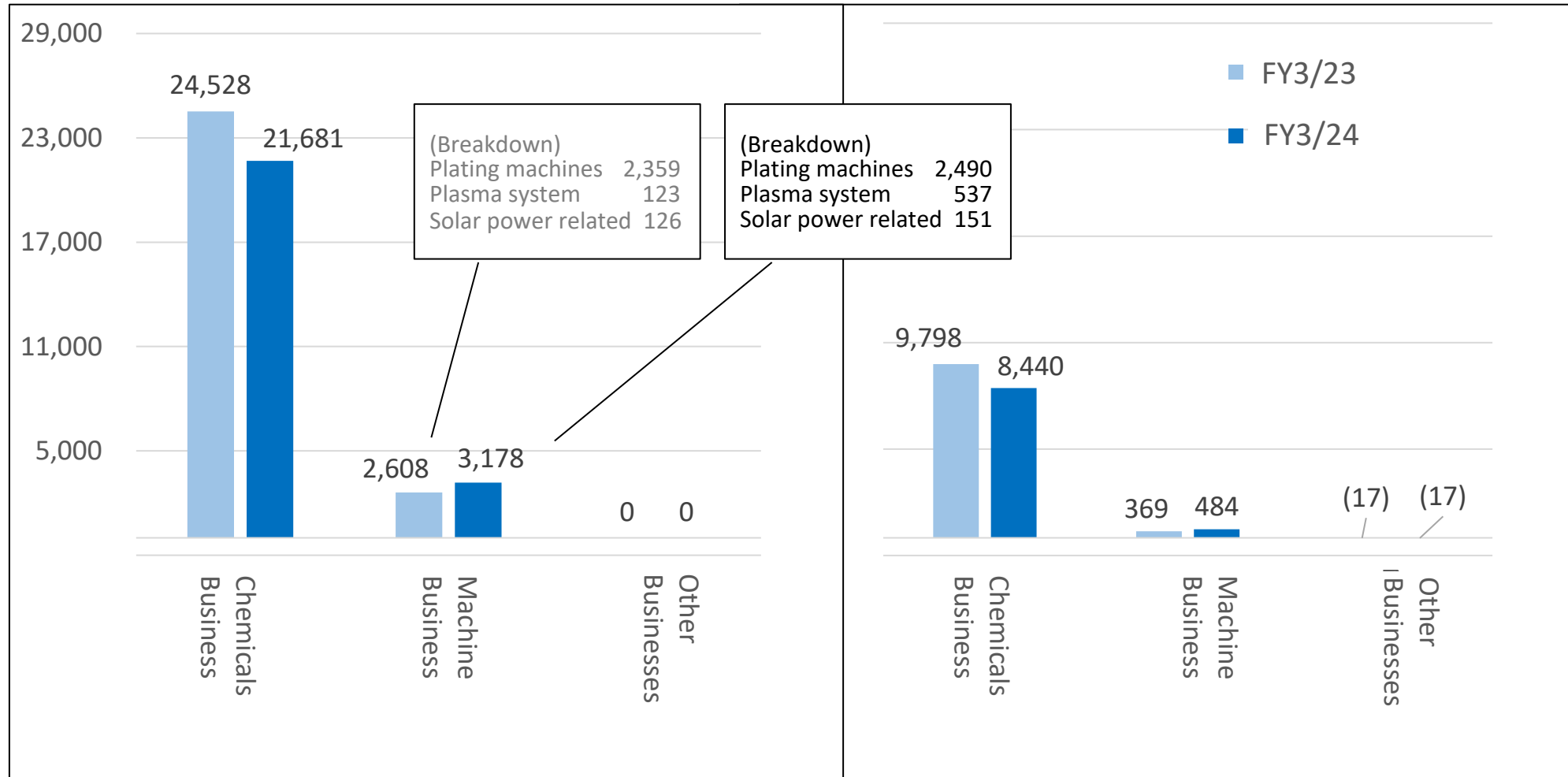
Quarterly Consolidated Financial Results (By Segment)



Consolidated Segment Results for FY3/24



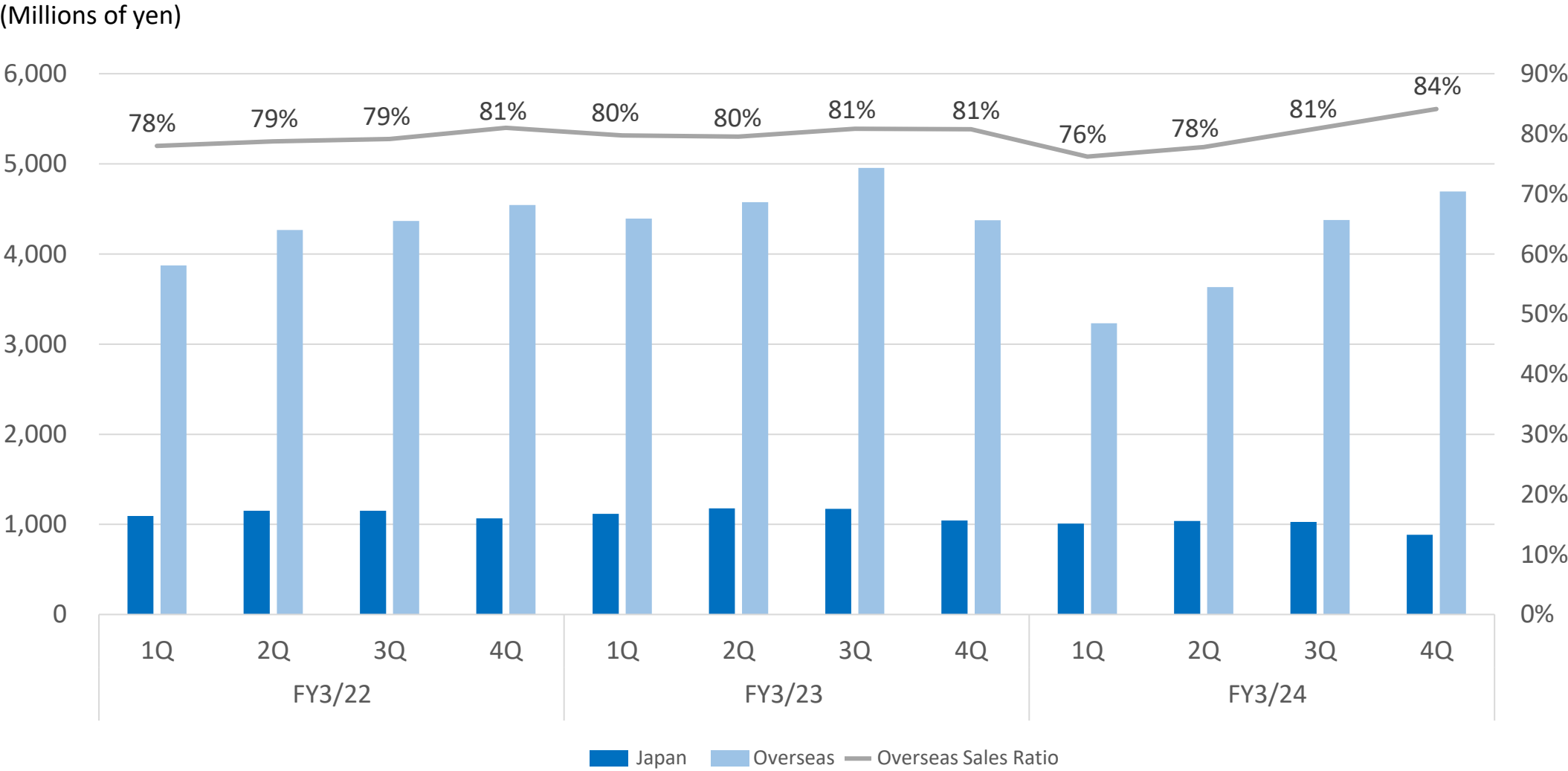
(Millions of yen)



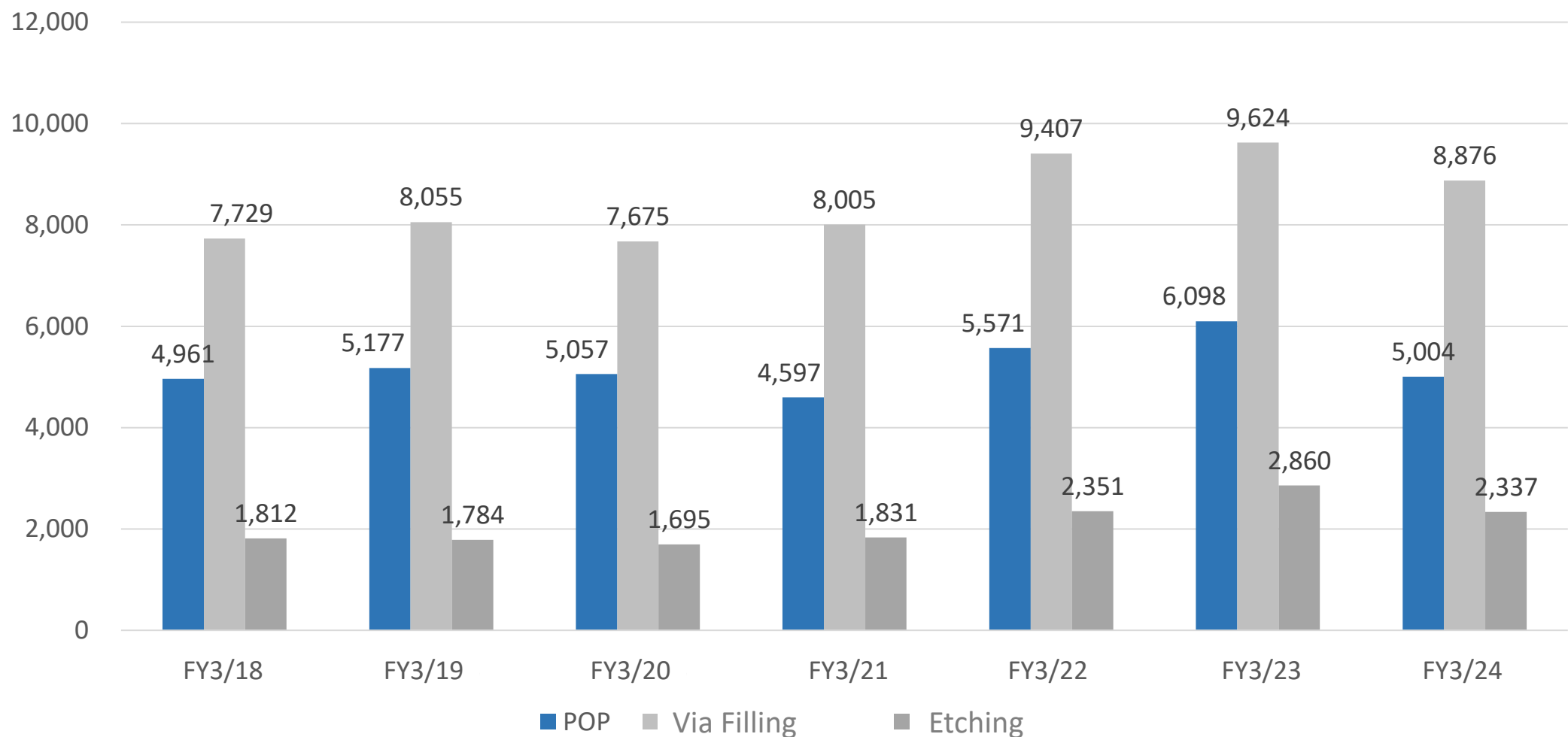
Net Sales

Segment Profit (Loss)

Quarterly Sales of Chemicals in Japan and Overseas



Annual Sales of Chemicals, POP, Via Filling and Etching



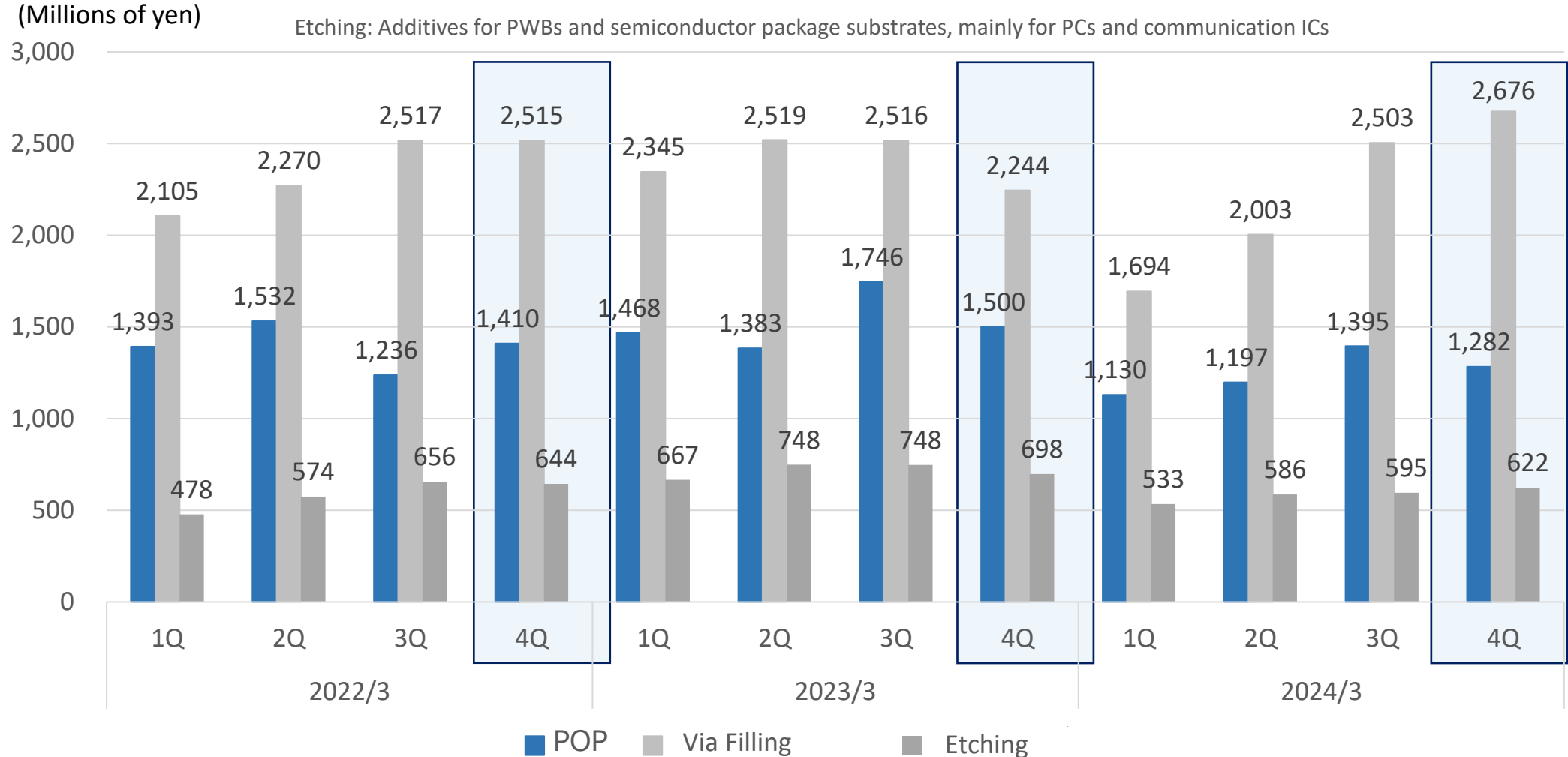
Quarterly Sales of Chemicals for POP, Via Filling and Etching



POP: Planting on Plastics, mainly for automotive components

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

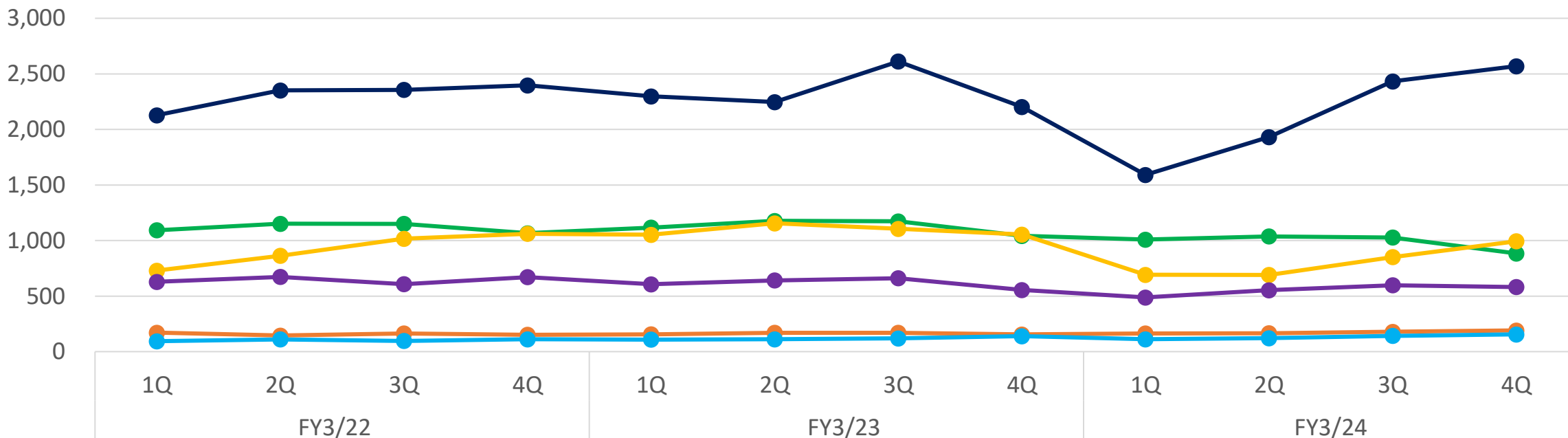
Etching: Additives for PWBs and semiconductor package substrates, mainly for PCs and communication ICs



Quarterly Sales of Chemicals by Region

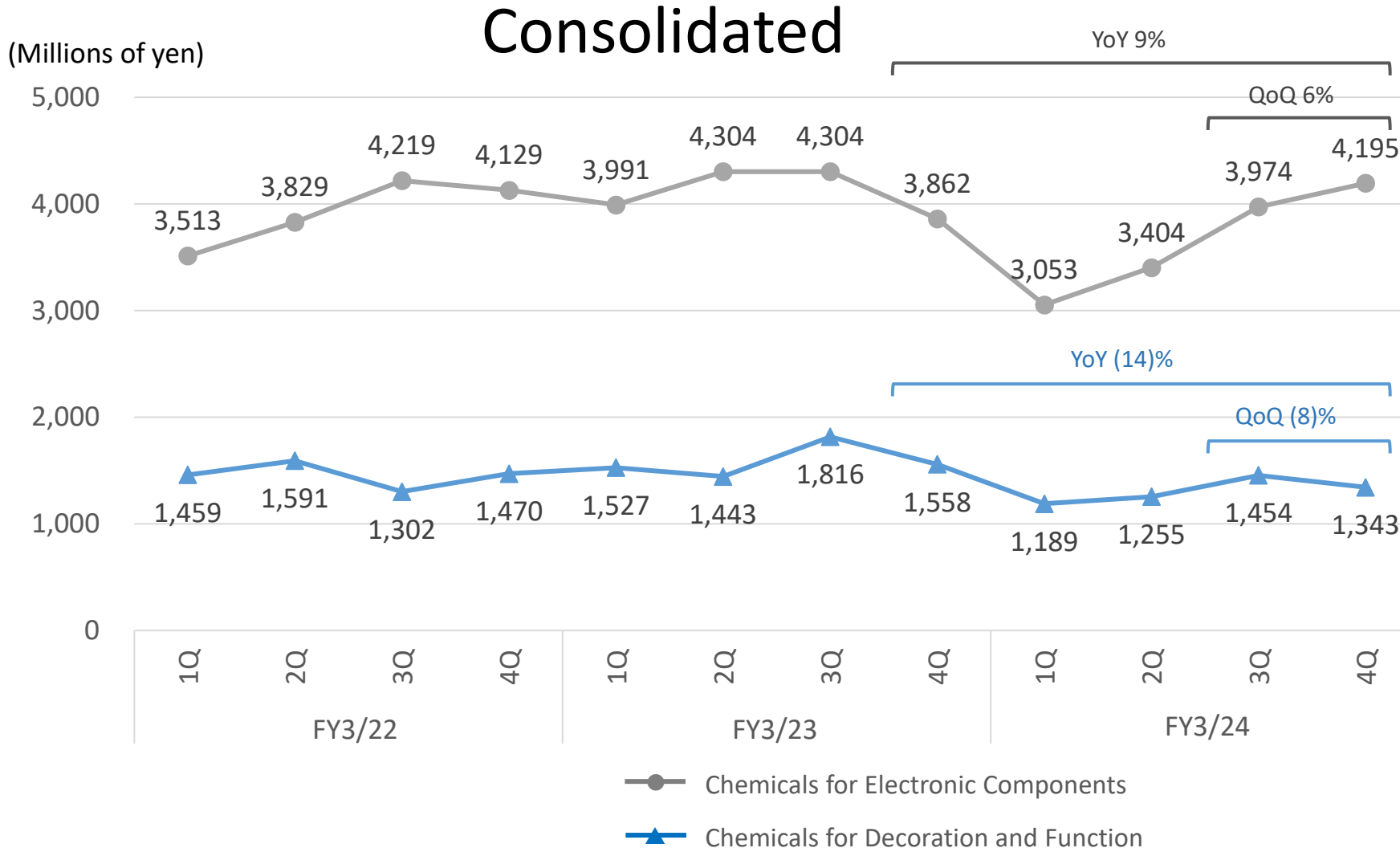


(Millions of yen)



	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	FY3/22				FY3/23				FY3/24			
Japan	1,092	1,152	1,150	1,166	1,117	1,177	1,173	1,043	1,009	1,038	1,028	884
China	2,133	2,353	2,359	2,391	2,307	2,247	2,612	2,203	1,591	1,931	2,432	2,569
Taiwan	732	864	1,018	1,060	1,052	1,155	1,106	1,054	692	691	851	994
S. Korea	629	673	608	672	607	641	662	556	488	553	598	582
Thailand	170	145	164	152	156	170	170	155	164	166	179	191
Vietnam	94	111	97	112	109	112	120	139	111	121	142	156

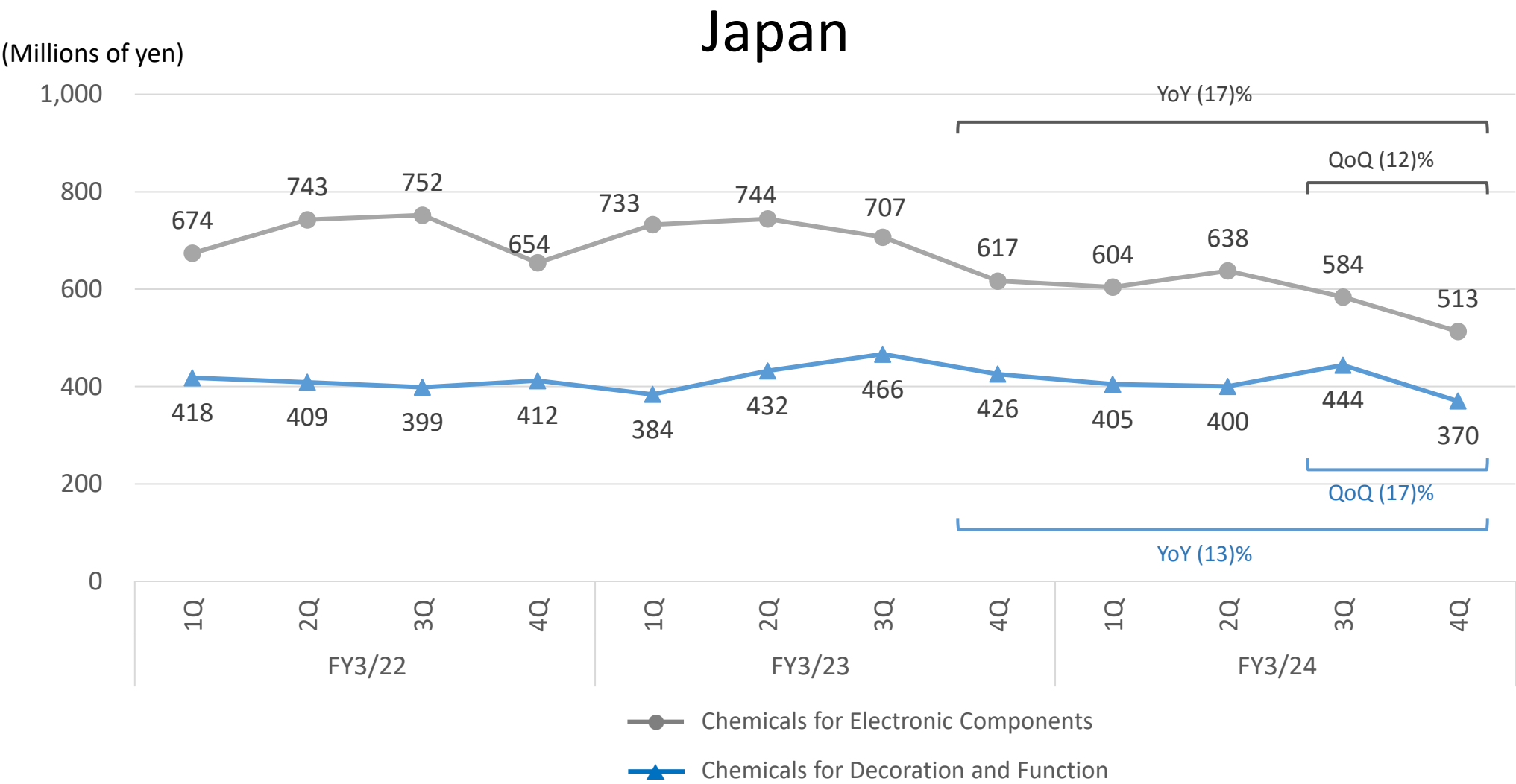
Quarterly Sales of Chemicals by Category



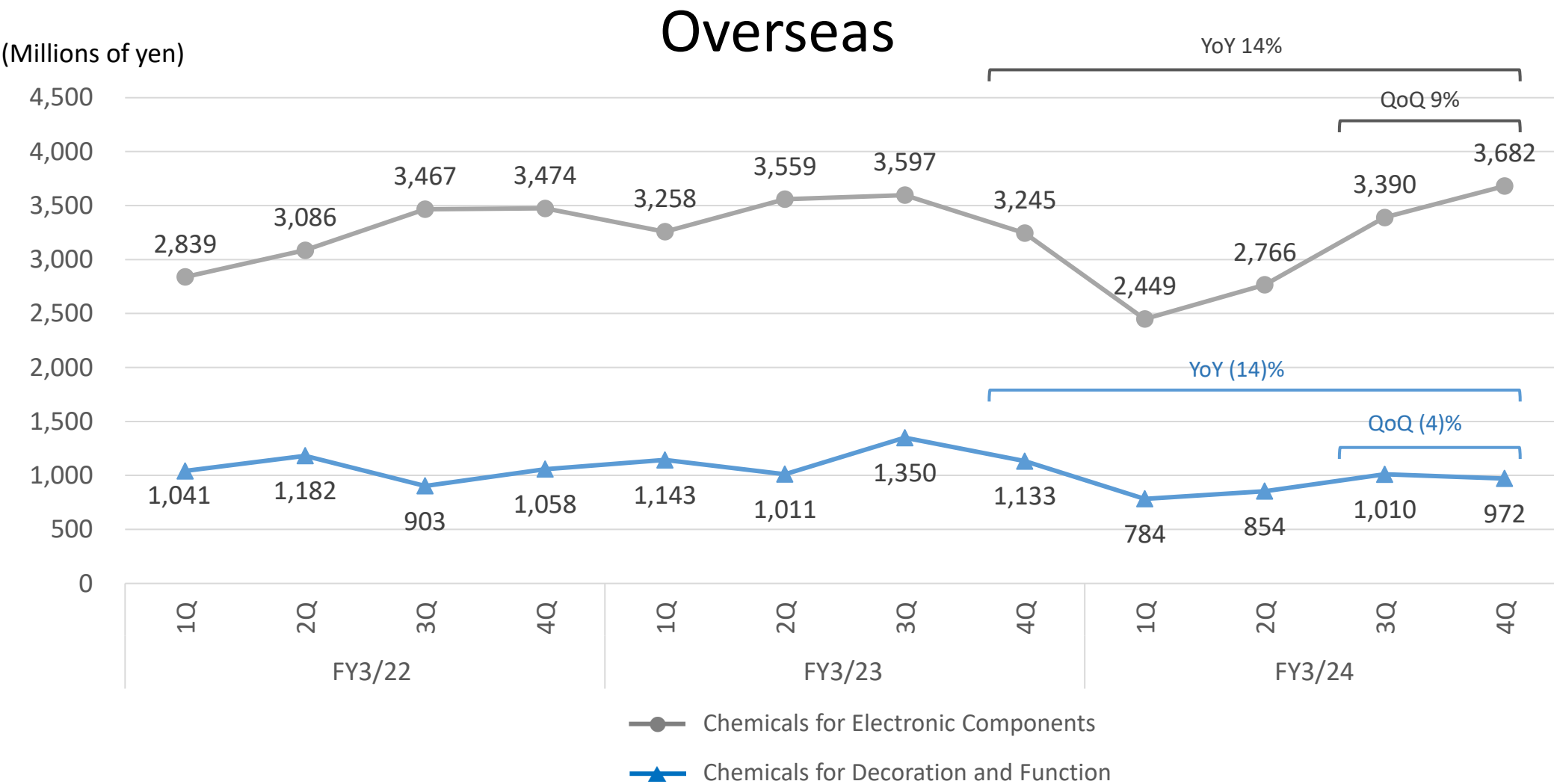
(Chemicals for Electronic Components)
 Core Products: Via filling
 PWBs, connectors, surface treatment
 (plating) chemicals for semiconductor
 sector

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

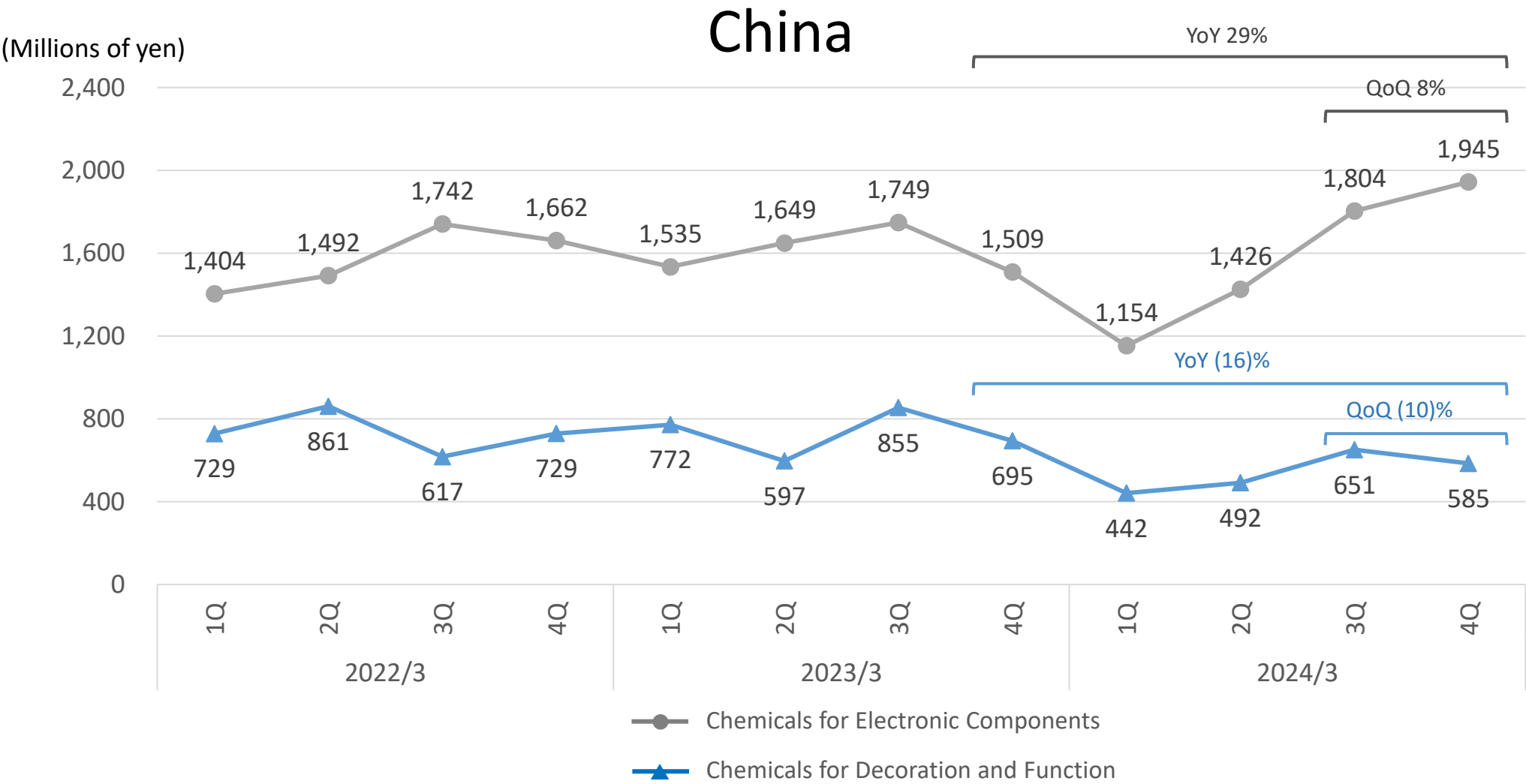
Quarterly Sales of Chemicals by Region



Quarterly Sales of Chemicals by Region



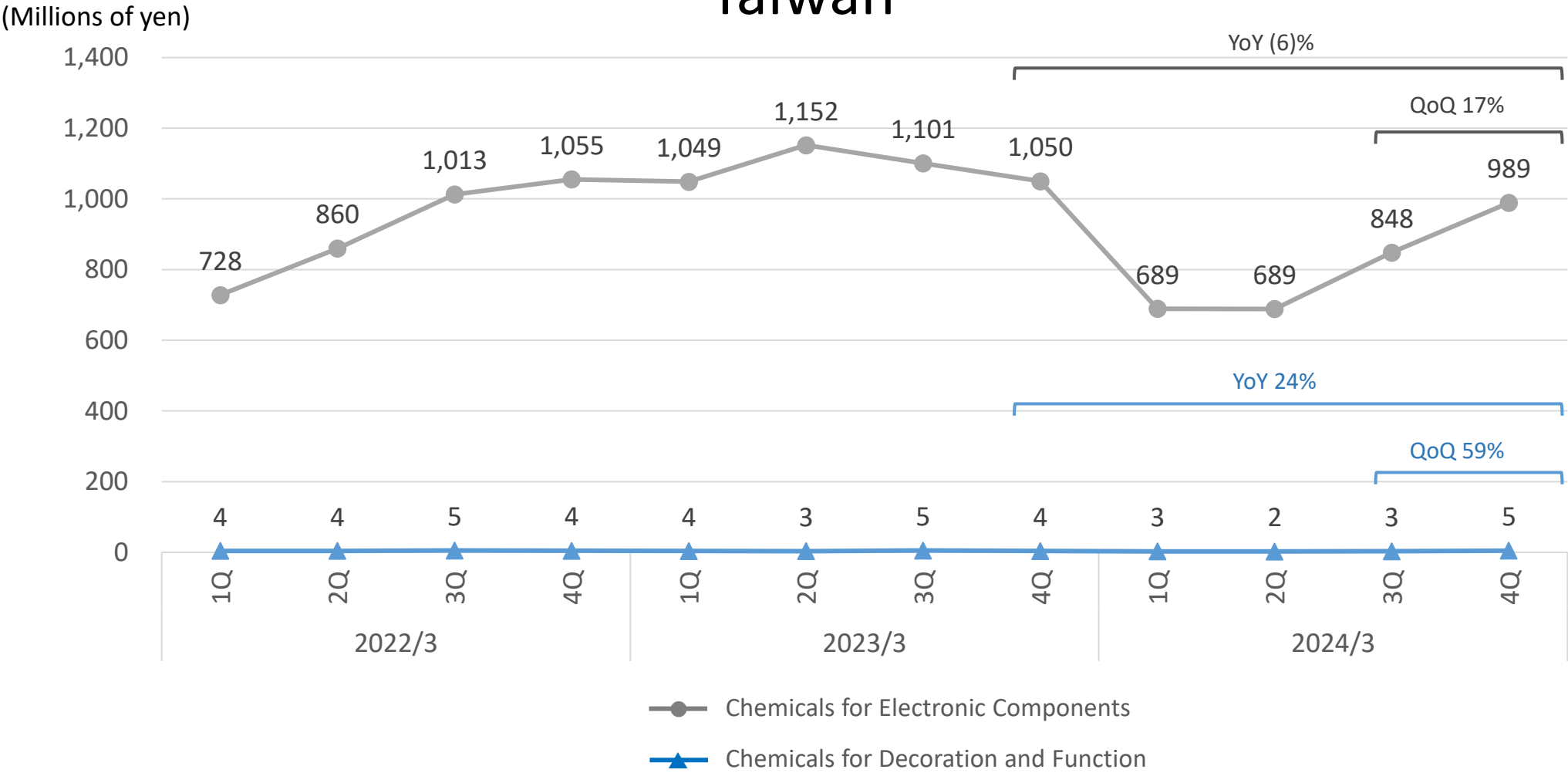
Quarterly Sales of Chemicals by Region



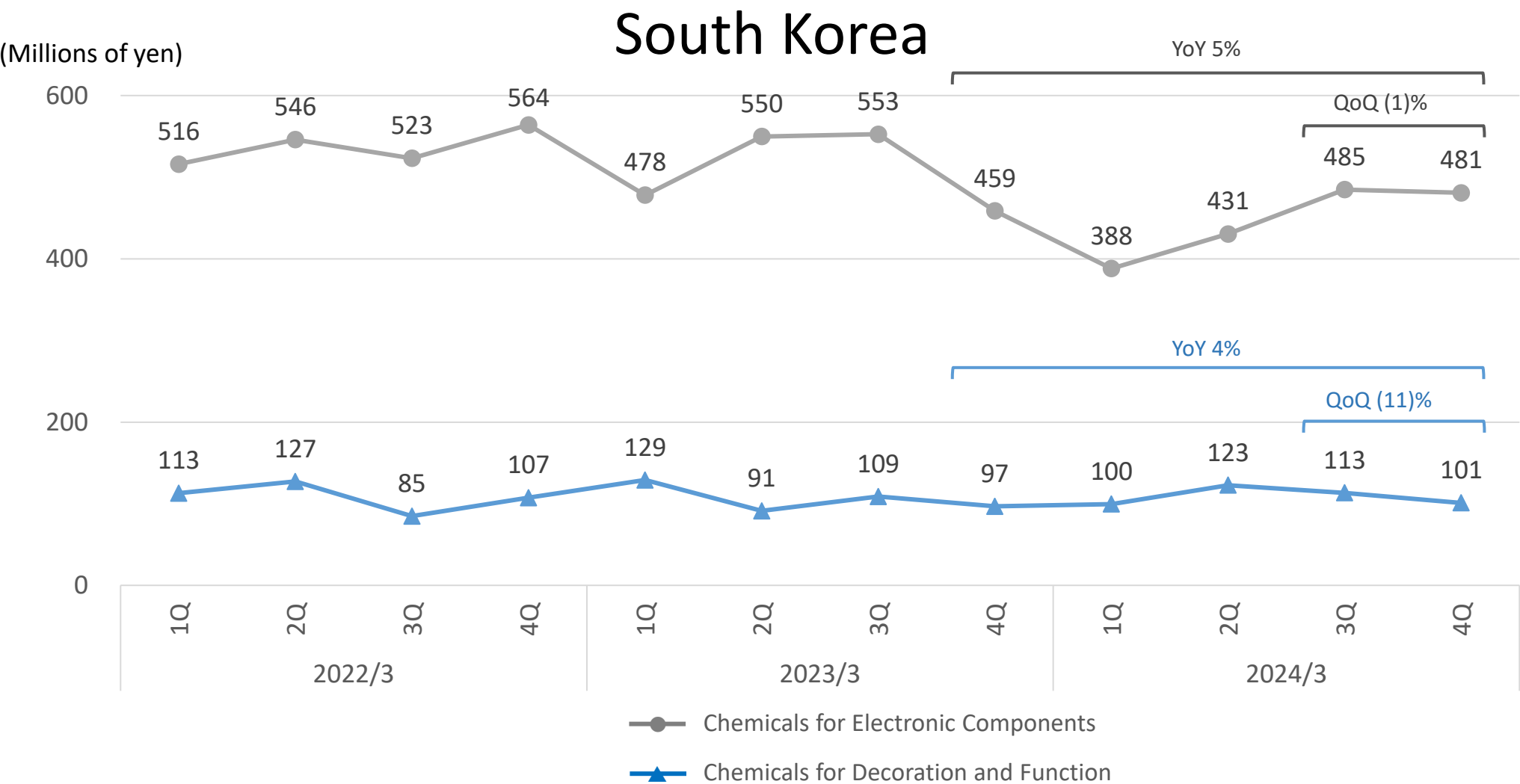
Quarterly Sales of Chemicals by Region



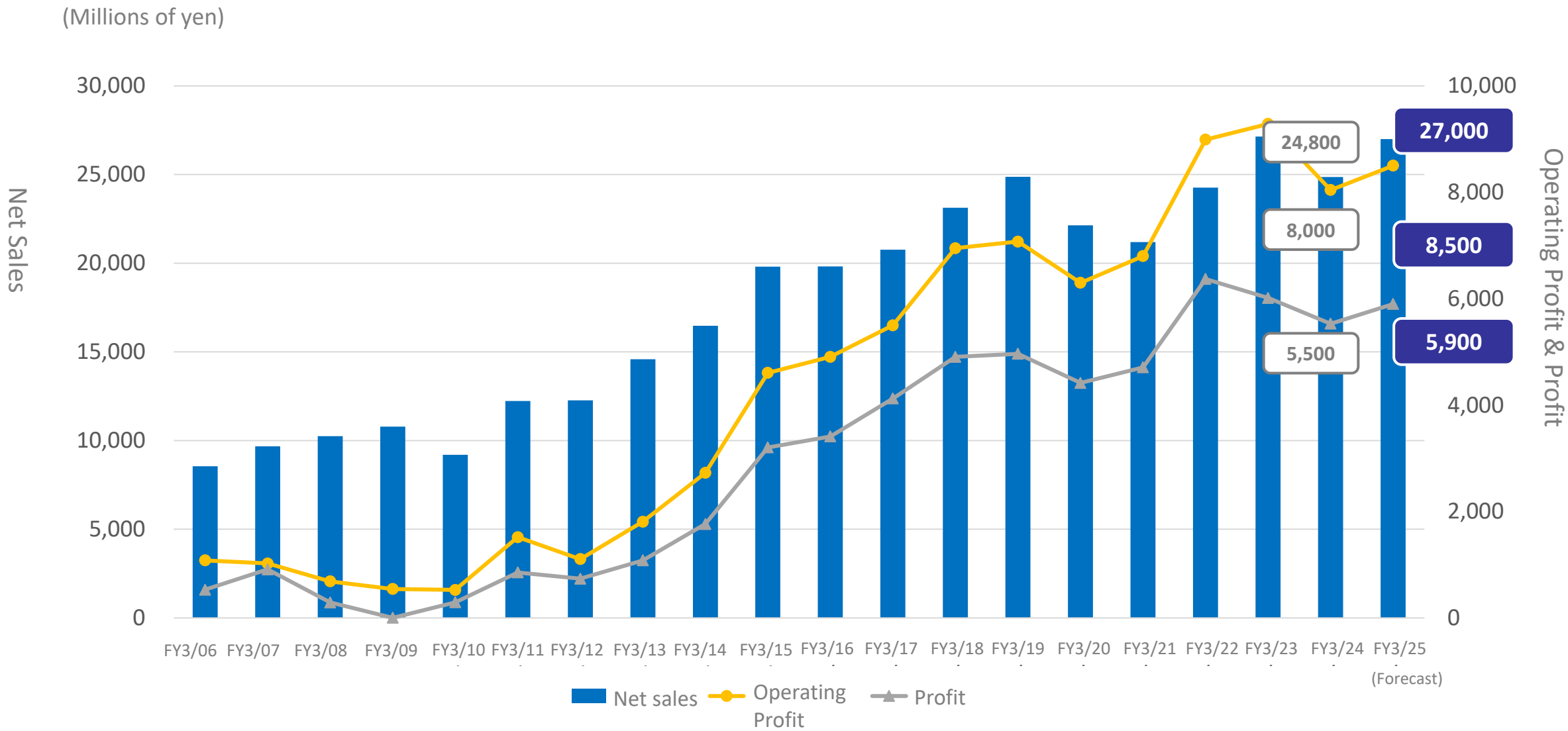
Taiwan



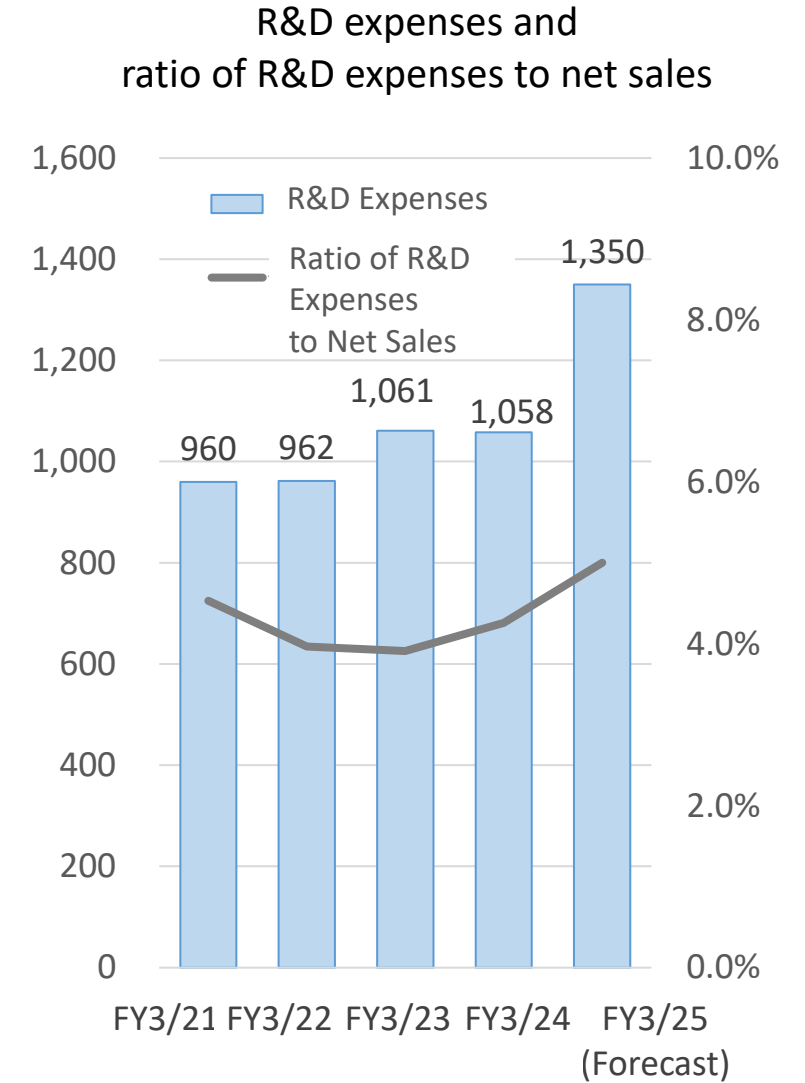
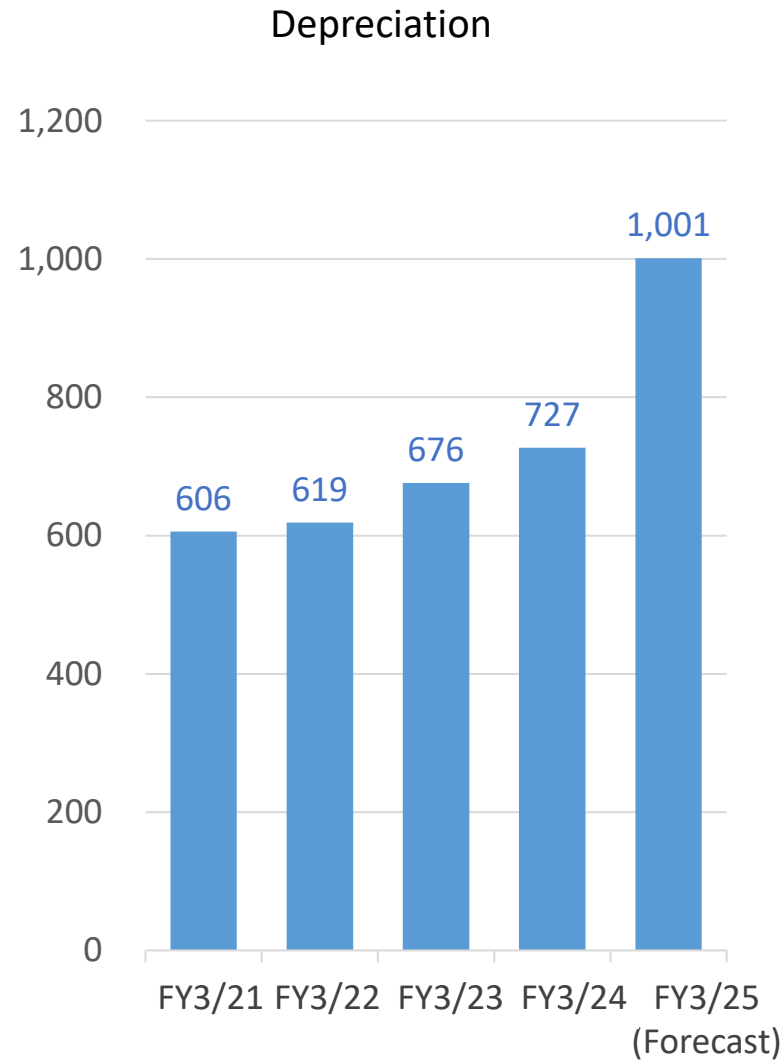
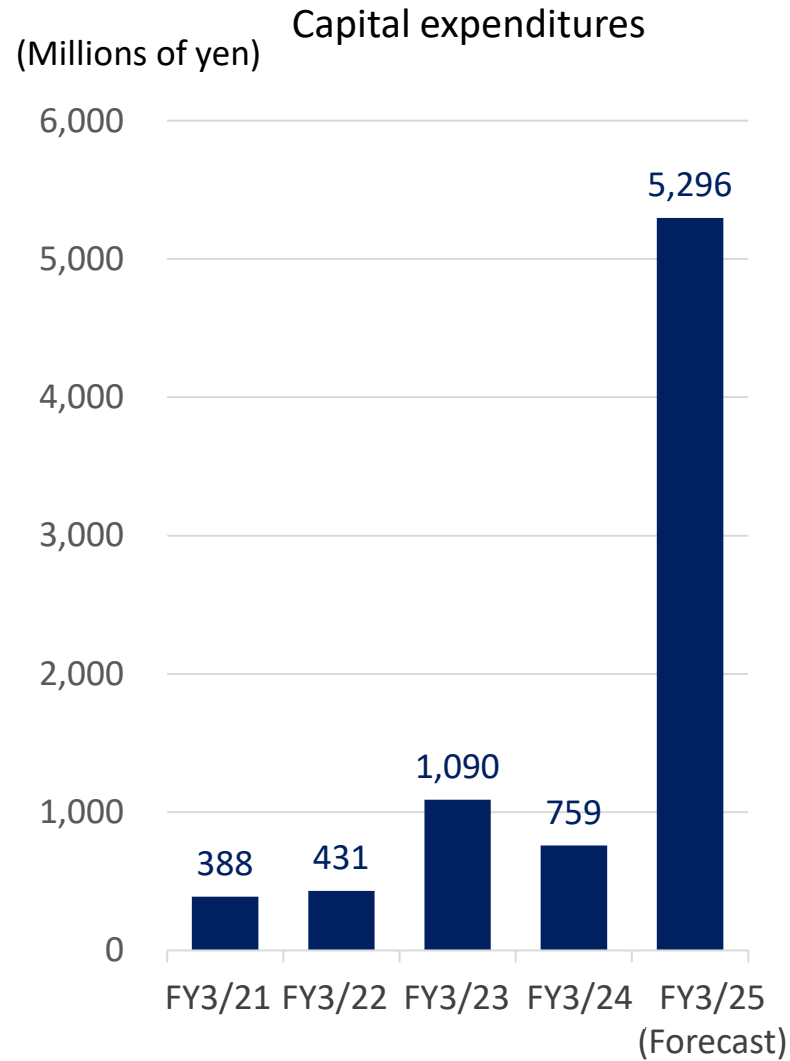
Quarterly Sales of Chemicals by Region



Financial Results since Listing



Capital Expenditures, Depreciation and R&D Expenses



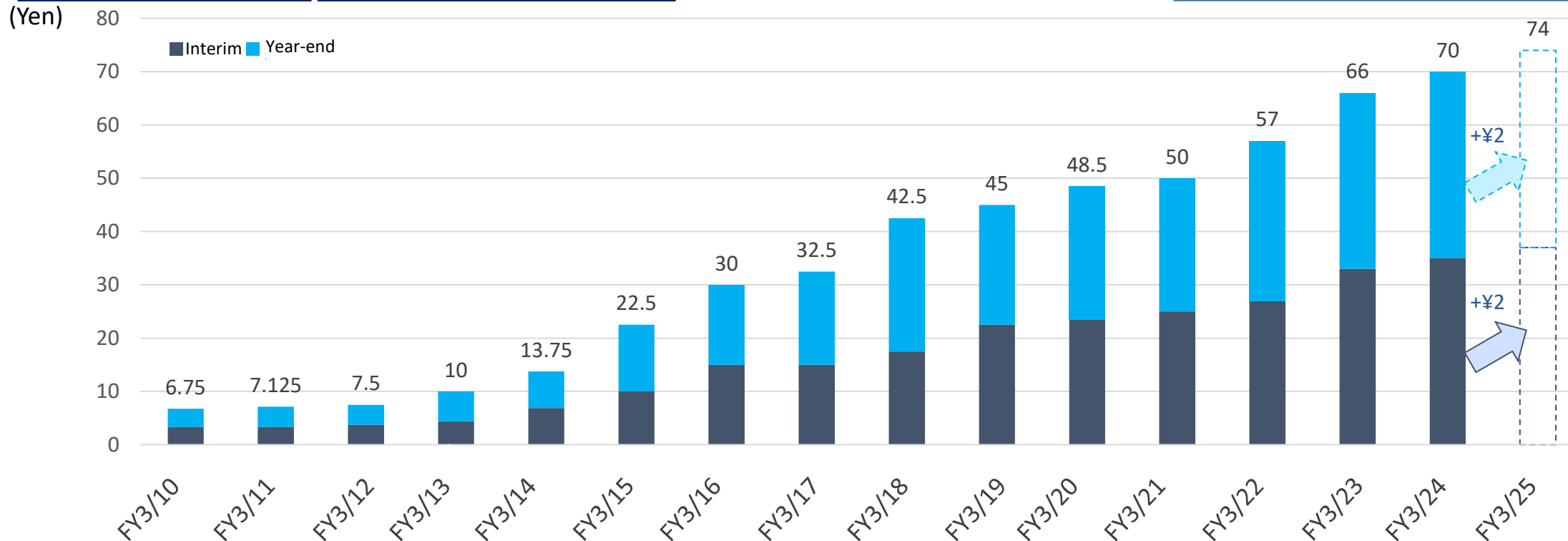
FY3/25 Dividend Forecast



Dividends per share
(Forecasts)

Interim dividend: 37 yen
Year-end dividend: 37 yen

Plans to increase dividends for
15 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

- Stamp type plating process equipment and chemicals
- Eco-friendly chemical nickel plating process
- Eco-friendly decorative copper sulfate plating process



CO2 emissions (non-consolidated)

1,057 tons of CO2 (as of end-March 2023)

* Down 27% from those in FY3/14

Social



Ratio of female managers (non-consolidated)

11.6% (in end-March 2024)



ISO 9001 certified production sites in Japan and overseas

12 sites in 7 countries (as of end-March 2023)

* 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)

- Outline of the Next 50 Innovation 2nd
- Company Profile
- Surface Treatment Technology in Future
- Major Distribution Channels
- Major Products
- Usages of Chemicals and Typical Final Products

Review of the Next 50 Innovation 2nd | Outcome and Issues

Basic policy

Reinforce Core Businesses

Management with Emphasis on ESG

Outcome

- Launched a new brand – the TIPHARES Series
- Made key products more competitive
- Initiated plan for constructing the Kumamoto manufacturing/research base
- Established business site in Malaysia
- Progress with building a global manufacturing network

- Sustainability management
 - ▶ Develop environmentally responsible products
 - ▶ Activities to reduce CO2 emissions
 - ▶ Announcement of support of the TCFD recommendations
 - ▶ New system for giving Japanese employees experience at overseas JCU Group companies
 - ▶ Strengthen governance of the JCU Group

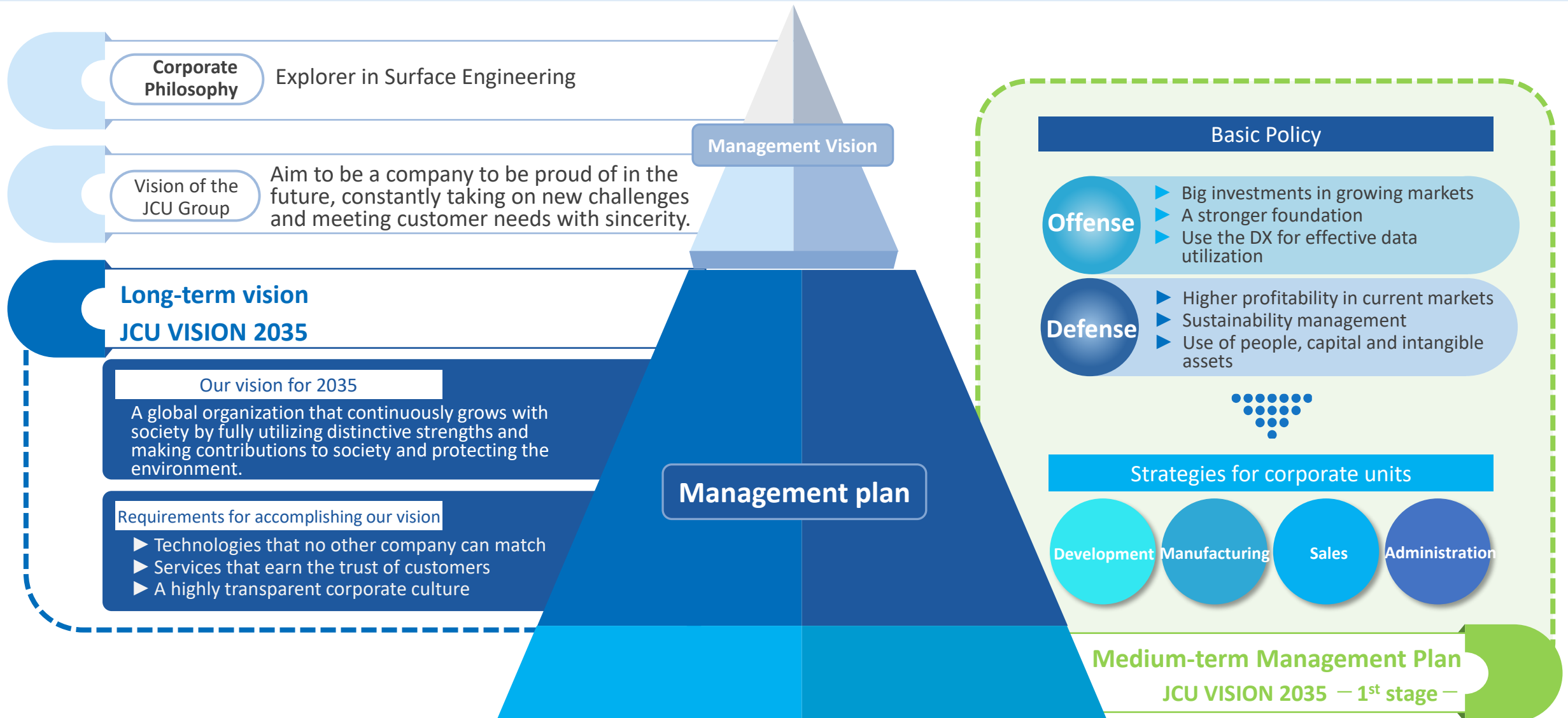
Issues

- Further strengthen the lineup of products
- More activities for sales growth in current markets
- Marketing activities for the new brand and employee training

- Employee training programs
 - ▶ Training programs in Japan and other countries
 - ▶ Give people global business skills
 - ▶ Training to give people a management perspective

Continue these actions during the New Medium-term Management Plan >>>

JCU VISION 2035 | New Guidelines and Goals



JCU VISION 2035 – 1st stage – | Performance Targets



JCU VISION 2035

1st stage

	(Millions of yen)	FY3/24 (Results)	FY3/25 (Plan)	FY3/26 (Plan)	FY3/27 (Plan)		FY3/35 (Long-term target)
Profitability	Net sales	24,859	27,000	29,000	31,000		50,000
	Operating profit	8,041	8,500	9,100	10,000		17,500
	Ordinary profit	8,216	8,500	9,100	10,000		17,500
	Profit attributable to owners of parent	5,530	5,900	6,300	6,900		12,000

JCU VISION 2035 – 1st stage – | Basic Policy



Offense

Big investments in growing markets

- Faster development of surface treatment chemicals in key market sectors
- Allocate resources and build a framework for developing products in next-generation market sectors
- Start new businesses that can draw on core technologies

A stronger foundation

- Achieve the financial targets
- Maintain financial soundness
- Consistently increase the dividend

Use the DX for effective data utilization

- Become more competitive by recruiting and training data scientists and using materials informatics even faster
- Increase the productivity of office tasks
- Build a platform for using data in sales and manufacturing activities

Defense

Higher profitability in current markets

- Leverage key strengths for better meeting customers' needs
- Rebuild the global sales infrastructure
- Rapidly increase sales of eco-friendly products

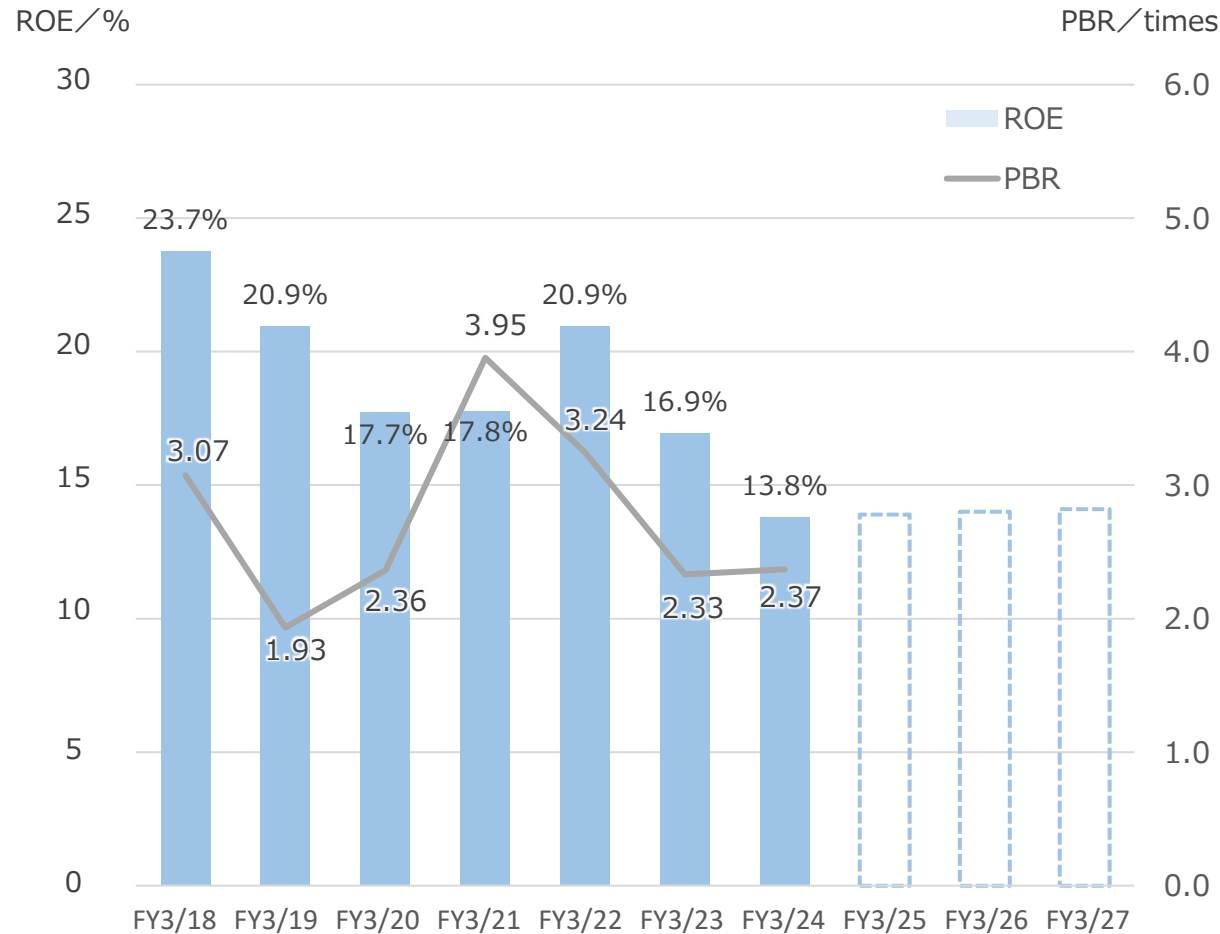
Sustainability management

- Raise awareness of important issues and take actions targeting these issues
- Increase the transparency of management
- Increase the disclosure of non-financial information

Use of people, capital and intangible assets

- Recruiting and training activities that match the current business climate and strategic goals
- Optimization of working environment and working styles
- Build a stronger base for the effective use of intellectual property and other intangible assets

Financial Strategy | Measures for Management with Emphasis on the Cost of Capital and Stock Price



Financial condition

- The ROE has been between about 13% and 23%, which is higher than the cost of capital.
- The PBR has been 2-4x but has been declining since FY3/21.
- Management believes that the PBR decline is caused by the insufficient disclosure of associated information, such as financial goals established for the purpose of using capital more efficiently.

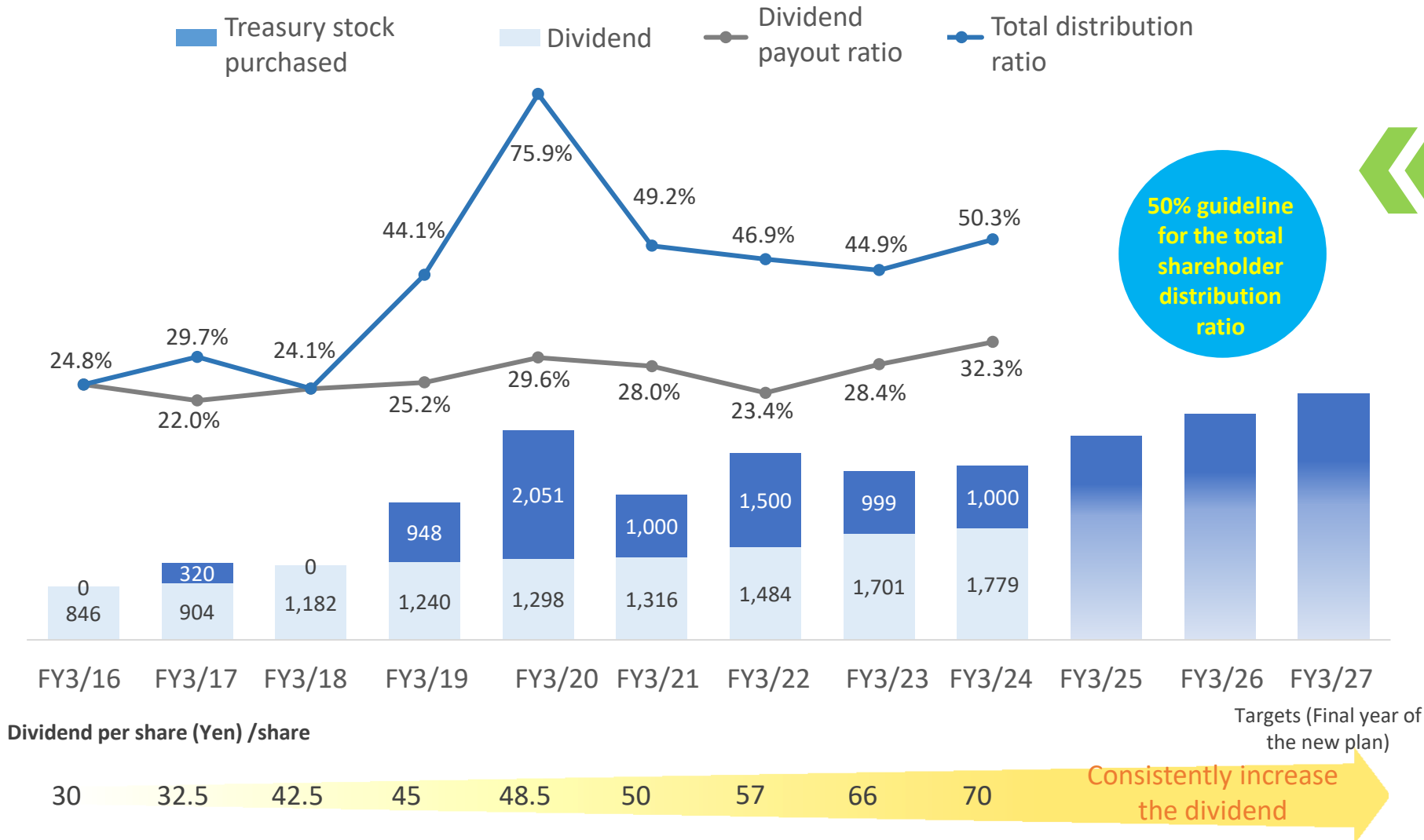
Goals

- Achieve the financial targets of the Medium-term Management Plan.
- Make investments for growth and distribute earnings to shareholders in accordance with the capital policy.
- Increase the transparency of management and disclose the large amount of information needed for transparency

Actions

- Large investments in growing markets (Approx. 50% of operating cash flow)
- Establish targets for using capital more efficiently (ROE of at least 14% by FY3/27)
- Measures for the growth of shareholder value (total shareholder distribution ratio of about 50%, consistent dividend increases and other actions)
- Increase information provided on the corporate website, integrated report and other channels.

Financial Strategy | Equity Policy



JCU VISION 2035 – 1st stage –
Actions involving capital

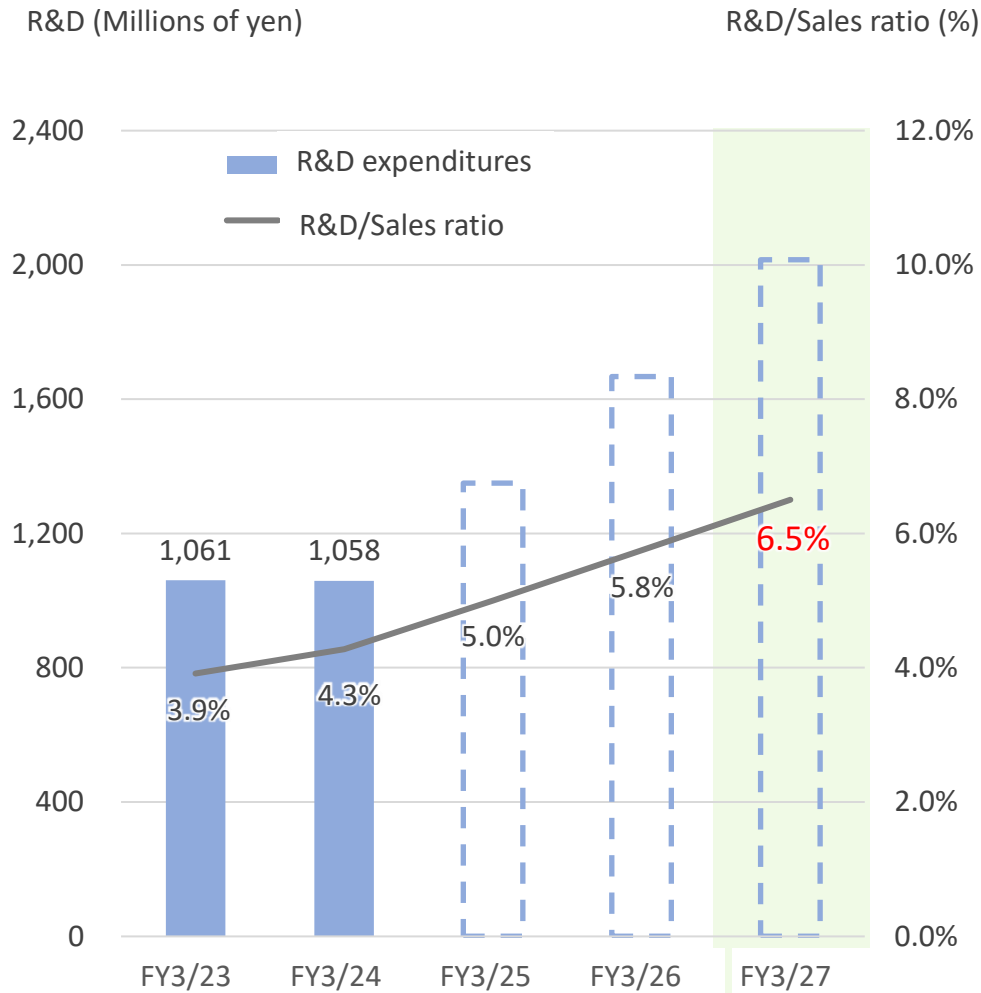
Shareholder Distribution Policy

- ▶ Total distribution ratio: About 50%
- ▶ Consistently increase the dividend
- ▶ Well-timed repurchases of stock

Capital expenditures

- ▶ Big investments in growing markets
- ▶ Use equity for funding capital expenditures and M&A

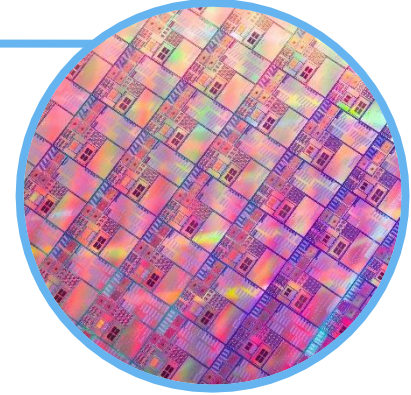
R&D | R&D Expenditures



Next-generation market sectors



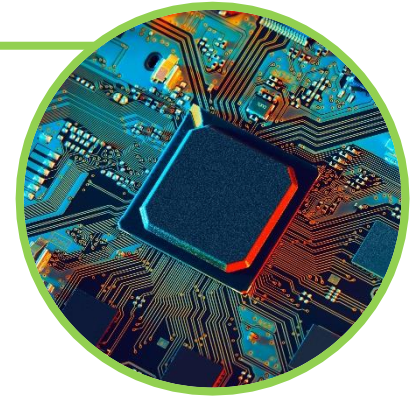
- Markets** Semiconductor advanced packages (RDL, Cu Pillar, TSV, Hybrid Bonding etc.)
- Locations** R&D Center/
Kumamoto Manufacturing and Research Center
- Products** Sulfuric acid copper plating chemicals, etching chemicals (TIPHARES Series)



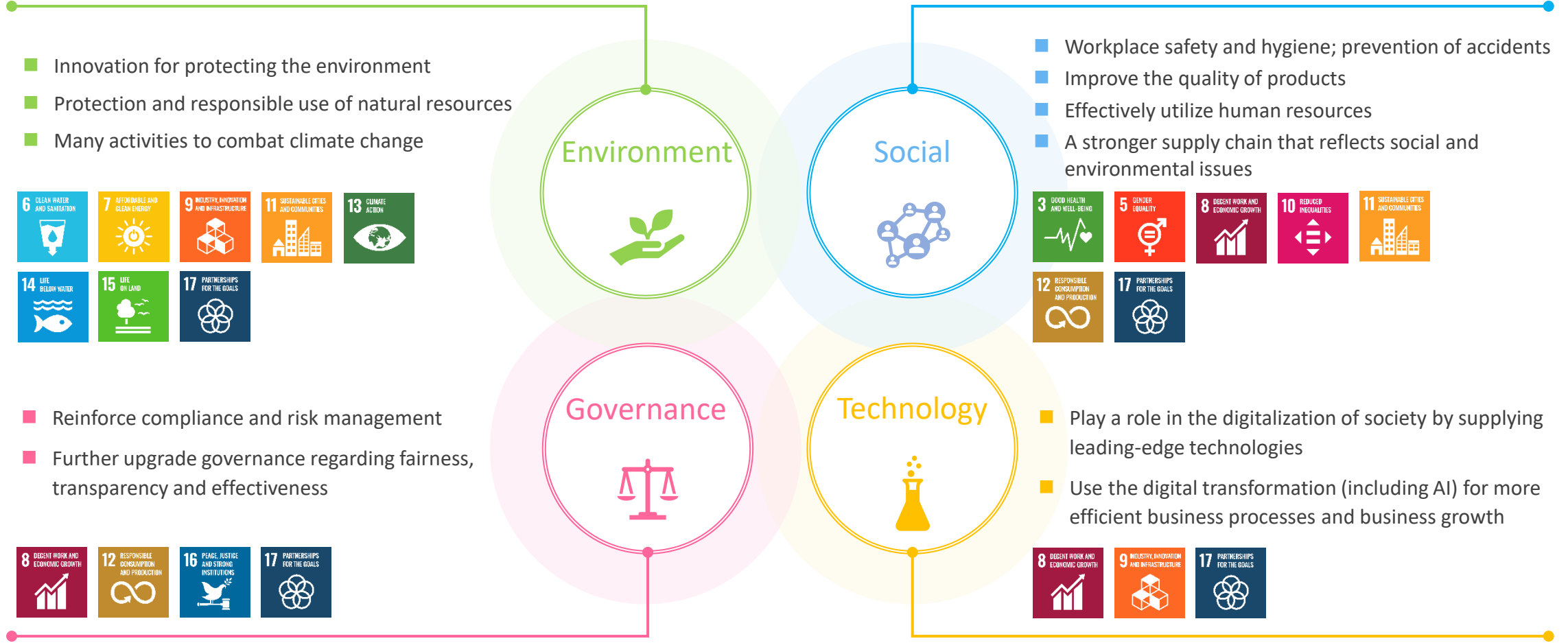
Key market sectors



- Markets** Semiconductor package board (FC-BGA, WB-CSP, FC-CSP etc.)
- Locations** R&D Center
- Products** Sulfuric acid copper plating chemicals (CU-BRITE Series)
Etching chemicals (SAC Series)



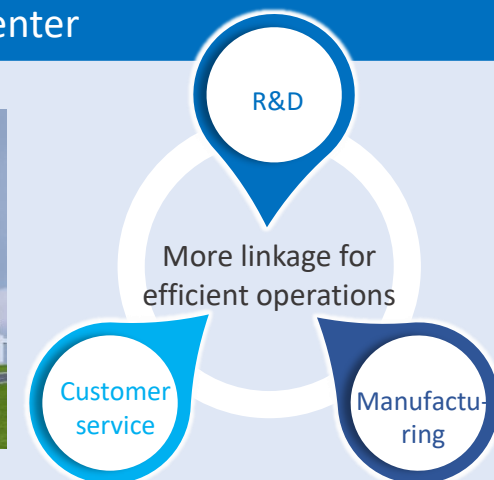
Sustainability Management | Materiality at JCU



Roles of the Kumamoto Manufacturing/Research Center

- 1 More added value by stronger linkage of development, manufacturing and service business units
- 2 A research facility specializing in R&D involving next-generation technologies
- 3 A smart factory with advanced technologies for high productivity, efficiency and safety
- 4 A clean business site designed for a low environmental impact and the protection of the surrounding environment
- 5 A base for increasing industry-academic sector collaboration in Kyushu

Kumamoto Manufacturing/Research Center



R&D



State-of-the-art clean room



High-end research equipment

Production



Fully automated production



Autonomous guided vehicles

Environment



Solar panels for clean energy



Water recycling system

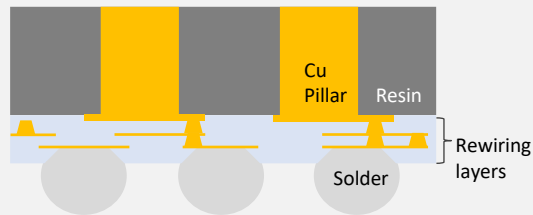
TOPICS | The TIPHARES Series of Surface Treatment Chemicals for Semiconductors



RDL (For rewiring layers)

◆ TIPHARES RDP

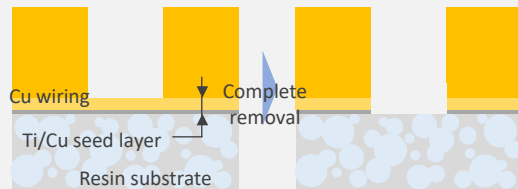
Sales started in FY3/24



Seed layer removal

◆ TIPHARES TCE

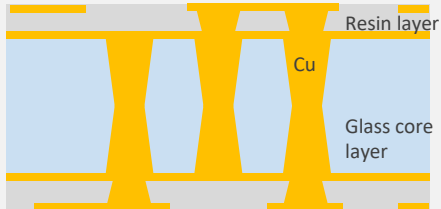
Sales started in FY3/24



Through-glass via (TGV)*

◆ Under development

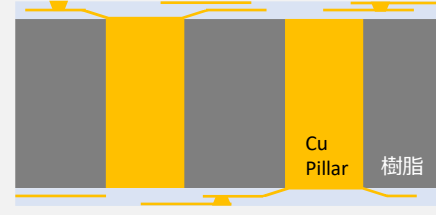
To be used as a next-generation bonding technology



Pillars (Vertical electrodes)

◆ TIPHARES BUP

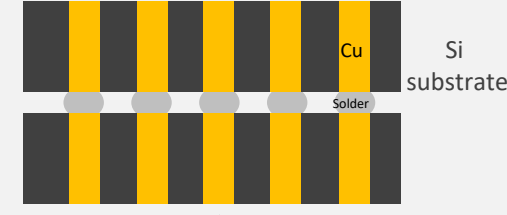
Sales to start in FY3/25



TSV (Through-silicon via)

◆ TIPHARES TVP

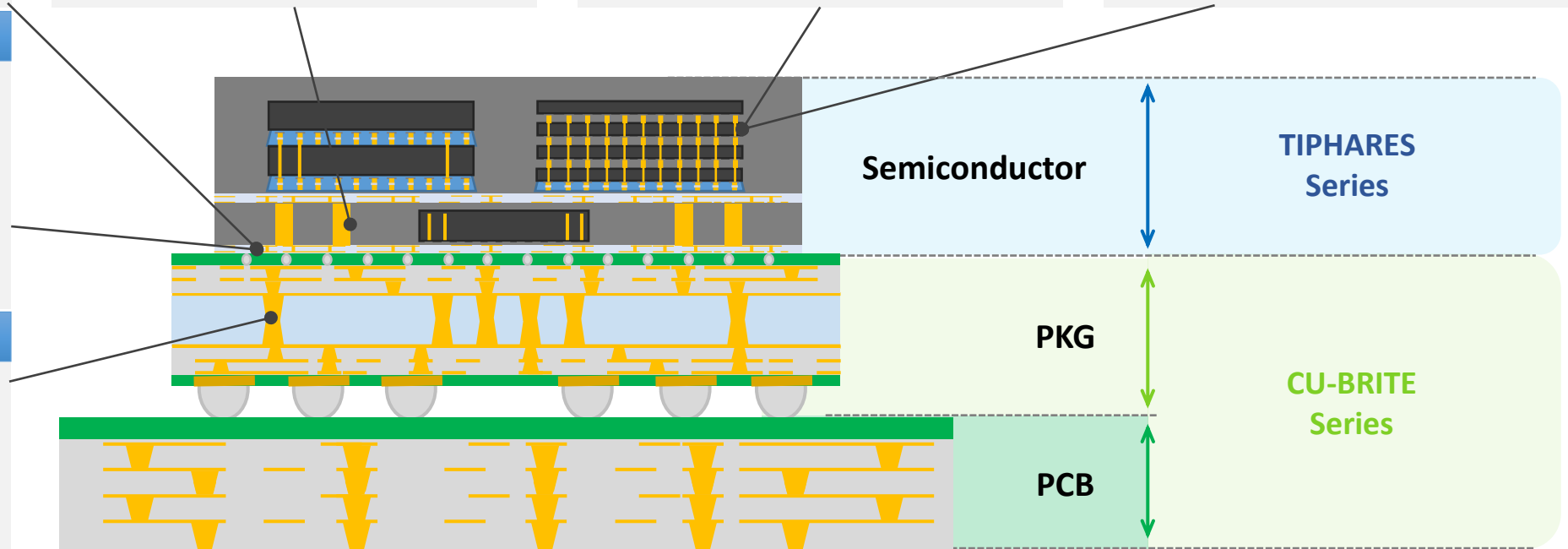
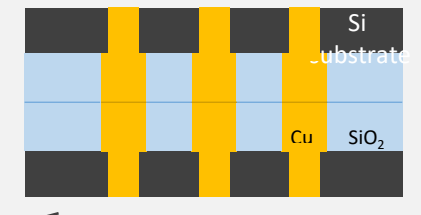
Sales to start in FY3/25



Hybrid bonding

◆ Under development

To be used as a next-generation bonding technology



*In the TIPHARES Series, this is to be used for interposers.

Company Profile



Founded in	:	December 1957
Established on	:	April 1, 1968
Capital stock	:	1,266 million yen
Annual sales	:	Non-consolidated: 13.8 billion yen / Consolidated: 24.8 billion yen (For the fiscal year ended March 31, 2024)
Head office	:	TIXTOWER UENO 16F, 8-1 Higashiueno 4-chome, Taito-ku, Tokyo
Lines of business	:	Manufacturing and sale of surface treatment chemicals, surface treatment machines, and related materials
Representative Directors	:	Masashi Kimura, Chairman and CEO
Employees	:	Non-consolidated: 235 / Consolidated: 538 (As of March 31, 2024)

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

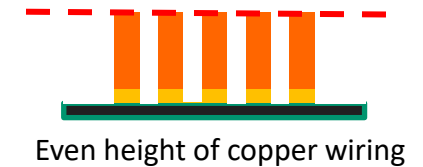
Etching

(1) Improve within wafer non-uniformity

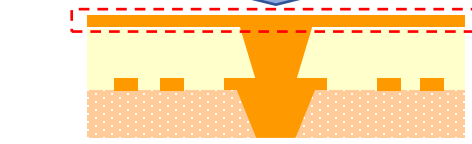
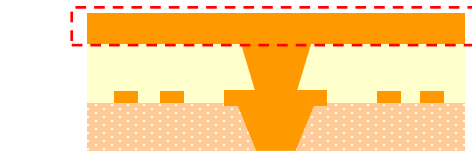
Current



Future

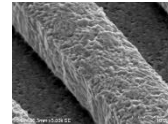


(2) Improve via filling for thin-film layer



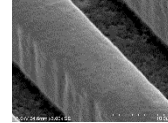
(3) Maintain squareness and improve smoothness

Current



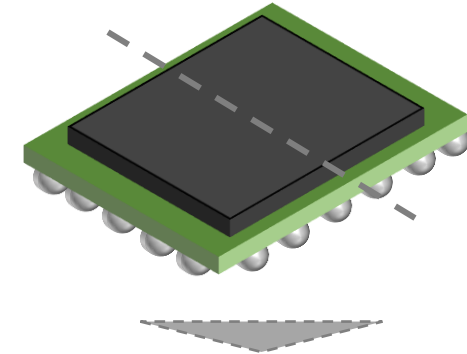
Surface of copper wiring becomes rough after etching

Future

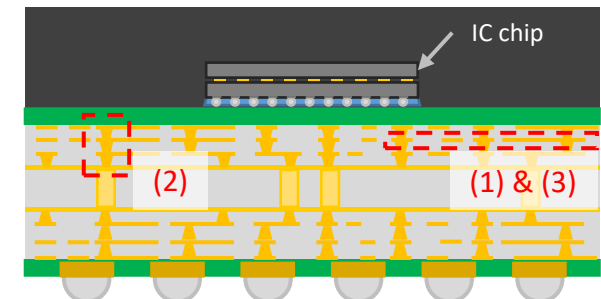


Surface is kept smooth even after etching

Schematic diagram of semiconductor package board



Sectional view of semiconductor package board



Surface Treatment Technology in Future —Decoration & Function—

Target
technology

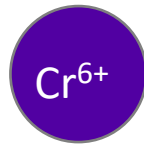
Automotive components (front grilles, door handles, emblems, etc.)
Faucet parts (showerheads, drain plugs, etc.)

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 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

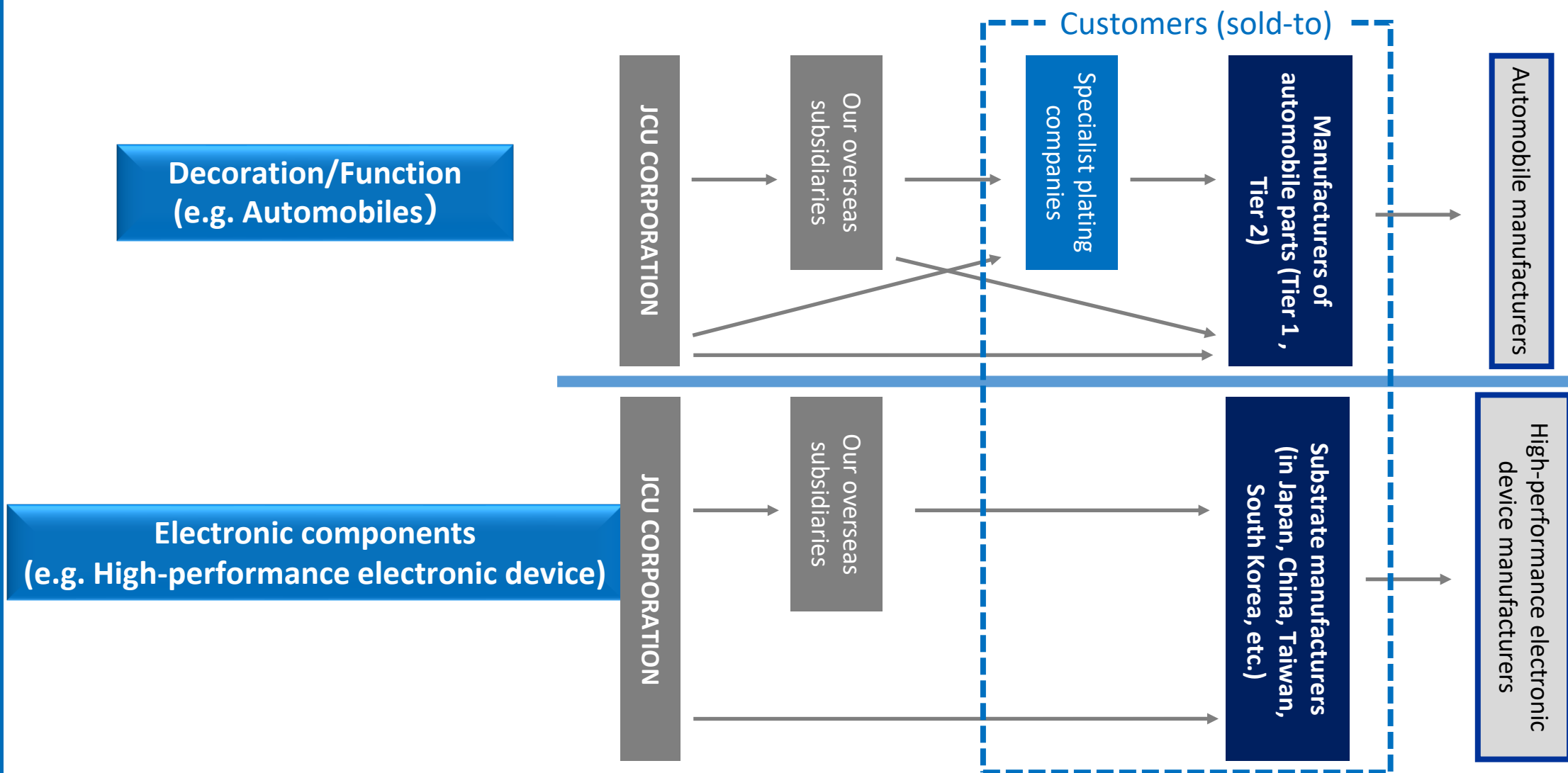
Environmentally harmful chemicals
are used in manufacturing process



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

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