

FY3/25–FY3/27

Medium-term Management Plan

JCU VISION 2035

1st stage



JCU CORPORATION

TSE Prime (Stock Code: 4975)

May 10, 2024



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01

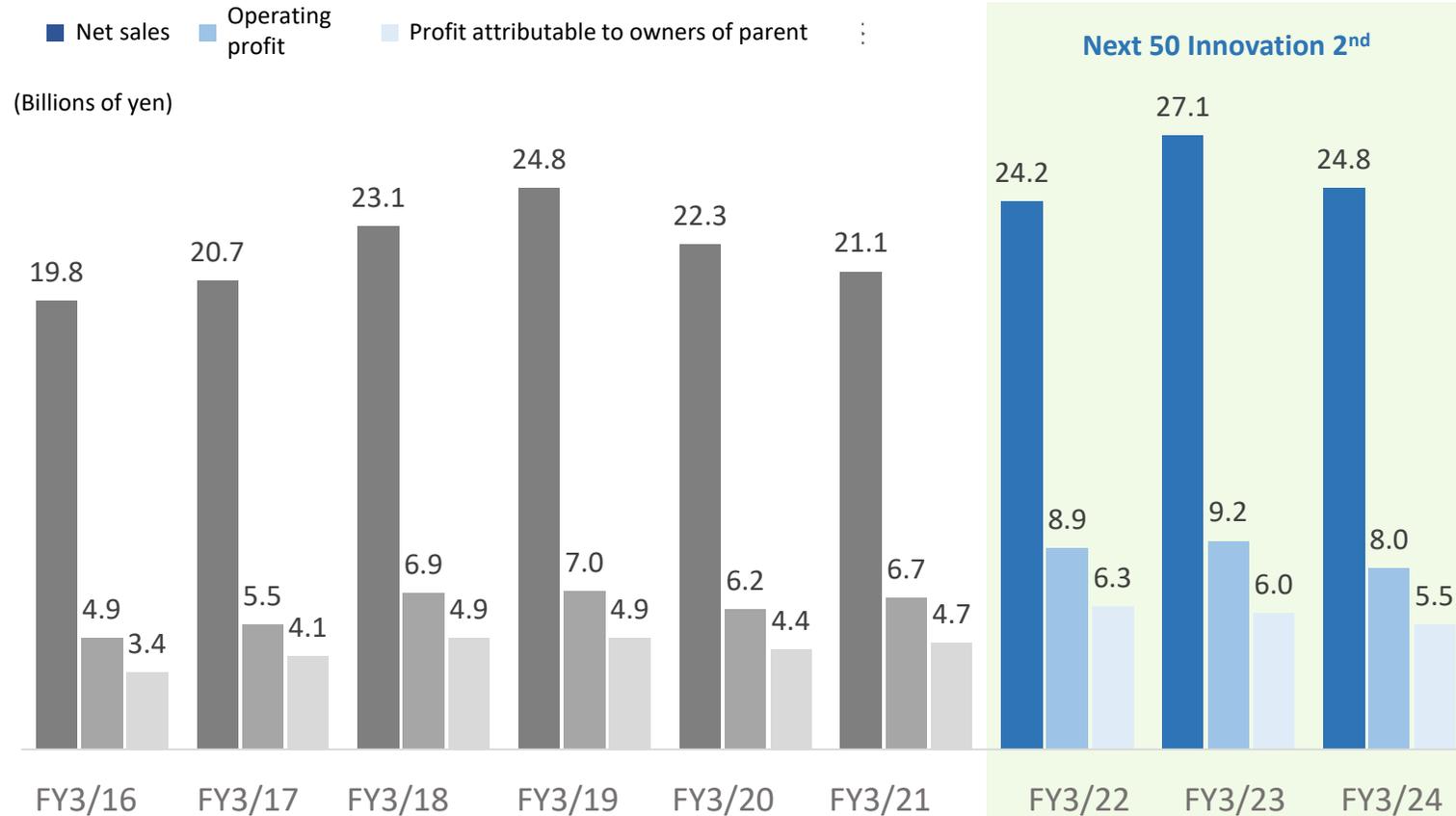
Review of the Next 50 Innovation 2nd

(FY3/22–FY3/24)

Review of the Next 50 Innovation 2nd

Although the target was revised upward, it was not met in the final year due to the global economic slowdown.

Net sales/ Operating profit/Profit



- Sales recovered from the pandemic downturn in the chemicals and machine businesses.
- Growth of the semiconductor-related market created a recovery in demand for JCU's chemicals, resulting in record-high operating profit in FY3/23.
- Although the target was revised upward in FY3/23, in the decorative and functional category, design trends in the target market of automotive parts changed, leading to a decrease in plated parts. In the electronics category, the global slowdown in the semiconductor-related market resulted in a decline in sales of chemicals, which did not meet the final-year target.

01

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



Accomplishments of the medium-term plan contributed to the growth of business operations.
The new medium-term plan will continue to focus on issues requiring attention for achieving sustained growth.

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 Facility
 - Established business site in Malaysia
 - Established of a global production system
-
- 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
 - Market penetration for the new brand and employee training
-
- Human resource development
 - ▶ 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 plan >>>

02

JCU VISION 2035



02

JCU VISION 2035 | New Guidelines and Goals



Corporate Philosophy

Explorer in Surface Engineering

Vision of the JCU Group

Aim to be a company to be proud of in the future, constantly taking on new challenges and meeting customer needs with sincerity.

Long-term vision JCU VISION 2035

Our vision for 2035

A global organization that continuously grows with society by fully utilizing distinctive strengths and making contributions to society and protecting the environment.

Requirements for accomplishing our vision

- ▶ Technologies that no other company can match
- ▶ Services that earn the trust of customers
- ▶ A highly transparent corporate culture

Management vision

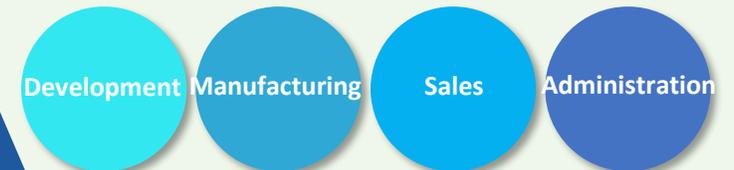
Management plan

Basic policy

- Offense**
 - ▶ Big investments in growing markets
 - ▶ Strengthening the management foundation
 - ▶ Utilization of data through the promotion of DX
- Defense**
 - ▶ Higher profitability in current markets
 - ▶ Sustainability management
 - ▶ Utilization of human capital, intellectual property, and intangible assets



Strategies for corporate units



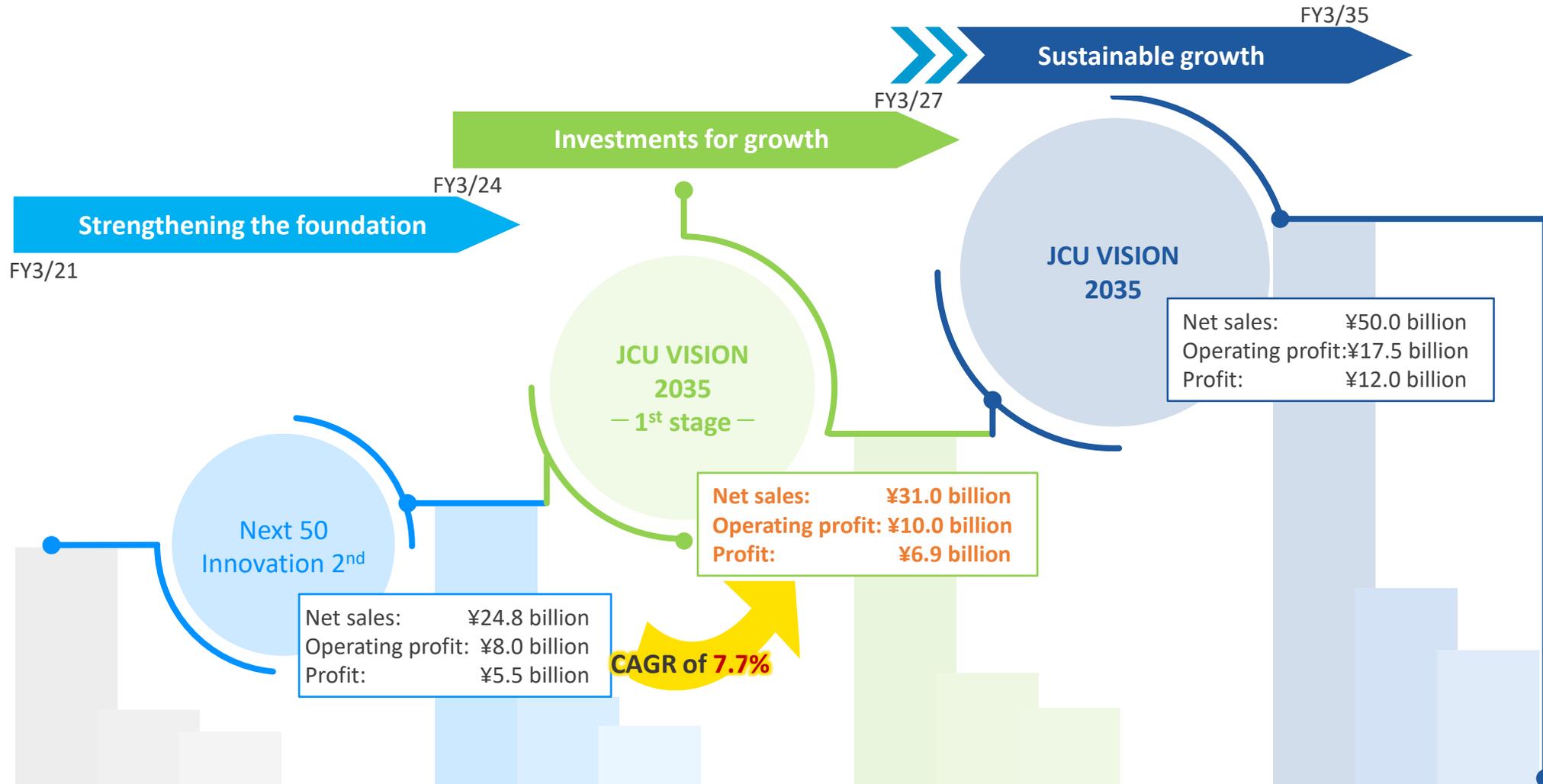
Medium-term Management Plan
JCU VISION 2035 – 1st stage –

02

JCU VISION 2035 | Our Vision for Medium/Long-term Growth



Our goal is consistent progress to be a company that constantly takes on new challenges and meets customer needs with sincerity, to be proud of in the future.

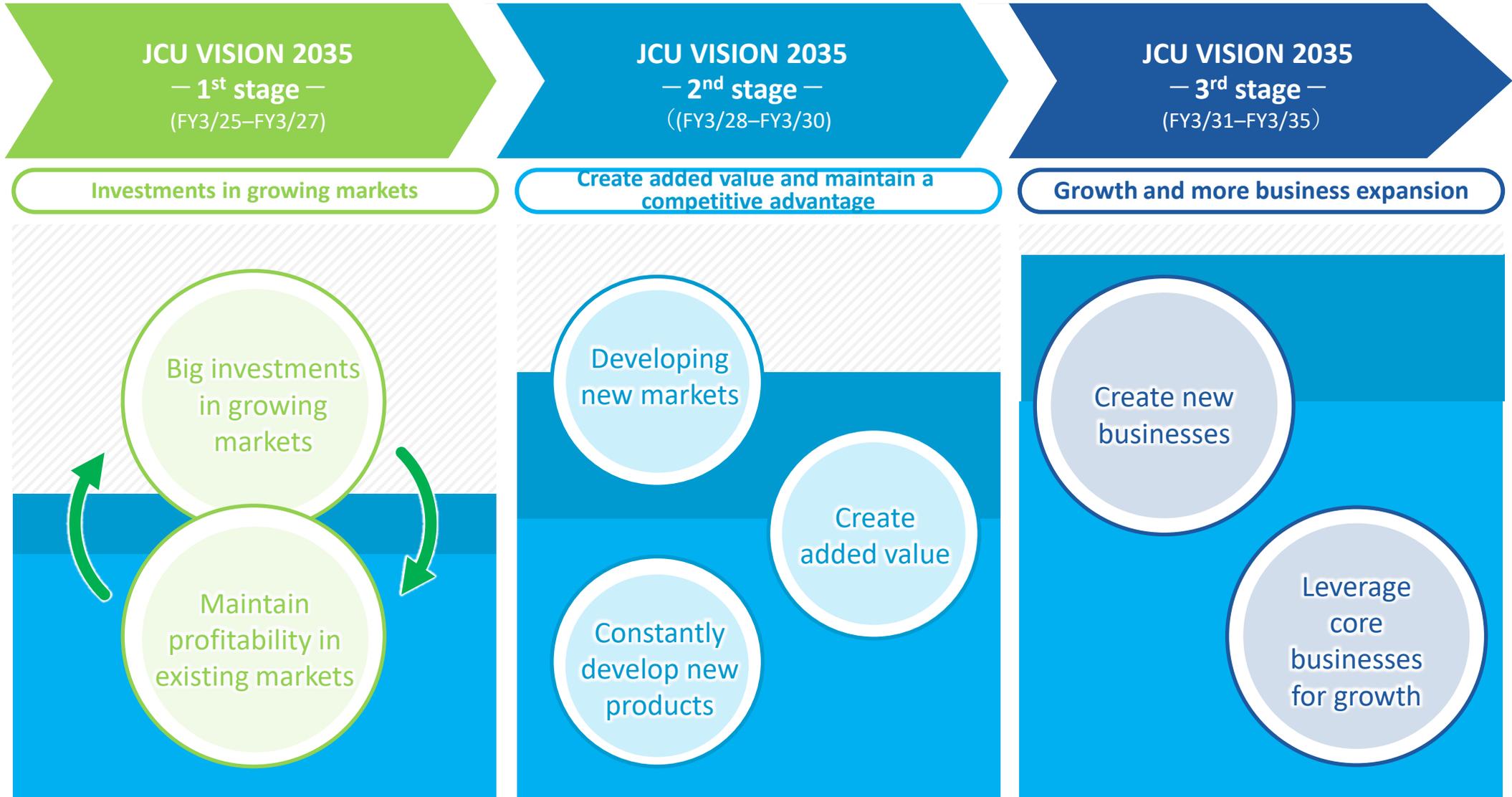


02

JCU VISION 2035 | Our Scenario for Growth



The goal is consistent growth while continuing to make substantial investments and maintaining a competitive advantage.



03

JCU VISION 2035 — 1st stage —

(FY3/25–FY3/27)

03

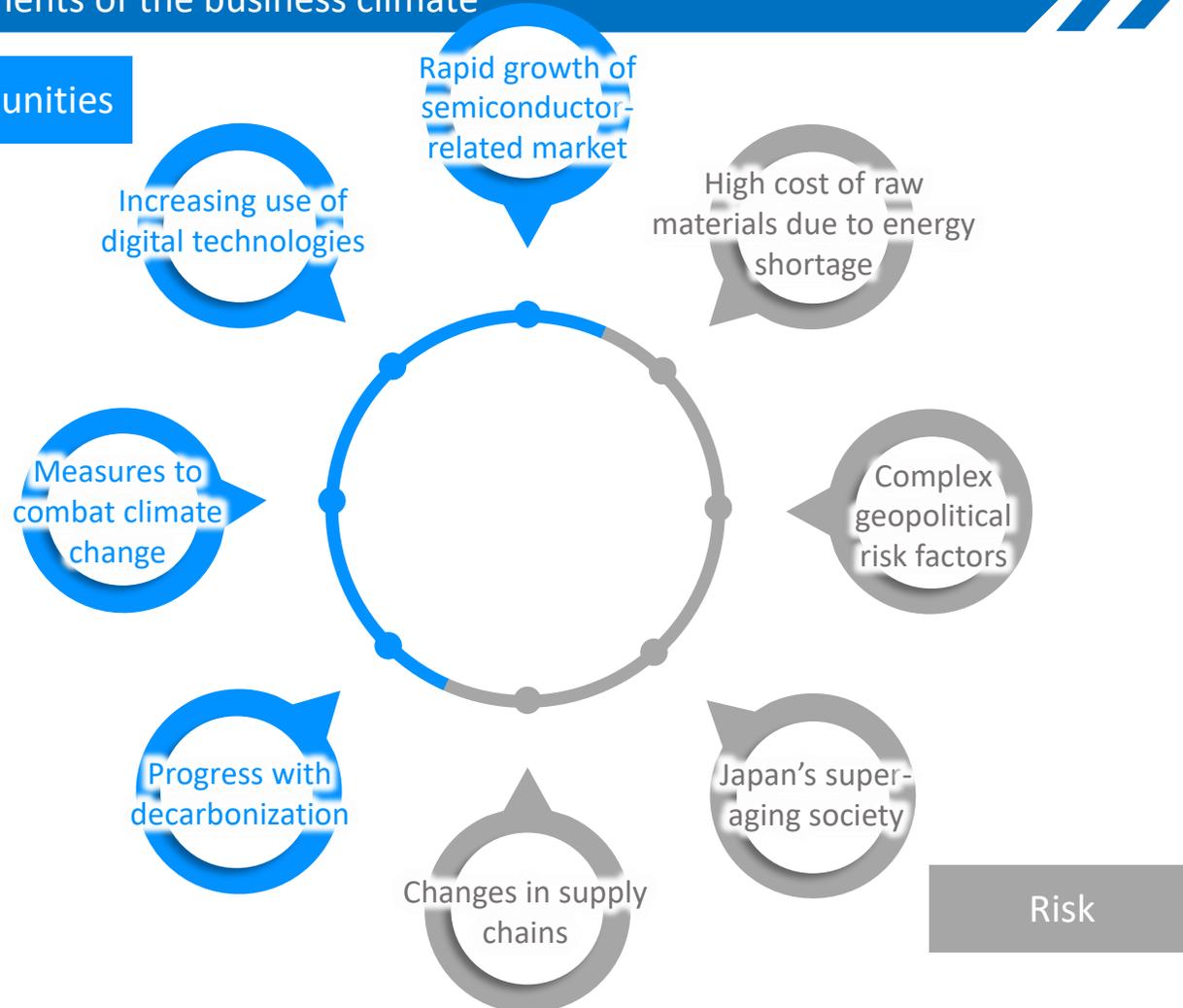
JCU VISION 2035 – 1st stage – | The Business Climate



Aiming to be a company required by customers worldwide in a business climate with many uncertainties and the need to deal with new social issues.

Key elements of the business climate

Opportunities



Action for success in today's business climate

For more years of consistent growth, JCU must take actions that responded **rapid market growth and uncertain business climate**



JCU VISION 2035 – 1st stage –

Use initiatives with the proper balance between offensive and defensive measures for improving the quality of business operations and become a company required by people worldwide.

03

JCU VISION 2035 – 1st stage – | The Business Climate



Although shifts in designs are slowing growth of the automotive components market, there is rapid growth of the semiconductor-related market as electronic devices of all kinds become even more advanced.

	Decoration & Function	Electronic		
Major applications	Automotive components	Printed-circuit boards	Semiconductor package substrates	Semiconductor advanced packages
Market growth	★	★★	★★	★★★
Main factors	<ul style="list-style-type: none"> No growth is expected; suppliers must meet demands for a lower environmental impact Decline in plated parts because of changes in designs and increasing production of electric cars 	<ul style="list-style-type: none"> Slowing pace of advances in performance of smartphones and other electronic devices Growing volume in the automotive products and wearable devices categories 	<ul style="list-style-type: none"> Recovery of the market for memory devices used in many types of electronic devices; good medium/long-term prospects for growth involving solid state drives and RF modules Demand is increasing for substrates used in high-performance electronic devices (AI, communications, etc.), especially in the high-end substrate category 	<ul style="list-style-type: none"> Big increase in demand for chips used in AI accelerators and servers Rapid growth in market sectors involving high-end applications

Market growth rate (2025–2027): ★ 0–3% ★★ 3–6% ★★★ 6% and over

*Research by JCU

03

JCU VISION 2035 — 1st stage — | Performance Targets

Aiming for record-high earnings by continuing to make big investments while improving profitability.

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

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
- Challenge new businesses that can draw on core technologies

Strengthening the management foundation

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

Utilization of data through the promotion of DX

- 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
- Aggressive sales efforts for 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

Utilization of human capital, intellectual property, and intangible assets

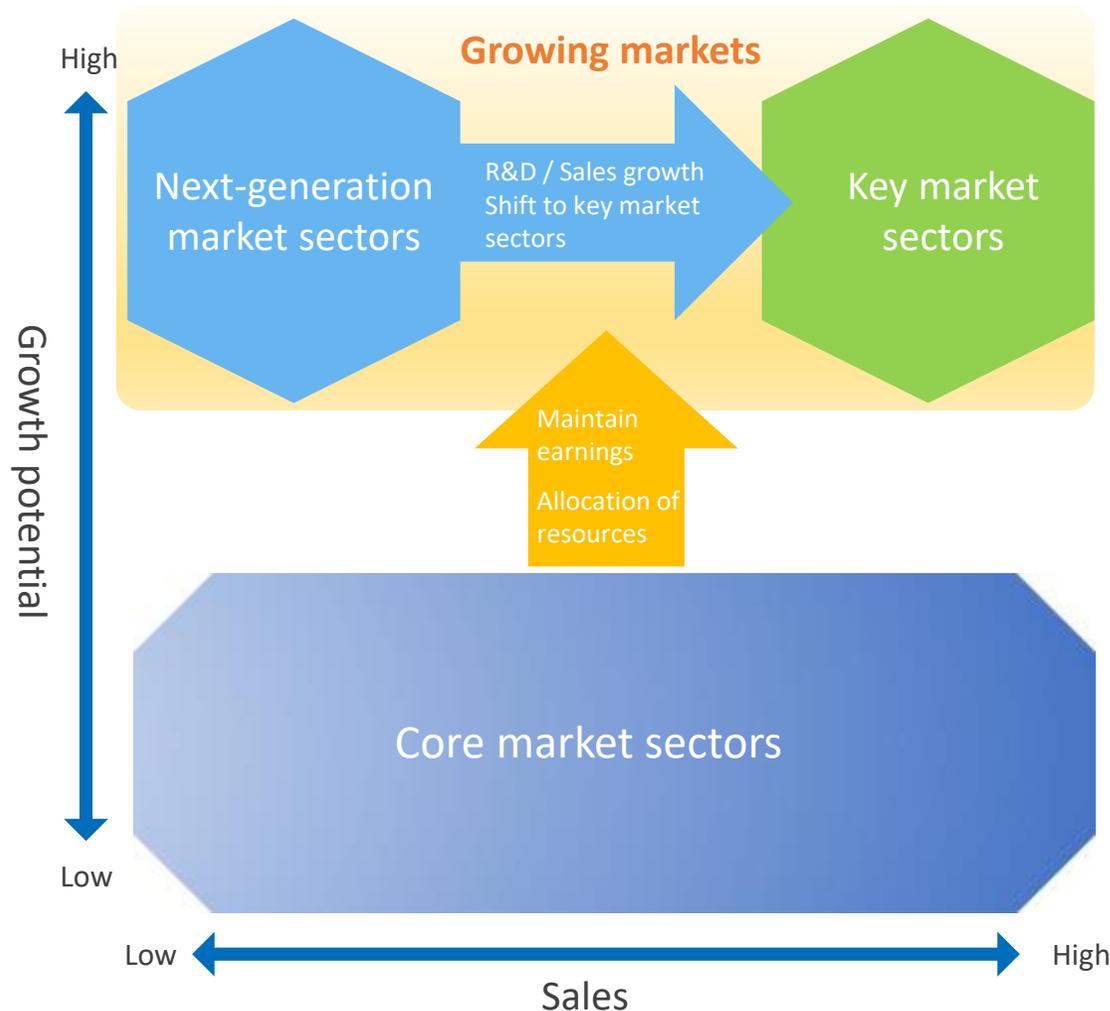
- Recruiting and training activities that match the current business climate and strategic goals
- Optimization of working environment and working styles
- Build a stronger base for the effective use of intellectual property and other intangible assets

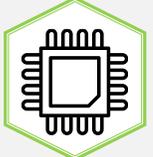
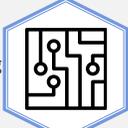
03

JCU VISION 2035 – 1st stage – | Investments in Growing Markets



Earnings from core market sectors are used for growth in next-generation and key market sectors.



	Markets	Actions
Key market sectors	 Semiconductor package substrates	<ul style="list-style-type: none"> Constantly add new products as an R&D-driven company Technology/sales personnel collaboration for sales growth and a larger market share A larger sales team for the entire JCU Group
Next-generation market sectors	 Semiconductor advanced packages	<ul style="list-style-type: none"> Create products with substantial added value Determine a patent strategy for competitive superiority Collect a large volume of information Build an even stronger framework for sales activities
Core market sectors	 Automotive components  Printed-wiring boards	<ul style="list-style-type: none"> Raise productivity of the entire JCU Group Earn even greater trust by serving customers with accuracy and sincerity Use JCU's distinctive strengths to meet customers' needs

03

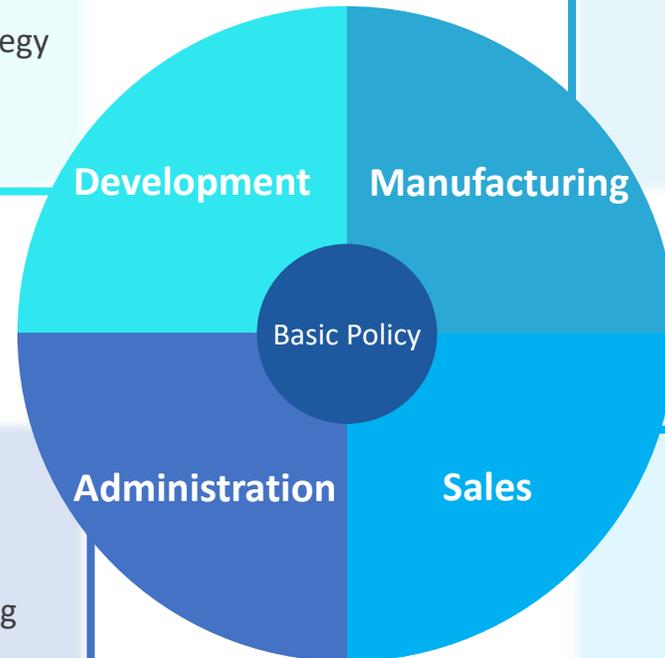
JCU VISION 2035 – 1st stage – | Strategies for Corporate Units



Raise the company's quality by implementing initiatives for specific functions in accordance with the basic policy.

- Develop value-added products and add new applications
- Higher profitability for current products (business markets)
- Determine and execute an intellectual property strategy
- Strategic investments for creating new businesses

- Build a manufacturing infrastructure for products in growing markets
- A stronger supply chain that reflects the current social and business climate
- More global BCP measures
- More progress involving smart factories
- Make current products more profitable



- Recruiting and training activities that reflect the business climate and strategic goals
- Optimization of workplace environments and working styles
- Increase the productivity of office tasks

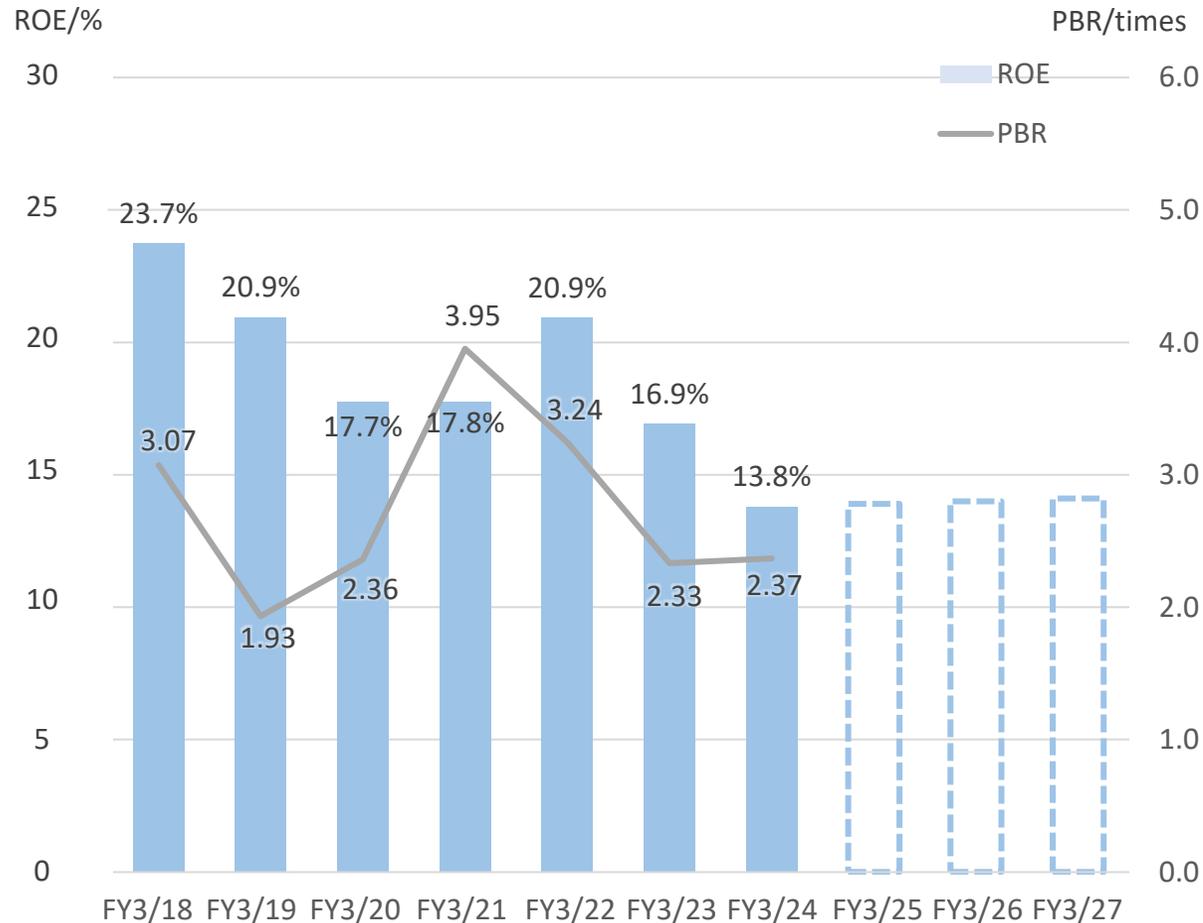
- Build an even more powerful global sales infrastructure
- Make current products (business markets) more profitable
- Active market development
- Use JCU's distinctive strengths to make the sales infrastructure stronger

04

Financial Strategy



Progress with the new “JCU Vision – 1st stage –” management plan for more corporate value growth



Assessment of Current Situation

- The ROE has been between about 13% and 20%, 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.

Policies and Targets

- 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

Initiatives and Timing of Implementation

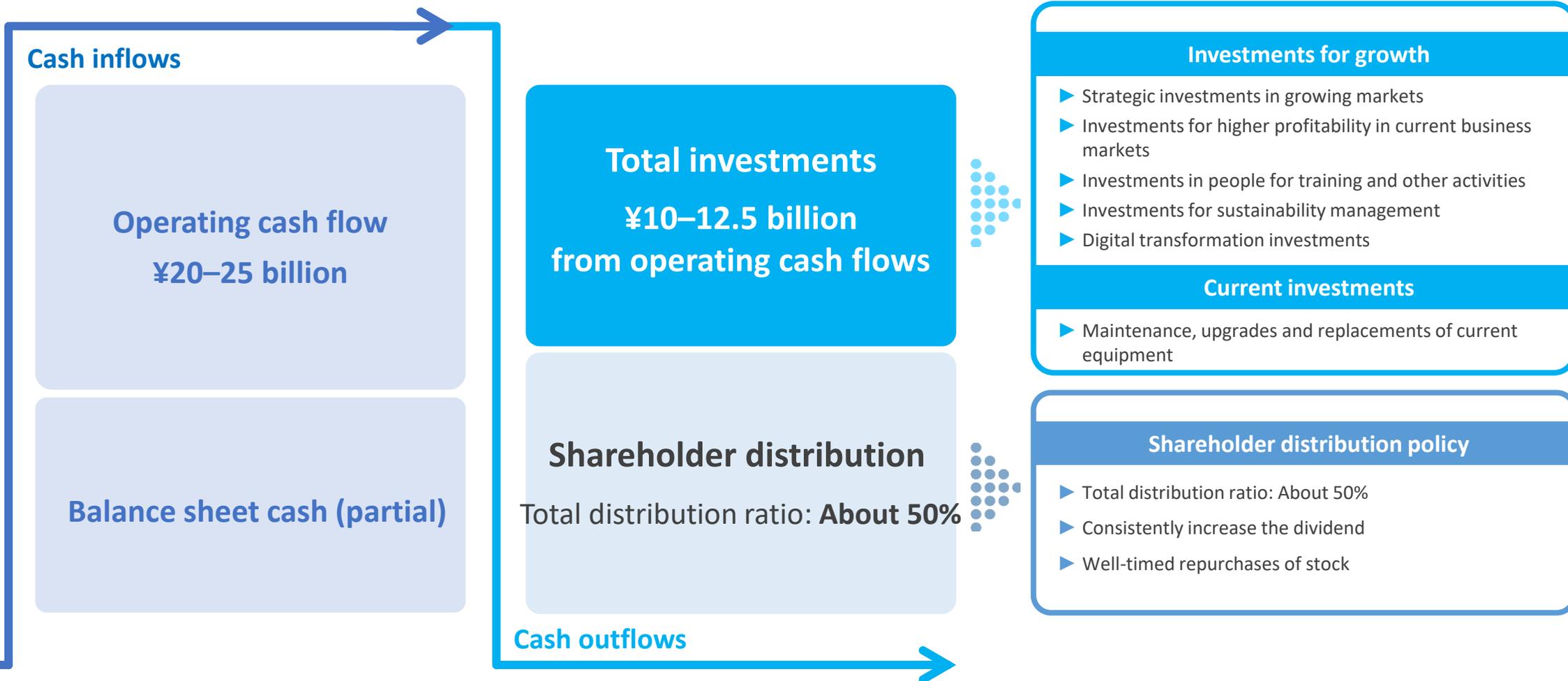
- Large investments in growing markets (Approx. 50% of operating cash flow)
- Establish targets for using capital more efficiently (ROE of at least 14% by FY3/27)
- Measures for the growth of shareholder value (total shareholder distribution ratio of about 50%, consistent dividend increases and other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

04

Financial Strategy | Capital Allocation (FY3/25 to FY3/27)



Planning on three-year operating cash flows of ¥ ¥20-25 billion, which will fund investments for growth and consistent distributions to shareholders.

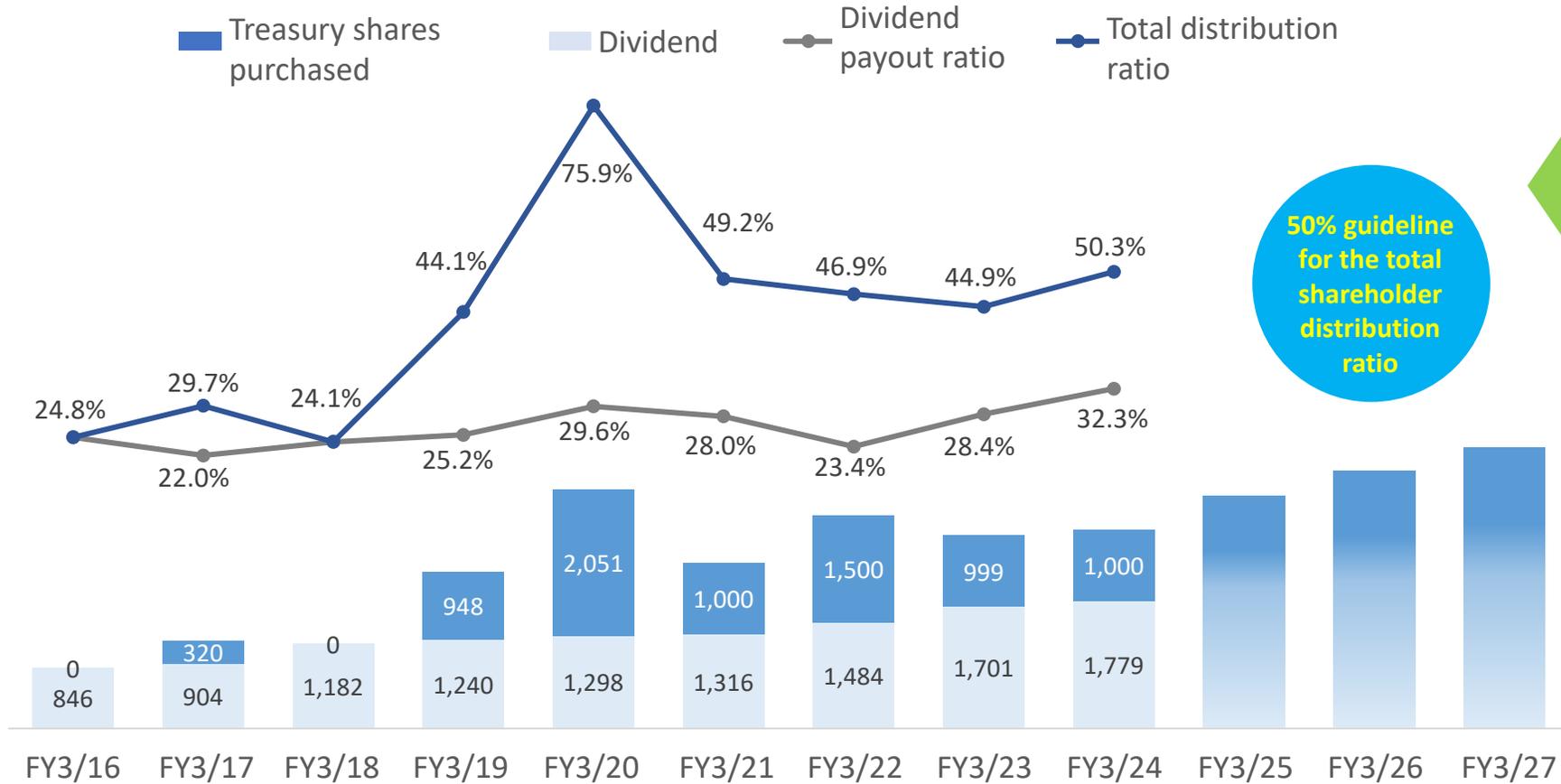


04

Financial Strategy | Equity Policy



The policy is consistent dividend increases for the growth of shareholder value and a guideline of 50% for the total shareholder distribution ratio.



50% guideline for the total shareholder distribution ratio

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

Dividend per share (Yen) /share



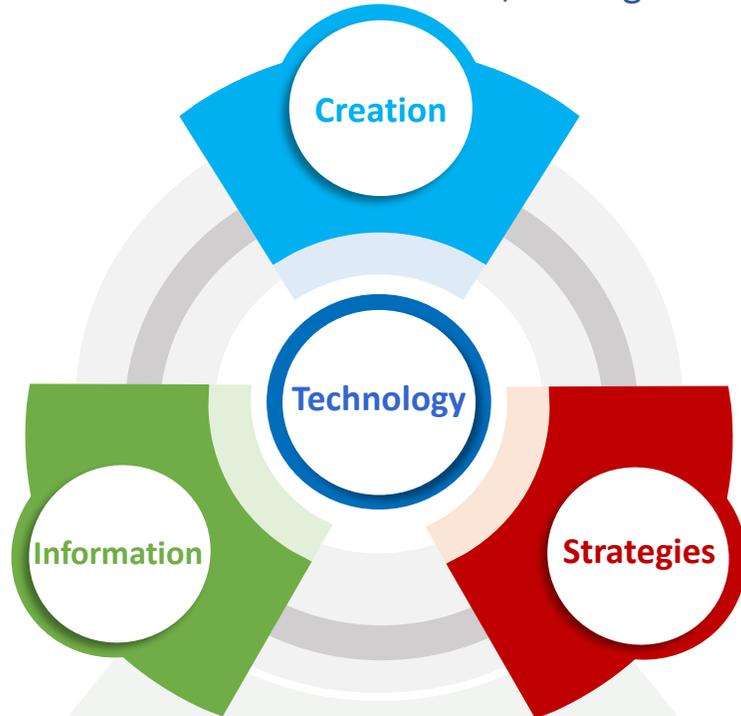
Targets (Final year of the new plan)

05

R&D

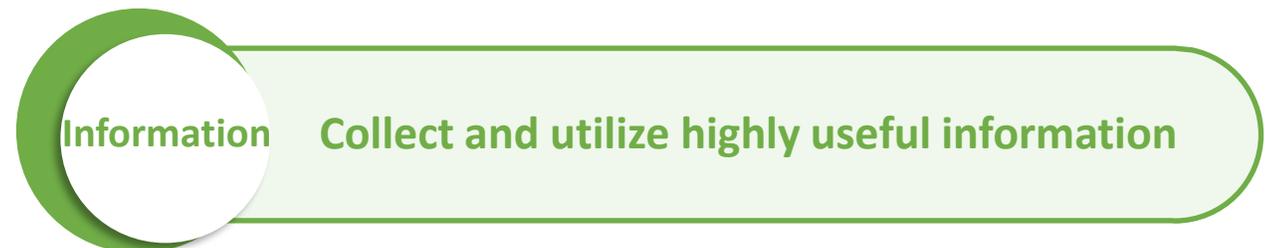


Our goal is to maintain an R&D program that keeps us at the forefront of our markets as we upgrade technological skills centered on creation, strategies and information.



R&D activities with a unified team spirit and goals

- Guided by ideals and motivation with emphasis on strong lines of communication
- Seeking ways to advance with strong motivation and positive thinking



An R&D center using advanced technological skills keeps JCU at the forefront of our markets

05

R&D | The JCU R&D Network



The Kumamoto Facility performs development programs in next-generation fields. The R&D Center is responsible for development programs in all business markets. This framework supports both offensive and defensive R&D programs.



R&D Center



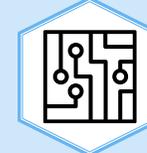
Rendering of the Center

Kumamoto Facility



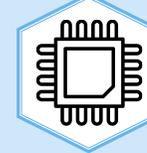
Core market sectors

Development of chemicals for decorative/function applications such as automotive parts, faucets and building materials



Core market sectors

Development primarily of surface treatment chemicals used in PWBs, especially multilayer and build-up substrates, that are vital to the operation of electronic devices



Key market sectors

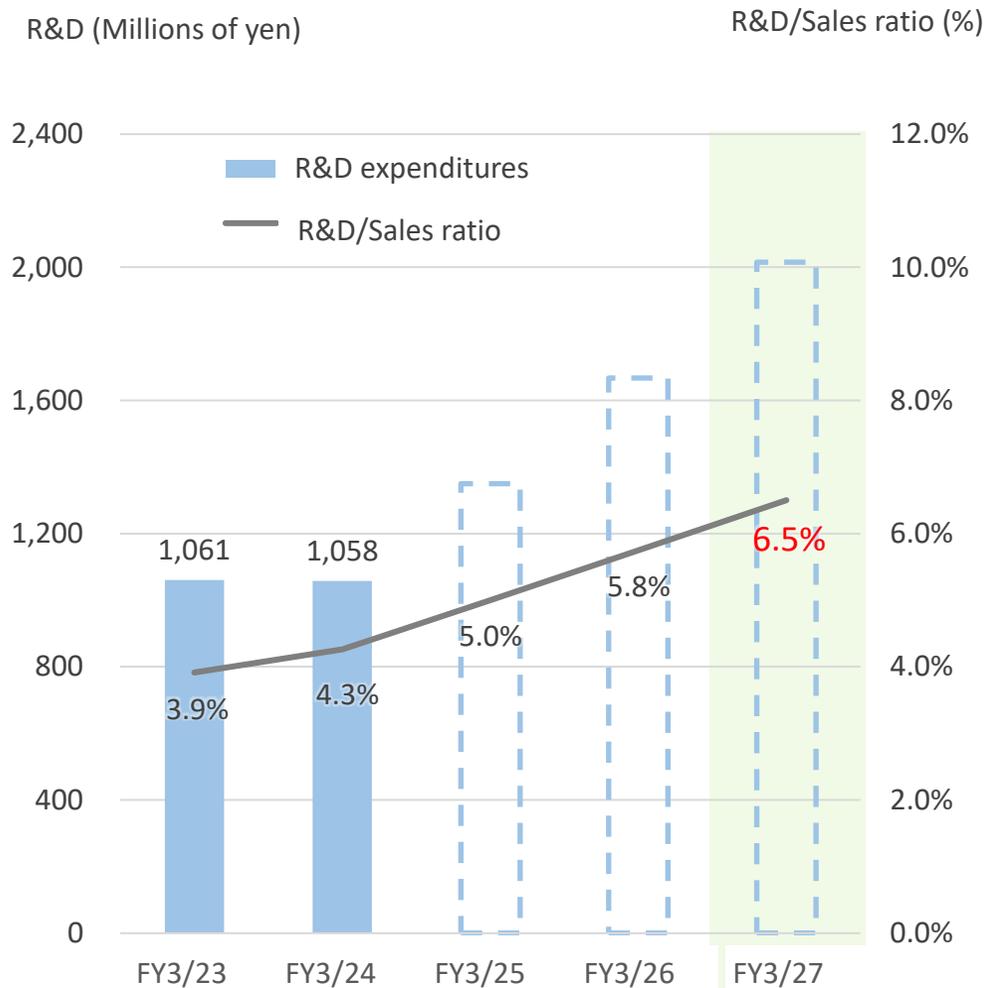
Development of surface treatment chemicals for semiconductor package substrates, which link semiconductor chips and PWBs, especially for FC-BGA and FC-SCP substrates



Next-generation market sectors

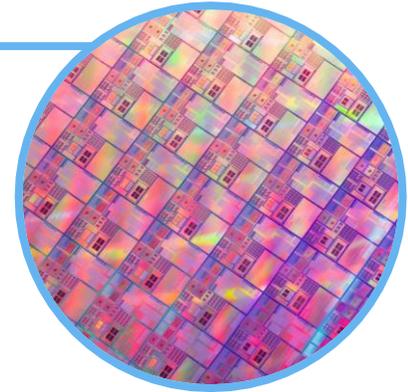
Development of surface treatment chemicals used in semiconductor production processes, including processes for making next-generation semiconductor package substrates

Big R&D expenditures with the goal of raising the ratio to sales to 6.5% by FY3/27.



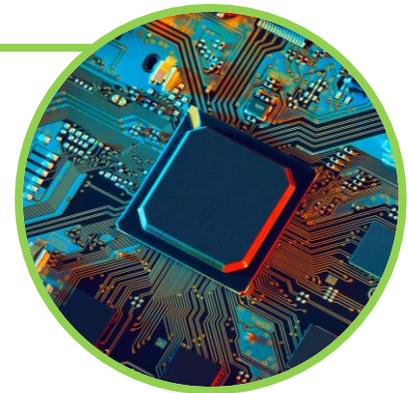
Next-generation market sectors

- Markets** Semiconductor advanced packages (RDL, Cu Pillar, TSV, Hybrid Bonding etc.)
- Locations** R&D Center / Kumamoto Facility
- 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)



06

Sustainability Management



Helping achieve a sustainable society with sustainability management guided by identifying materiality at JCU.

- Innovation for protecting the environment
- Protection and responsible use of natural resources
- Many activities to combat climate change



- Reinforce compliance and risk management
- Further upgrade governance regarding fairness, transparency and effectiveness



- Workplace safety and hygiene; prevention of accidents
- Improve the quality of products
- Effectively utilize human resources
- A stronger supply chain that reflects social and environmental issues



- Play a role in the digitalization of society by supplying leading-edge technologies
- Use the digital transformation (including AI) for more efficient business processes and business growth



06

Sustainability Management | Materiality and Major Initiatives



Materiality

Major initiatives

Environment



- Innovation for protecting the environment
- Protection and responsible use of natural resources
- Many activities to combat climate change

- Development of environmentally responsible products
- Reduce industrial waste
- Expand TCFD activities to more group companies and increase items covered by this disclosure framework

Social



- Workplace safety and hygiene; prevention of accidents
- Improve the quality of products
- Effectively utilize human resources
- A stronger supply chain that reflects social and environmental issues

- Workplace safety and hygiene programs
- A stronger quality assurance framework
- Pleasant and productive workplaces and proper work-life balance
- Establishment of sustainable supply chains

Governance



- Reinforce compliance and risk management
- Further upgrade governance regarding fairness, transparency and effectiveness

- Raise awareness of the importance of compliance
- Visualization of management risk factors and use of risk management measures
- Management that reflects the cost of capital
- Visualization of the vision for growth

Technology



- Play a role in the digitalization of society by supplying leading-edge technologies
- Use the digital transformation (including AI) for more efficient business processes and business growth

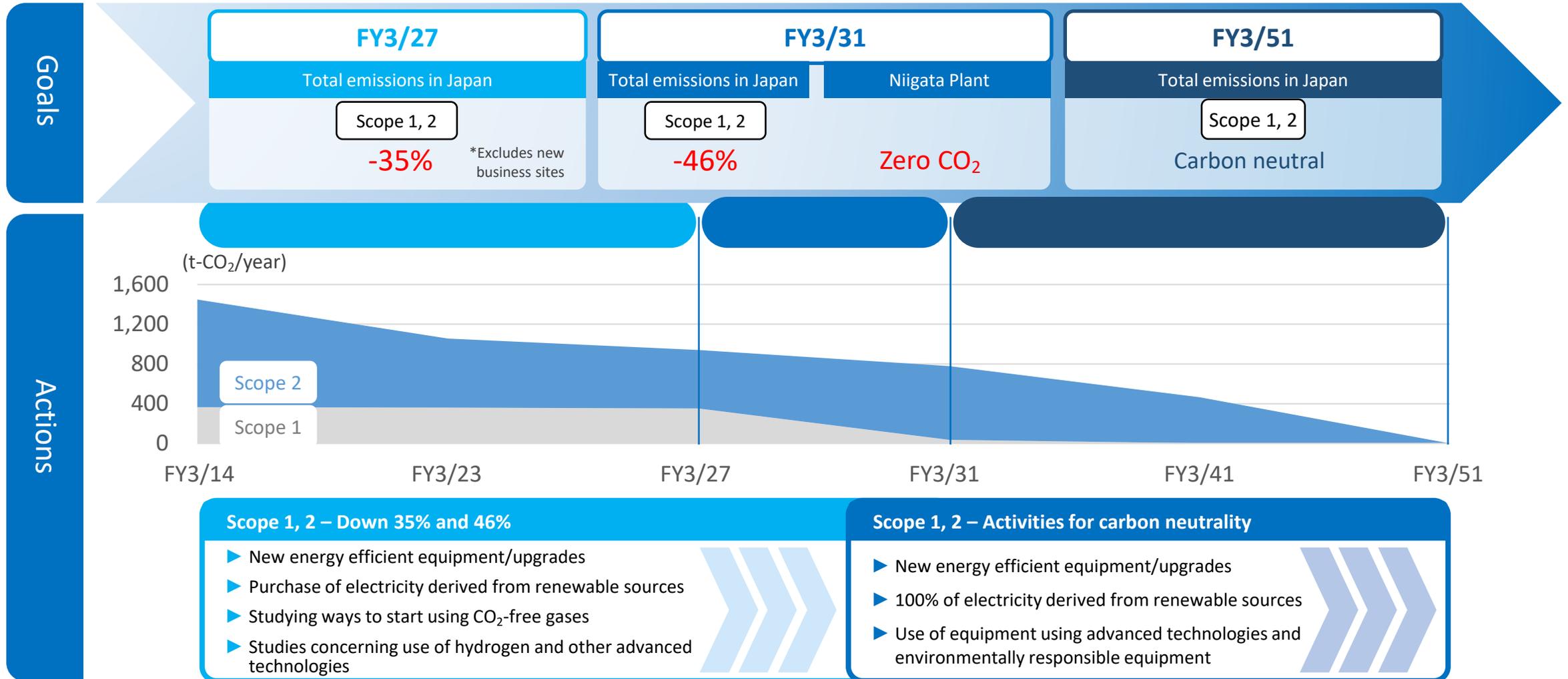
- Big investments in key and next-generation market sectors and creation of products with added value
- Digital technology training for employees and the use of these people in R&D operations

The Global Goals



Plan to lower CO₂ emissions in stages at all business sites in Japan and achieve carbon neutrality by FY3/51.

*All reduction targets are comparisons with FY3/14 emissions.



07

TOPICS | New Business Site and New Brand



Using state-of-the-art equipment to reinforce development and manufacturing operations as the foundation for medium to long-term growth.

Roles of the Kumamoto Manufacturing and 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 Facility



R&D



State-of-the-art clean room



High-end research equipment

Production



Fully automated production



Autonomous guided vehicles

Environment

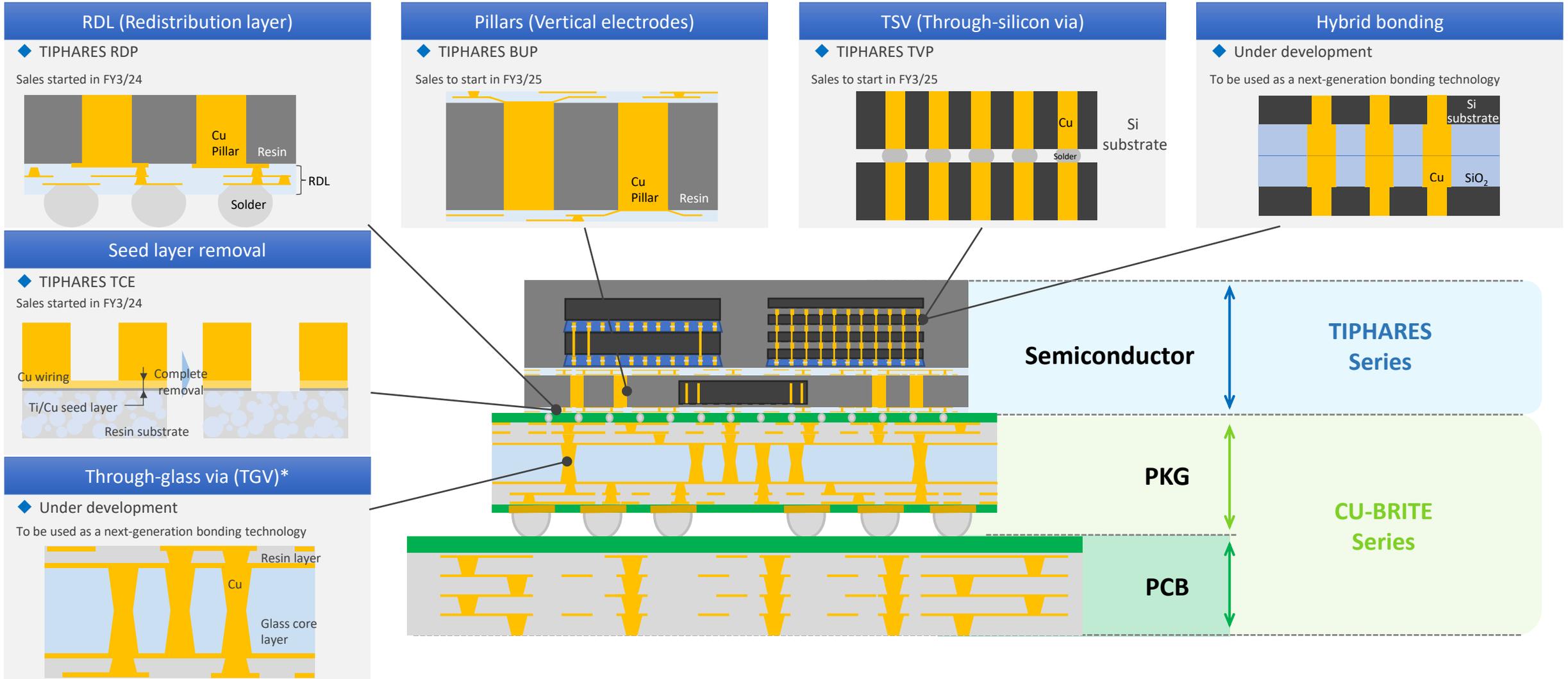


Solar panels for clean energy



Water recycling system

For more growth, adding semiconductor products to the lineup of PWB and semiconductor package substrates.



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



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