

# Explorer in Surface Engineering

## Financial Results Briefing Material for the First Half of the Fiscal Year Ending March 2022

**JCU CORPORATION**

TSE First Section (Stock Code: 4975)



November 4, 2021

# Summary of Consolidated Financial Results for 1H FY3/22

## Overview of Financial Results

Accounting Period of 1H FY3/22

JCU (non-consolidated): April 1 to September 30

Overseas subsidiaries: January 1 to June 30

### For electronic components

- In China: Increase in demand for PWBs for high-performance electronic devices such as tablets and for servers  
Demand for chemicals increased significantly due to operations of newly acquired production lines being fully in progress
- In Taiwan: Increase in demand for semiconductor package substrates for high-performance electronic devices and servers  
Demand for chemicals increased due to the acquisition of new production lines
- In Korea: Demand for semiconductor package substrate increased due to strong demand for semiconductors.  
Demand for chemicals increased due to the acquisition of new production lines

### For automotive components

- In Japan: Demand for chemicals increased significantly as exports of automobiles and automotive components remained at levels higher than before the COVID-19 pandemic.
- In China: Demand for chemicals increased significantly as the recovery trend in the automotive industry continued. Although there was no impact of a decrease in automobile production due to a shortage of semiconductors, we will continue to monitor the situation closely.

### Machine Business

- Net sales decreased substantially due to the continued cautious attitude toward new investment, although there were signs of recovery in capital investment for automotive components, represented by the resumption of postponed projects.

# Summary of Consolidated Financial Results for 1H FY3/22

(Millions of yen)

|   | 1H FY3/20 | 1H FY3/21 | 1H FY3/22 |            |                 |
|---|-----------|-----------|-----------|------------|-----------------|
|   | Results   | Results   | Forecasts | Results    | YoY<br>% Change |
| Net sales                               | 10,184    | 9,673     | 10,700    | 11,654     | 20.5%           |
| Operating profit                        | 2,919     | 2,917     | 3,250     | 4,350      | 49.1%           |
| Ordinary profit                         | 2,869     | 2,953     | 3,300     | 4,430      | 50.0%           |
| Profit attributable to owners of parent | 2,027     | 2,012     | 2,300     | 3,078      | 53.0%           |
| Net income per share                    | 74.88 yen | 75.88 yen | 87.60 yen | 117.30 yen | -               |

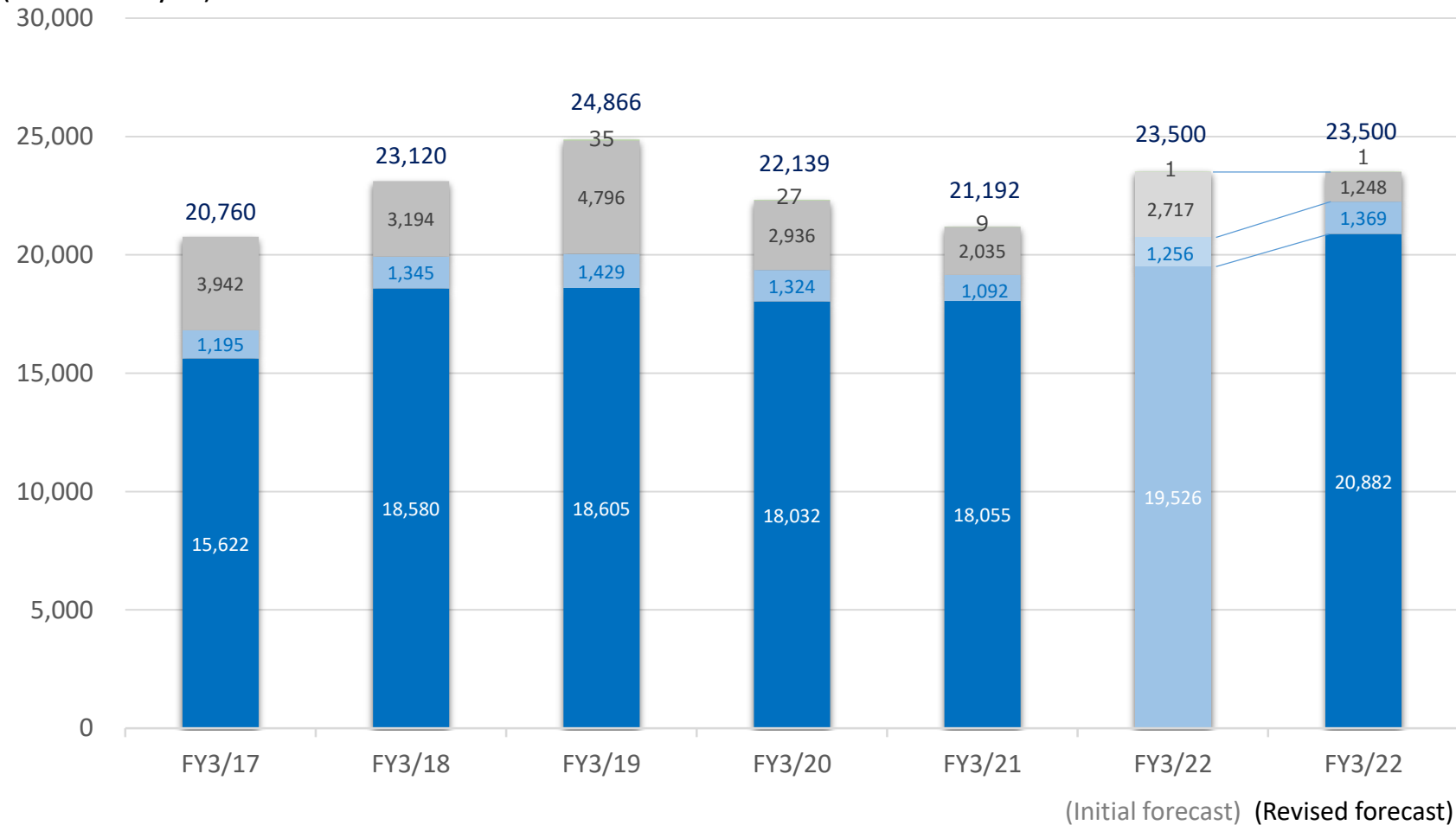
# Revised forecasts for FY3/22

(Millions of yen)

|   | FY3/21 Results | 1H FY3/22 Results | FY3/22 Forecasts (Initial) | FY3/22 Forecasts (Revised) | Progress rate against revised forecast |
|---|----------------|-------------------|----------------------------|----------------------------|--|
| Net sales                               | 21,192         | 11,654            | 23,500                     | 23,500                     | 49.6%                                  |
| Operating profit                        | 6,799          | 4,350             | 7,500                      | 8,300                      | 52.4%                                  |
| Ordinary profit                         | 6,922          | 4,430             | 7,550                      | 8,350                      | 53.0%                                  |
| Profit attributable to owners of parent | 4,708          | 3,078             | 5,300                      | 5,900                      | 52.1%                                  |
| Net income per share                    | 178.33 yen     | 117.30 yen        | 201.83 yen                 | 225.19 yen                 | -                                      |

# Annual Sales by Business (incl. Forecast)

(Millions of yen)



■ Chemicals Business (Chemicals)
 ■ Chemicals Business (Purchased Chemicals)
 ■ Machine Business
 ■ Other Businesses

# Foreign Exchange Rates

(Yen)

|                     | FY3/21 |        |        |        | FY3/22             |        |        |
|---------------------|--------|--------|--------|--------|--------------------|--------|--------|
|                     | 1Q     | 2Q     | 3Q     | 4Q     | (Initial forecast) | 1Q     | 2Q     |
| Chinese yuan (CNY)  | 15.61  | 15.39  | 15.38  | 15.48  | 15.50              | 16.36  | 16.66  |
| Taiwan dollar (TWD) | 3.62   | 3.61   | 3.62   | 3.63   | 3.60               | 3.77   | 3.84   |
| Korean won (KRW)    | 0.0914 | 0.0898 | 0.0897 | 0.0906 | 0.0900             | 0.0951 | 0.0964 |

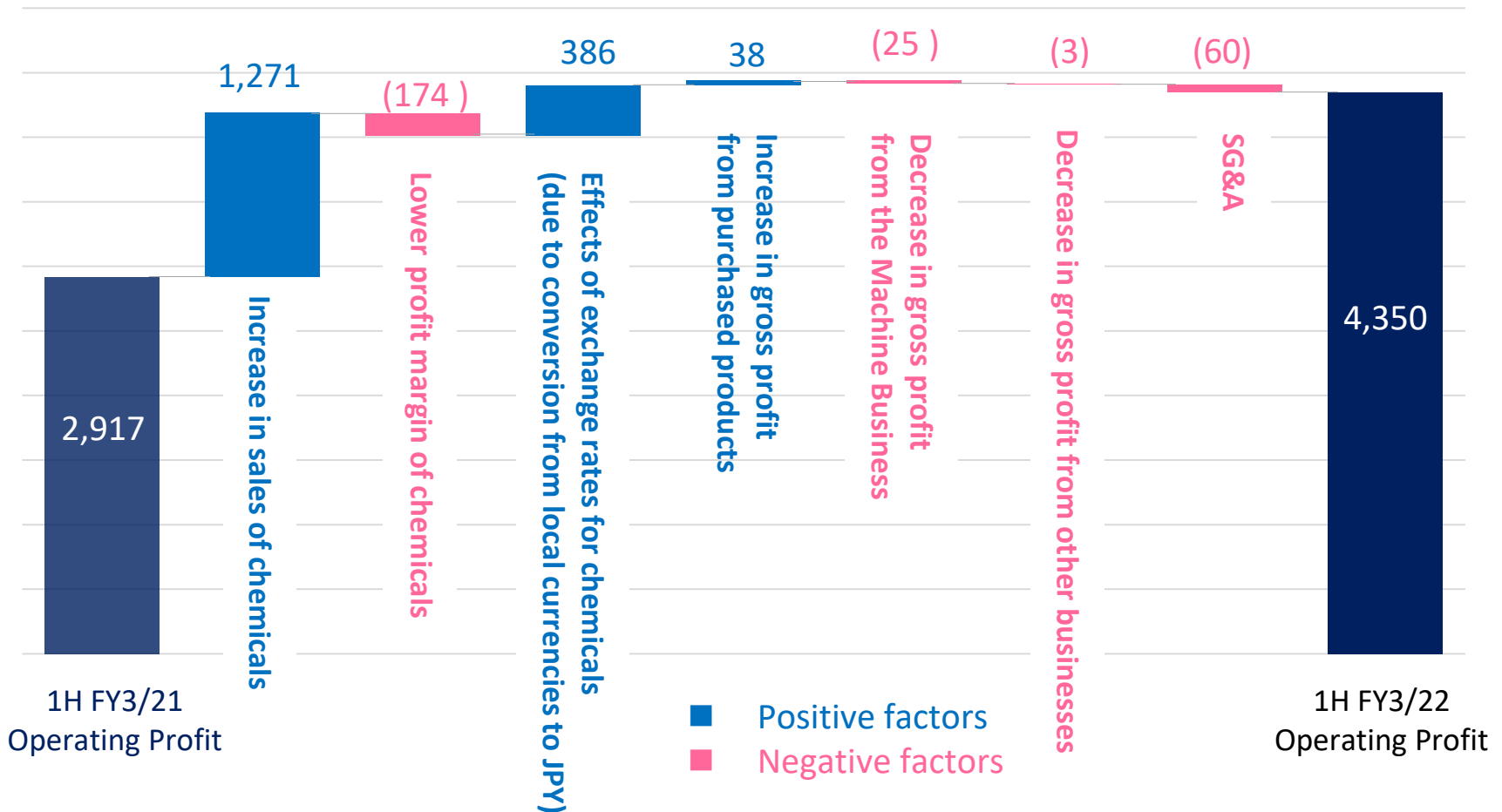
Note: The average rate for the period is used to translate Chinese yuan, Taiwan dollar and Korean won, our major foreign currencies, to Japanese yen.

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

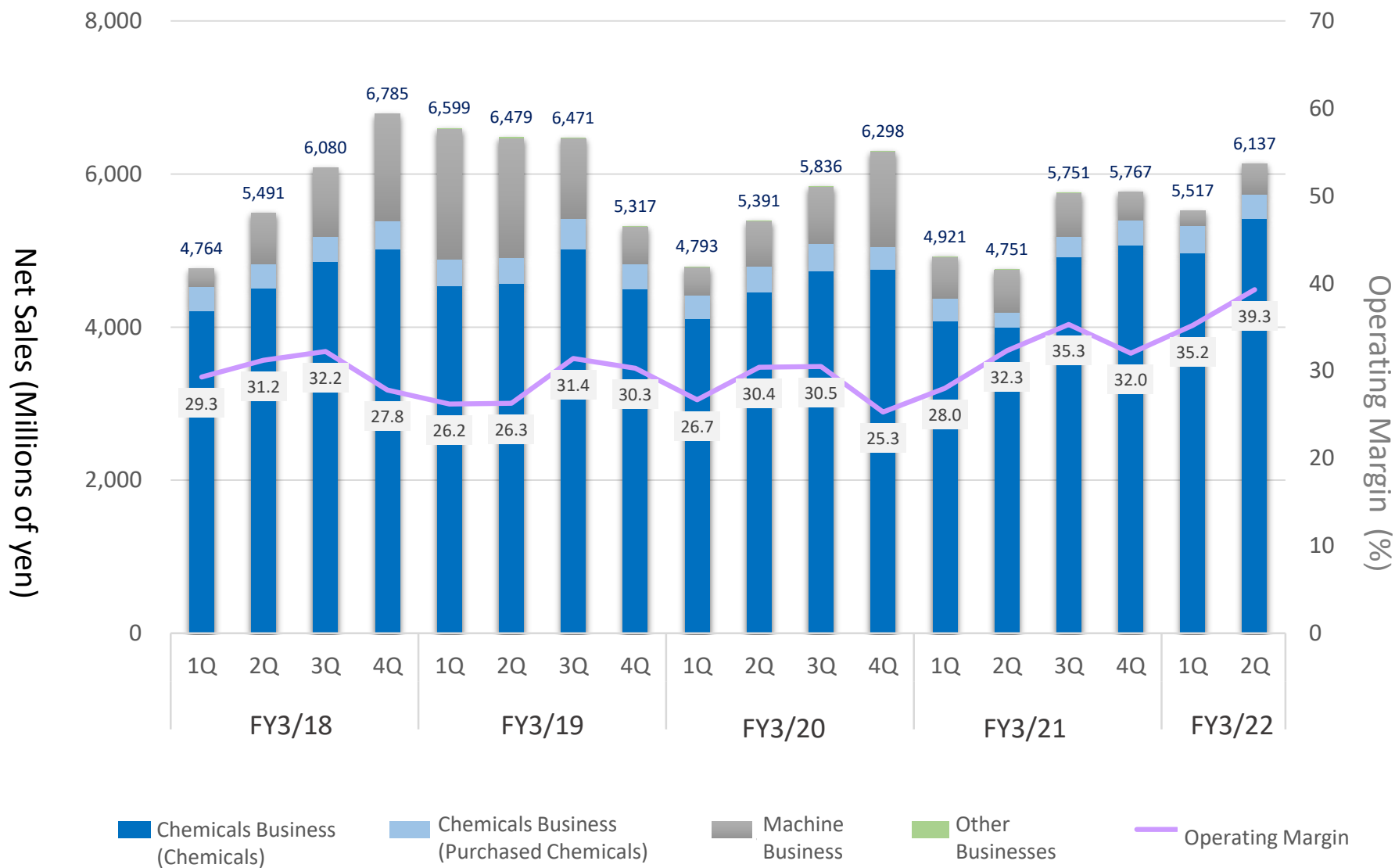
# Changes in Consolidated Operating Profit for 1H FY3/22

(Millions of yen)

(YoY change)  
**+1,433**

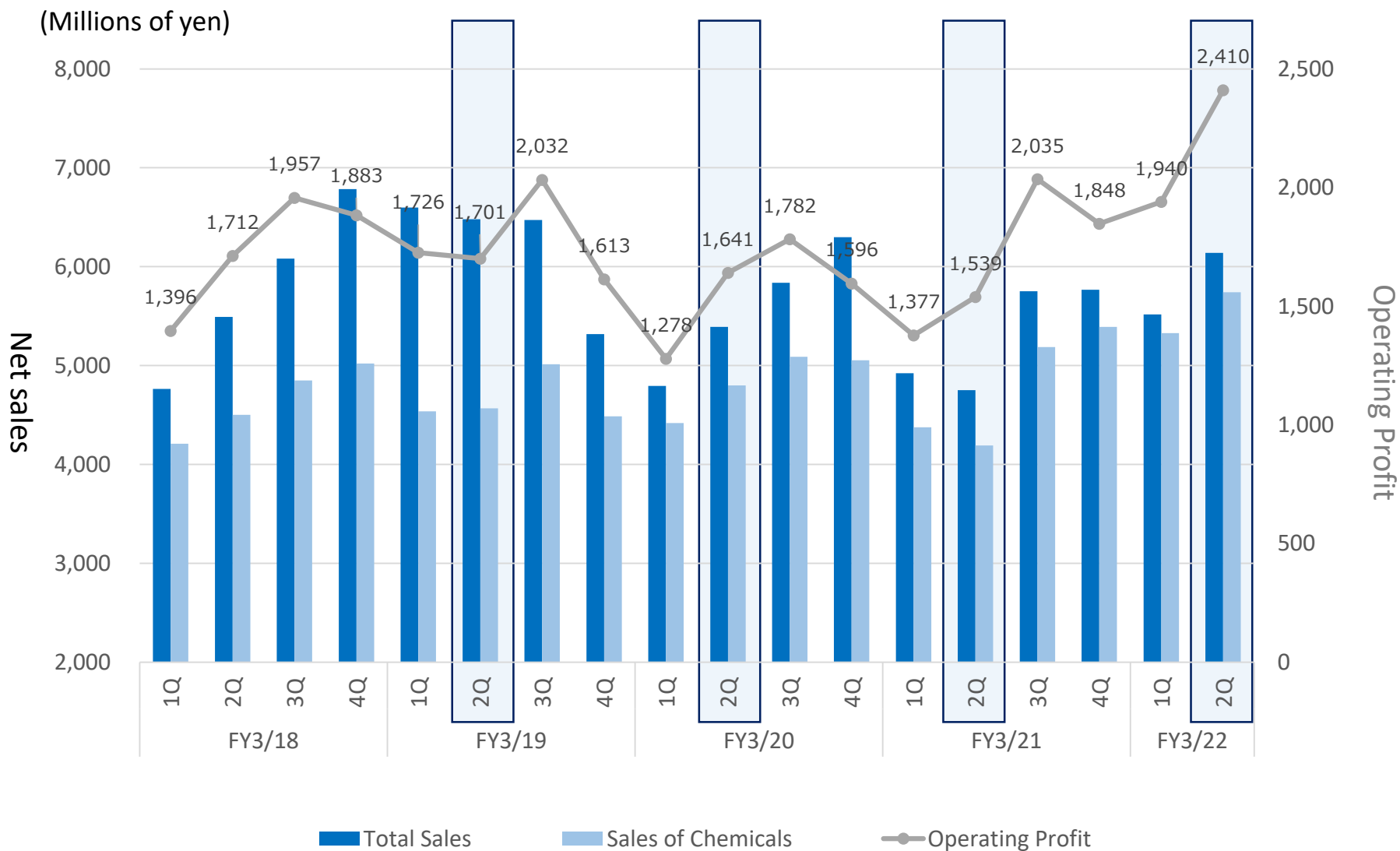


# Quarterly Consolidated Financial Results (By Segment)



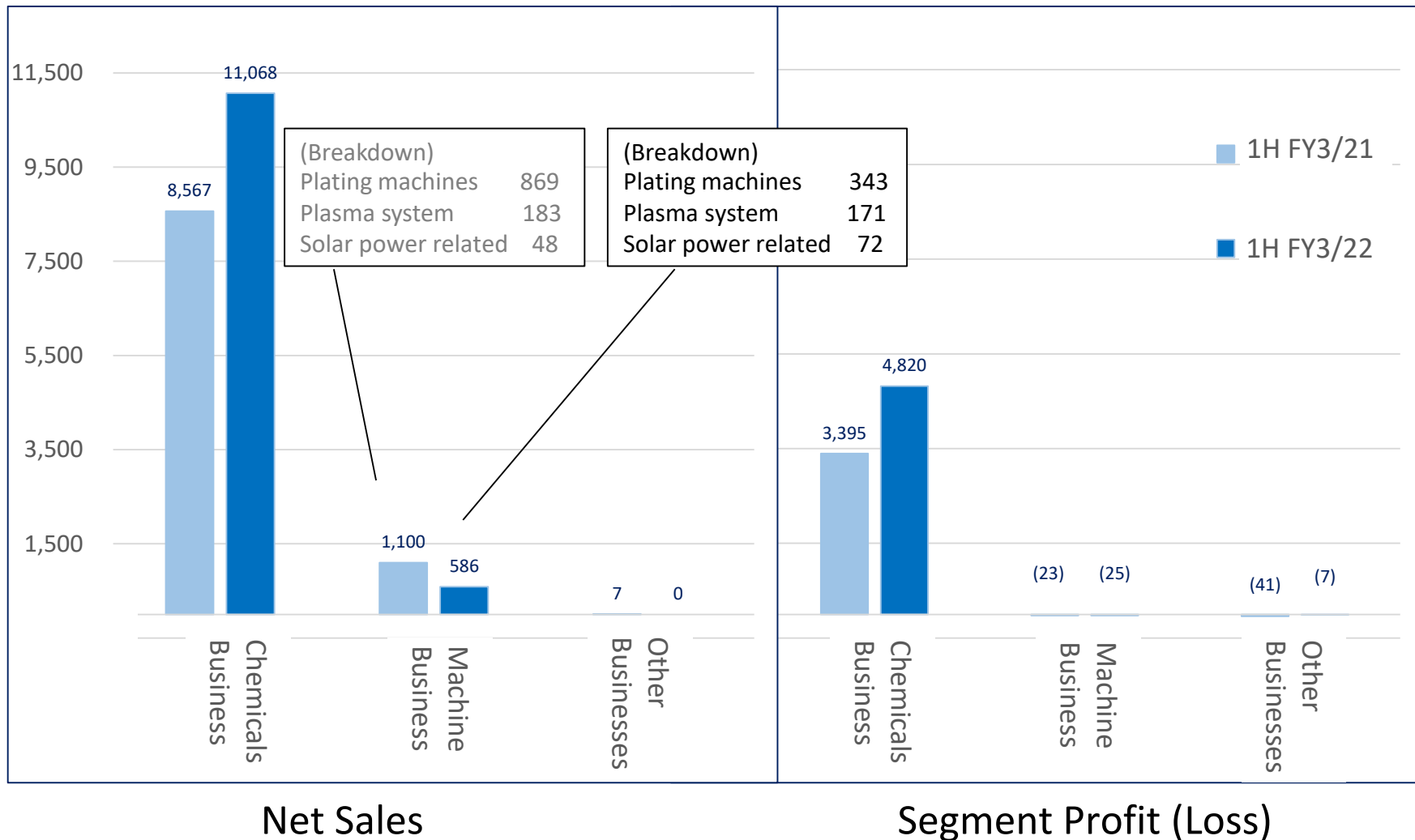


# Quarterly Consolidated Financial Results



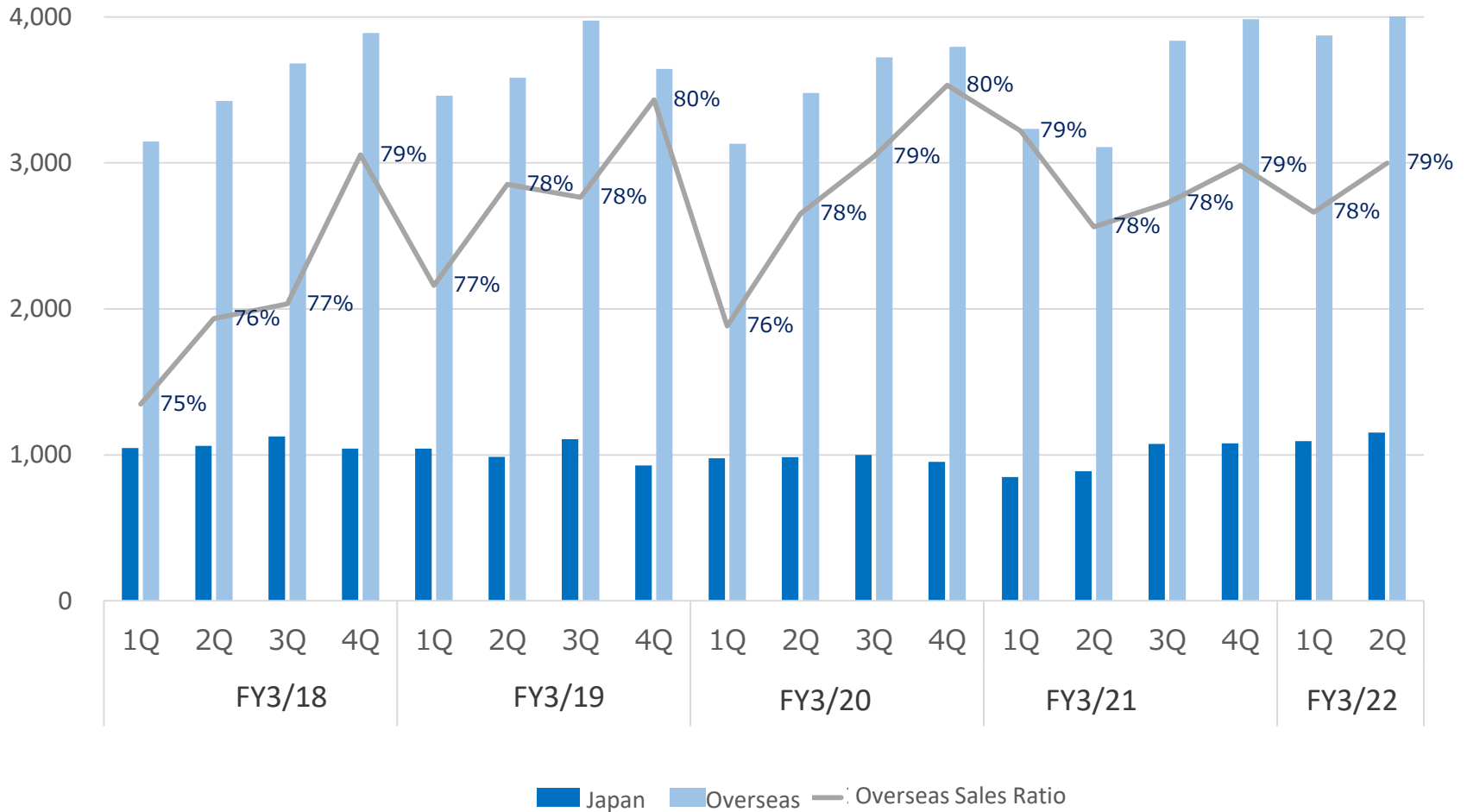
# Consolidated Segment Results for 1H FY3/22

(Millions of yen)



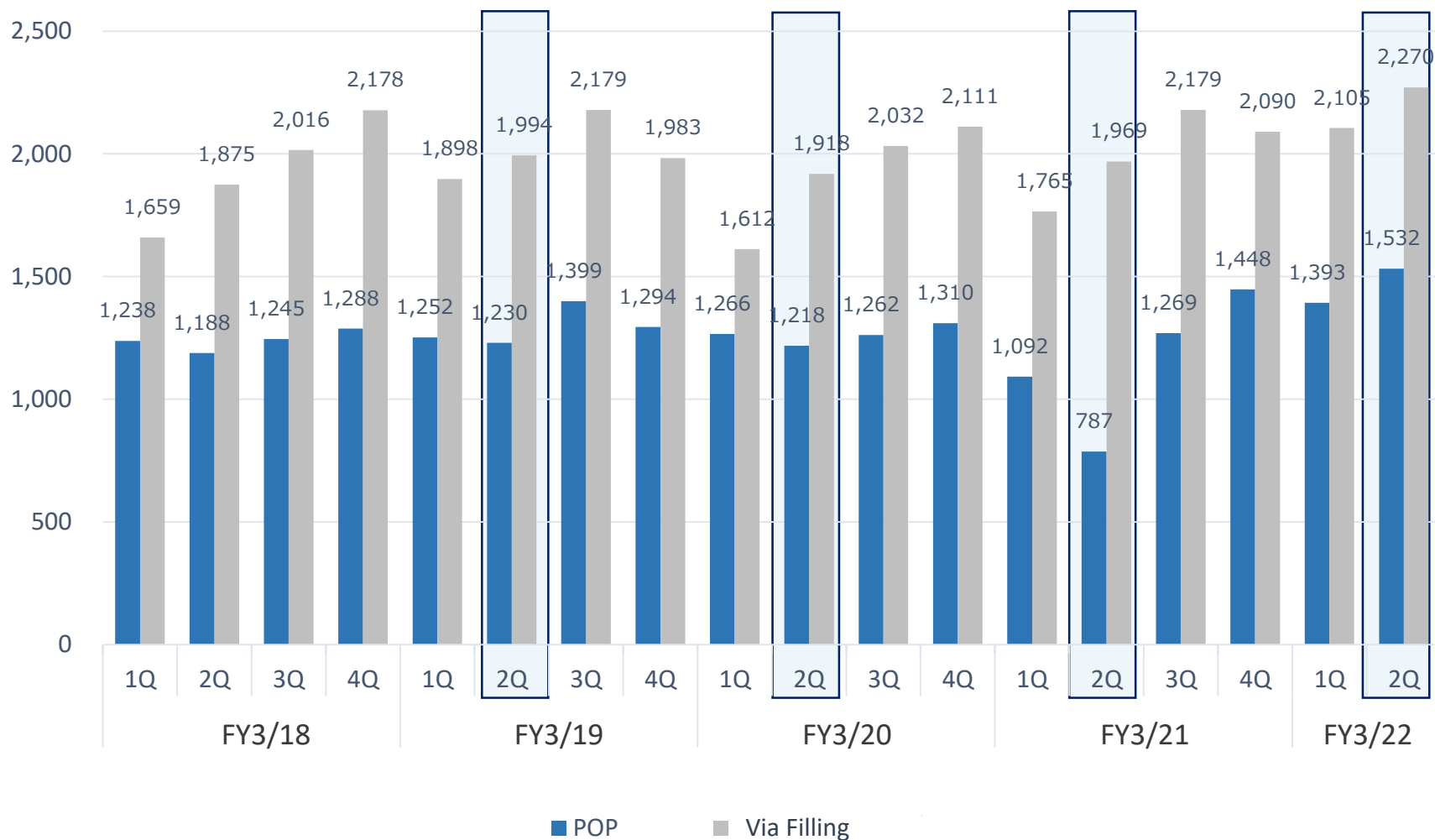
# Quarterly Sales of Chemicals in Japan and Overseas

(Millions of yen)



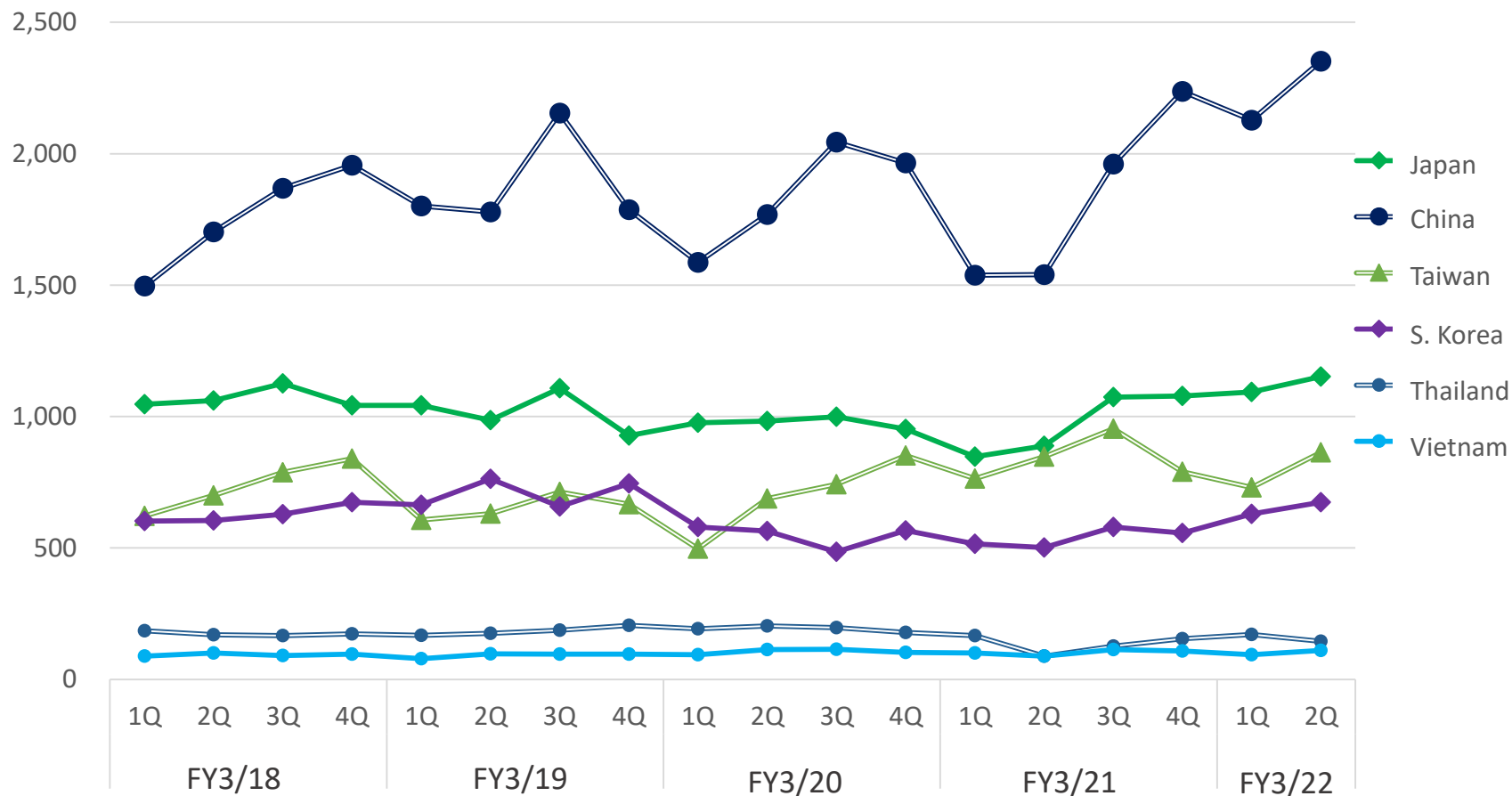
# Quarterly Sales of Chemicals for POP and Via Filling

(Millions of yen)

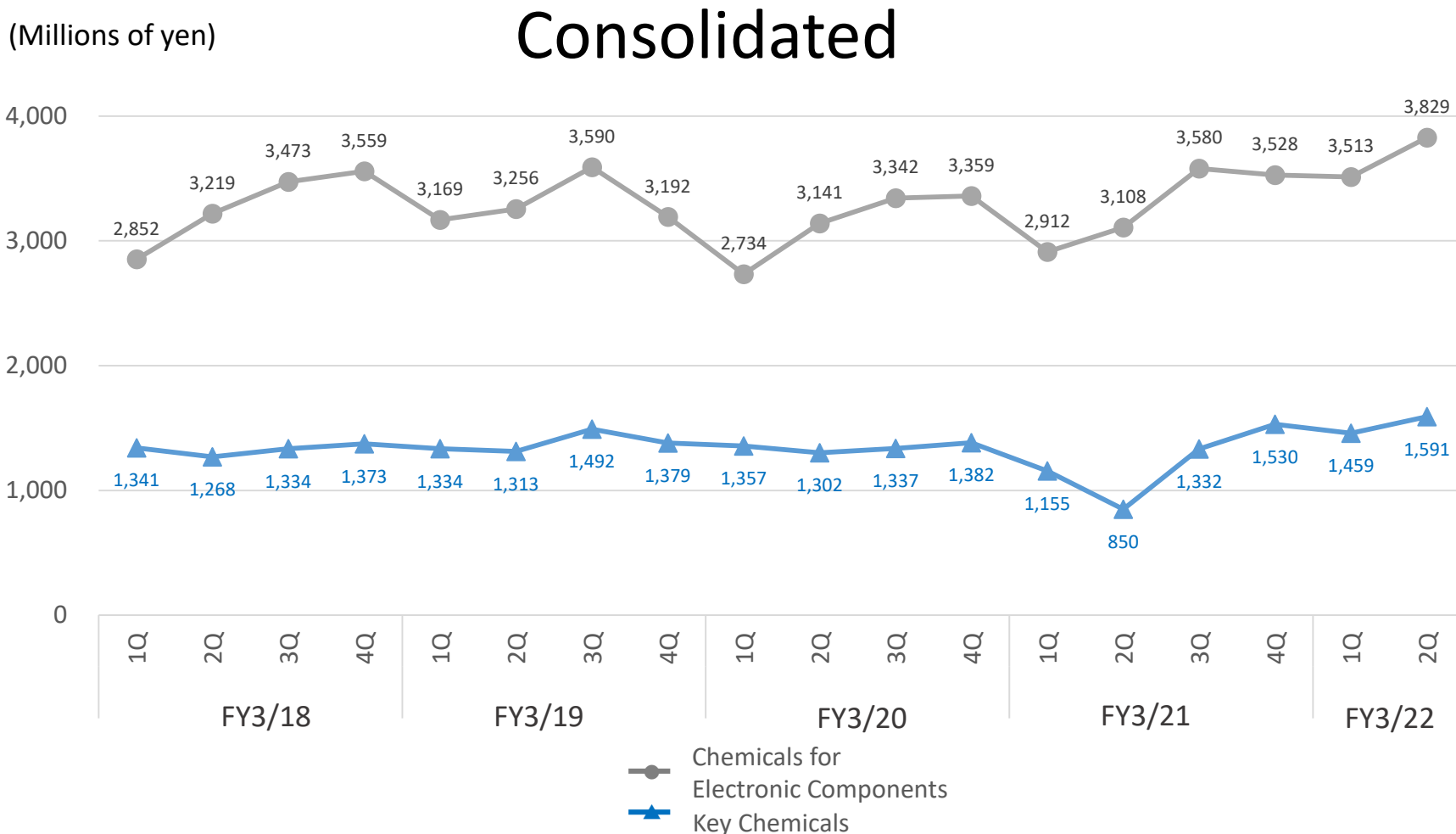


# Quarterly Sales of Chemicals by Region

(Millions of yen)



# Quarterly Sales of Chemicals by Region



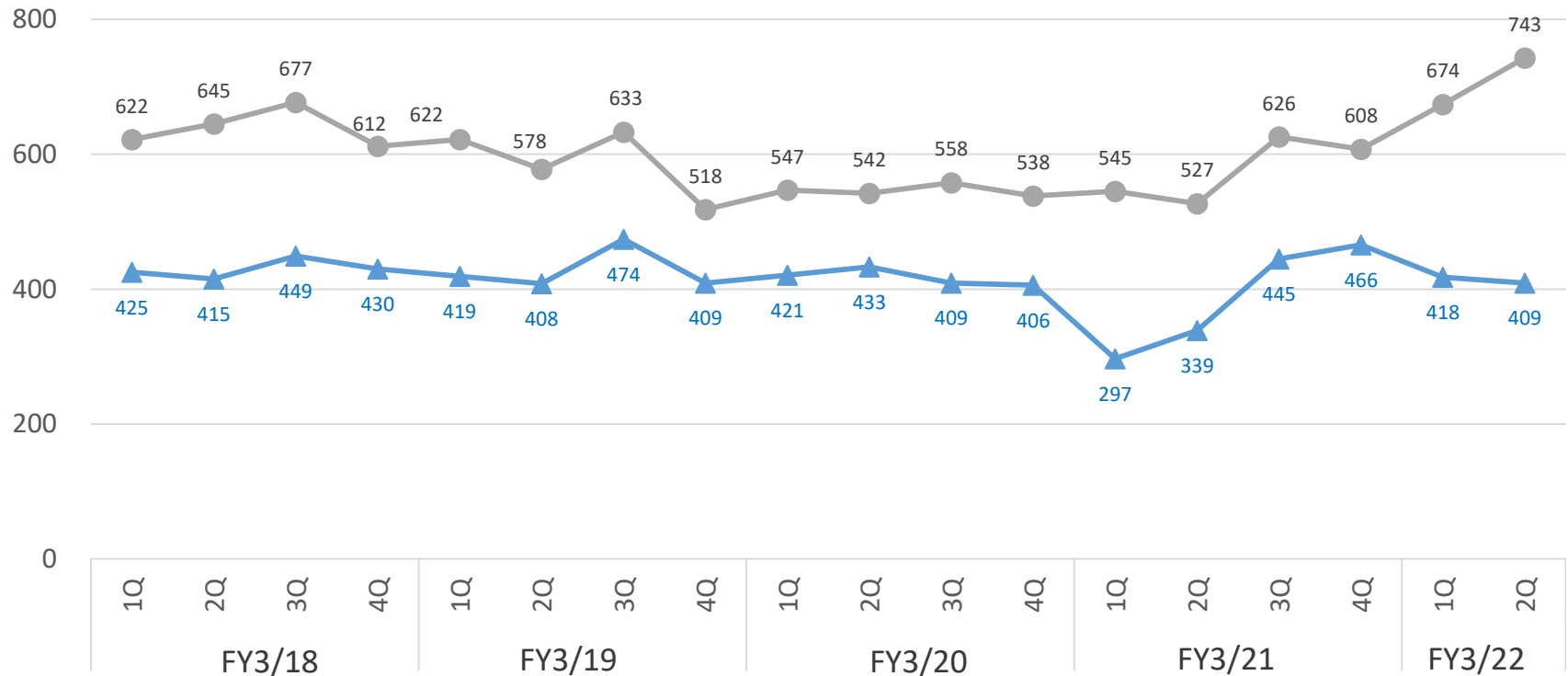
Chemicals for Electronic Components  
 Up 9% QoQ Up 23% YoY Up 22% vs. 1H FY3/21

Key Chemicals  
 Up 9% QoQ Up 87% YoY Up 52% vs. 1H FY3/21

# Quarterly Sales of Chemicals by Region

(Millions of yen)

## Japan



● Chemicals for Electronic Components  
▲ Key Chemicals

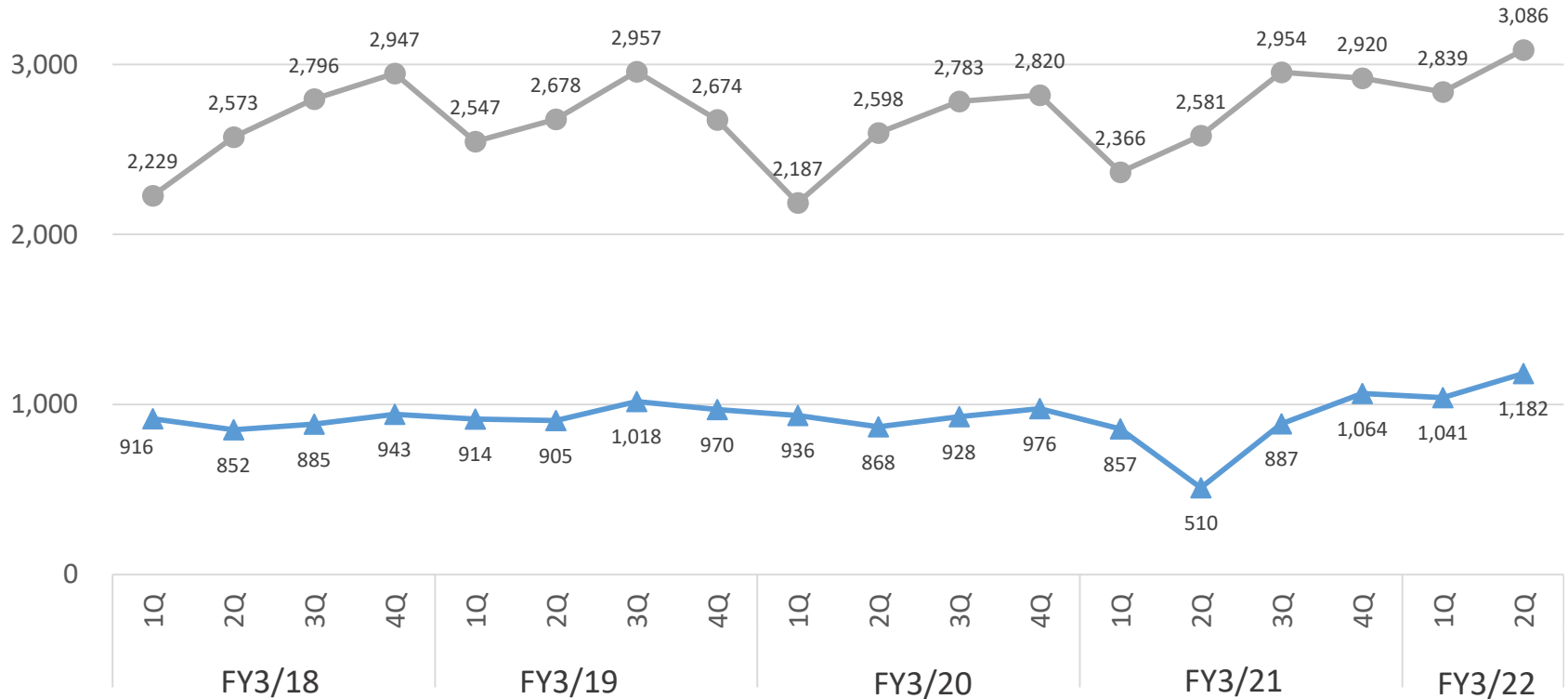
**Chemicals for Electronic Components**  
 Up 10% QoQ   Up 41% YoY   Up 32% vs. 1H FY3/21

**Key Chemicals**  
 Down 2% QoQ   Up 21% YoY   Up 30% vs. 1H FY3/21

# Quarterly Sales of Chemicals by Region

(Millions of yen)

## Overseas



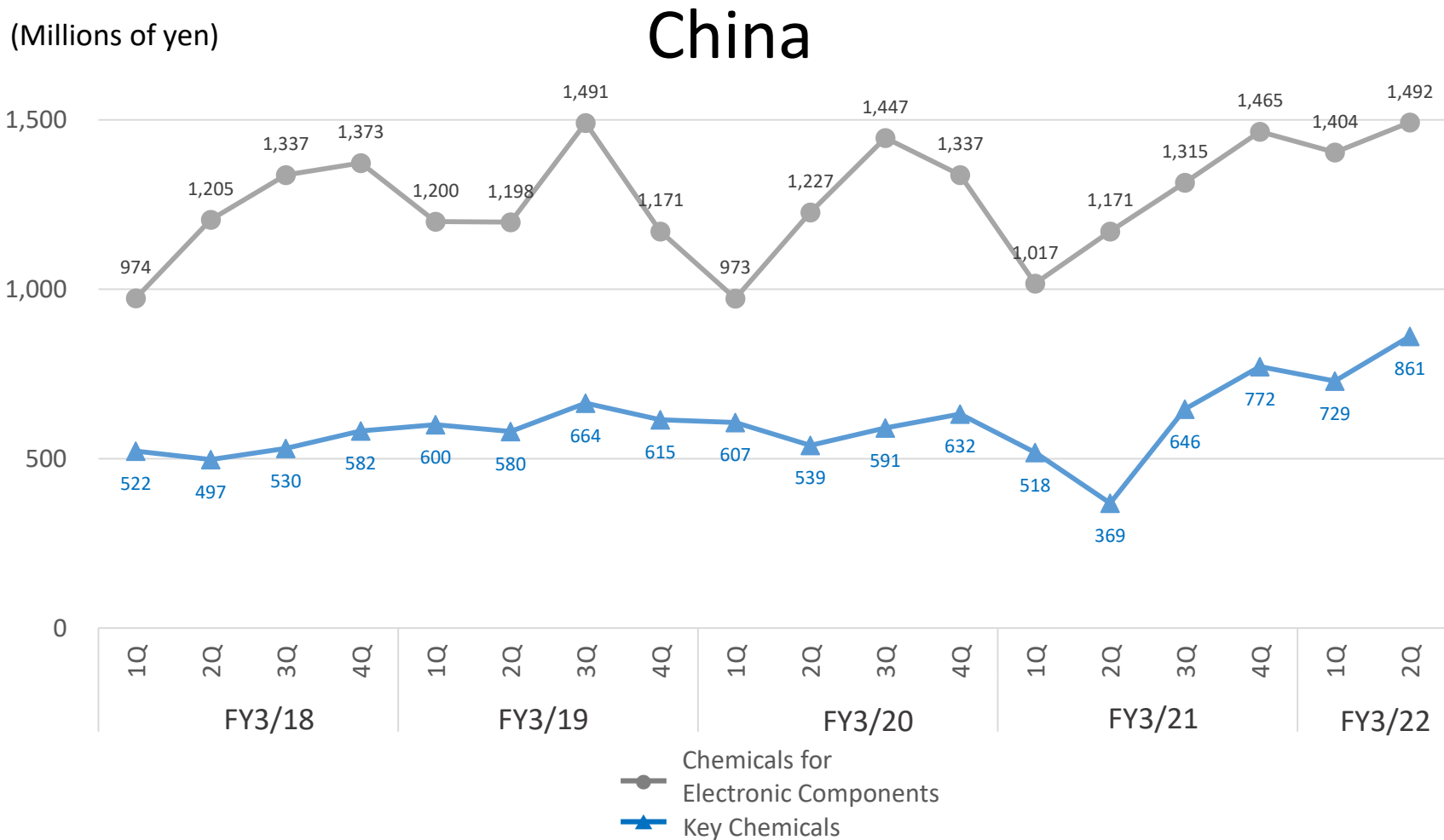
● Chemicals for Electronic Components  
▲ Key Chemicals

**Chemicals for Electronic Components**  
 Up 9% QoQ   Up 20% YoY   Up 20% vs. 1H FY3/21

**Key Chemicals**  
 Up 14% QoQ   Up 132% YoY   Up 63% vs. 1H FY3/21



# Quarterly Sales of Chemicals by Region



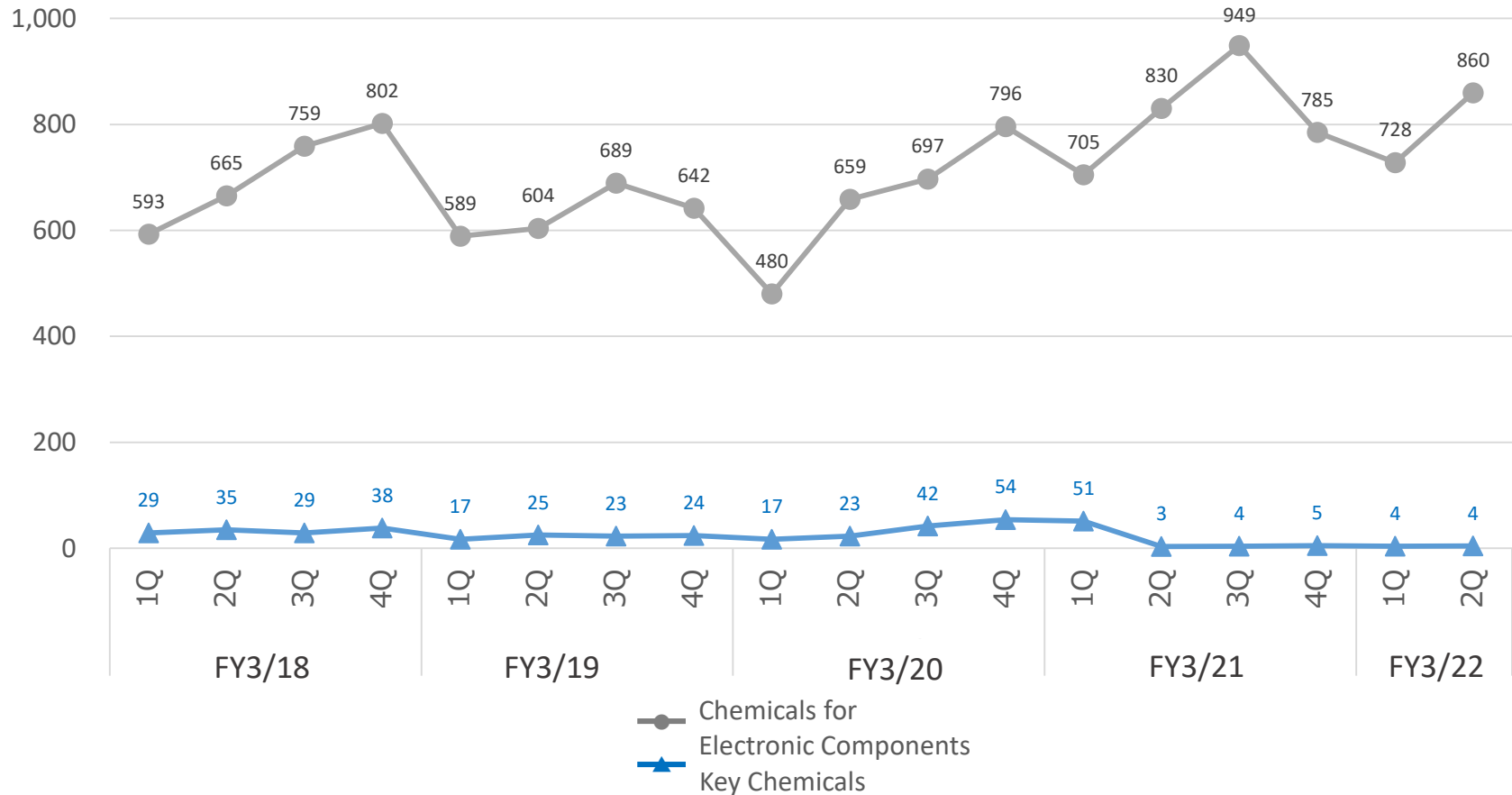
**Chemicals for Electronic Components**  
 Up 6% QoQ   Up 27% YoY   Up 32% vs. 1H FY3/21

**Key Chemicals**  
 Up 18% QoQ   Up 133% YoY   Up 79% vs. 1H FY3/21

# Quarterly Sales of Chemicals by Region

(Millions of yen)

## Taiwan



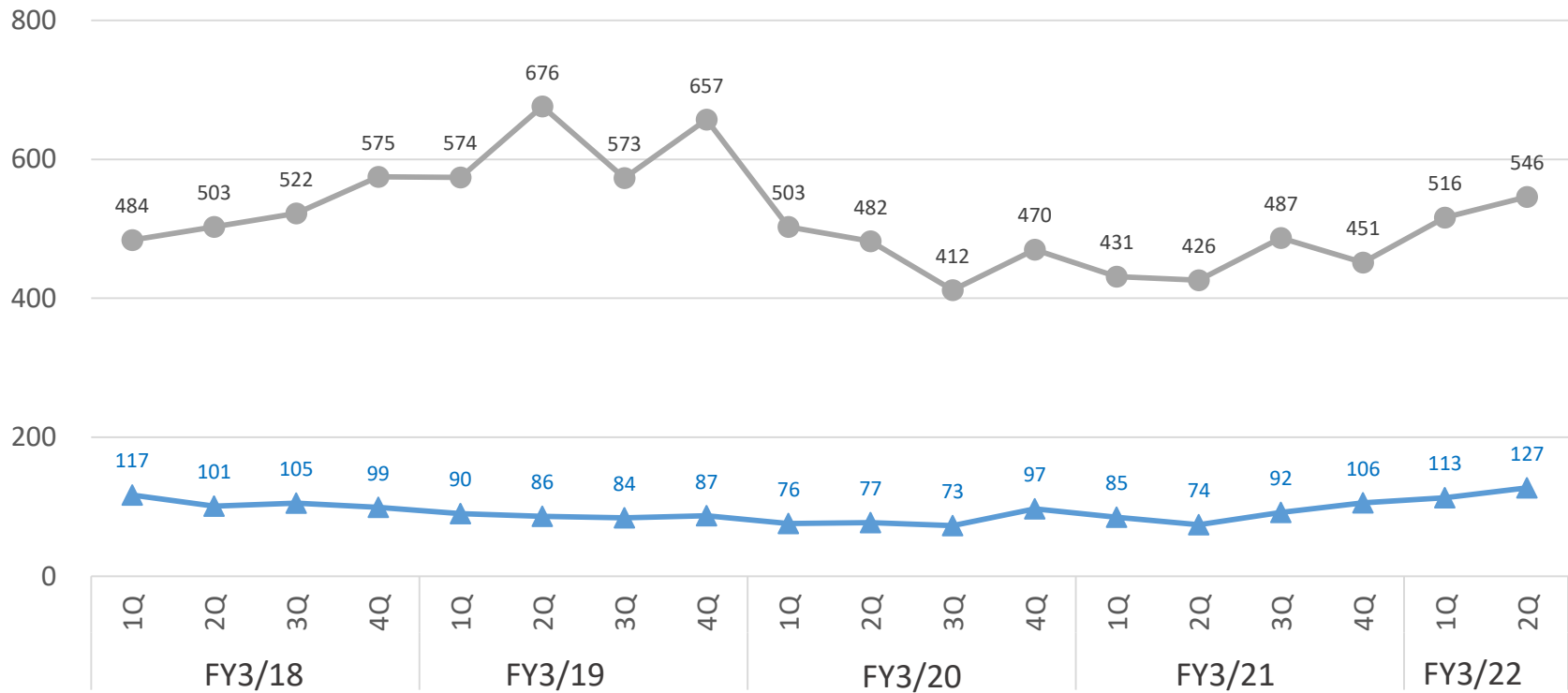
**Chemicals for Electronic Components**  
 Up 18% QoQ Up 4% YoY Up 3% vs. 1H FY3/21

**Key Chemicals**  
 Up 3% QoQ Up 33% YoY Down 85% vs. 1H FY3/21

# Quarterly Sales of Chemicals by Region

(Millions of yen)

## South Korea



● Chemicals for Electronic Components  
▲ Key Chemicals

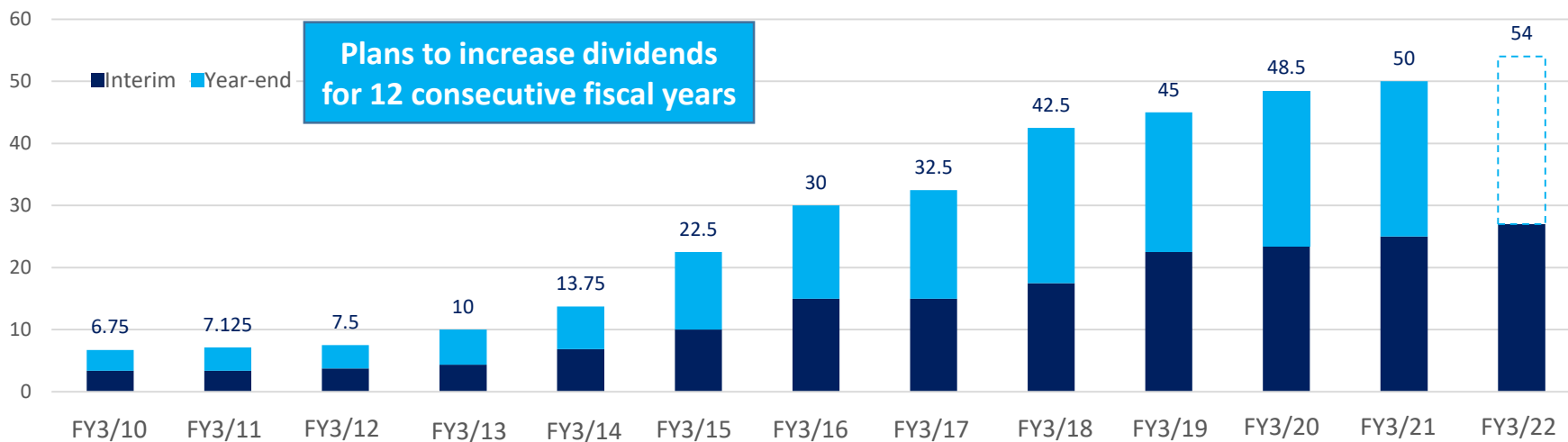
**Chemicals for Electronic Components**  
 Up 6% QoQ   Up 28% YoY   Up 24% vs. 1H FY3/21

**Key Chemicals**  
 Up 12% QoQ   Up 72% YoY   Up 51% vs. 1H FY3/21

# Dividend Forecast

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

We will continue to make investments for sustainable growth while securing liquidity on hand and maintaining stable financial base. Our basic dividend policy is to return profits to shareholders through the flexible acquisition of treasury stock, with the aim of continuing the trend of stable dividend increases.



# Reference

- Company Profile
- Major Distribution Channels
- Major Products
- Usages of Chemicals and Typical Final Products

# Company Profile

**Founded in** : December 1957

**Established on** : April 1, 1968

**Capital stock** : 1,245 million yen

**Annual sales** : Non-consolidated: 11.6 billion yen / Consolidated: 22.0 billion yen  
(For the fiscal year ended March 31, 2021)

**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: 250 / Consolidated: 561  
(As of March 31, 2021)

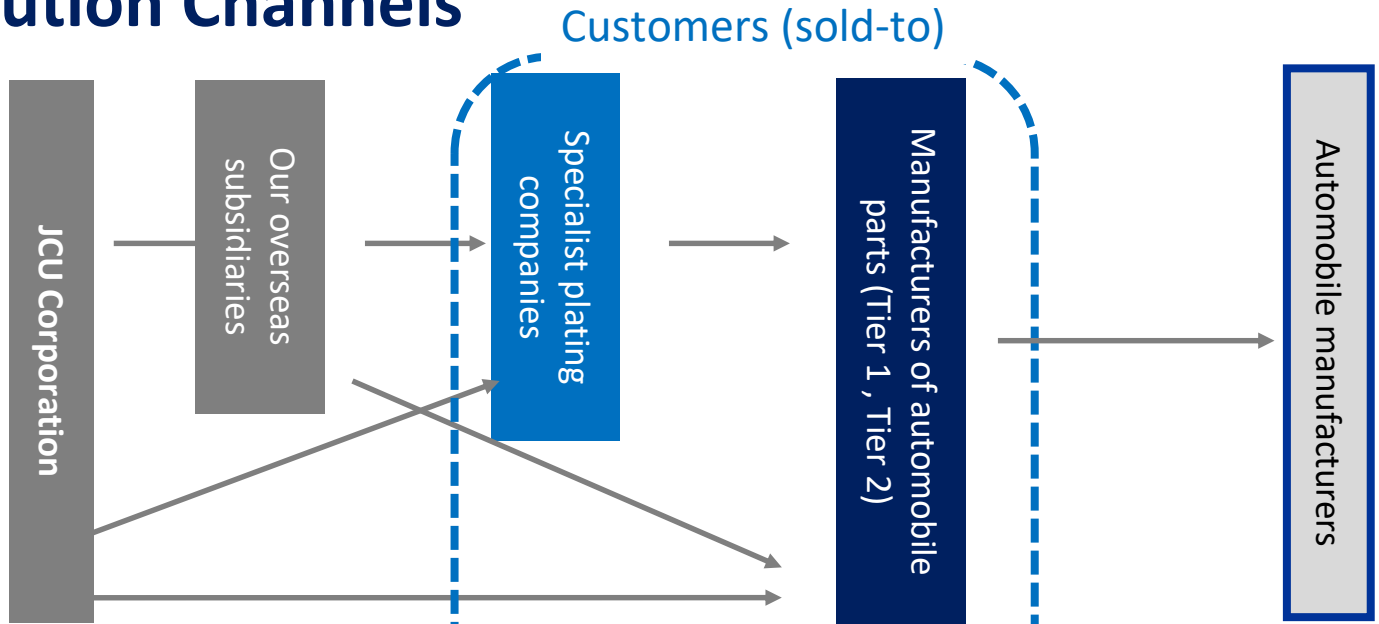
## ISO Certificates

ISO9001 Production Headquarters, Head Office Sales and Marketing Department, and R&D Center (JCQA-0281)

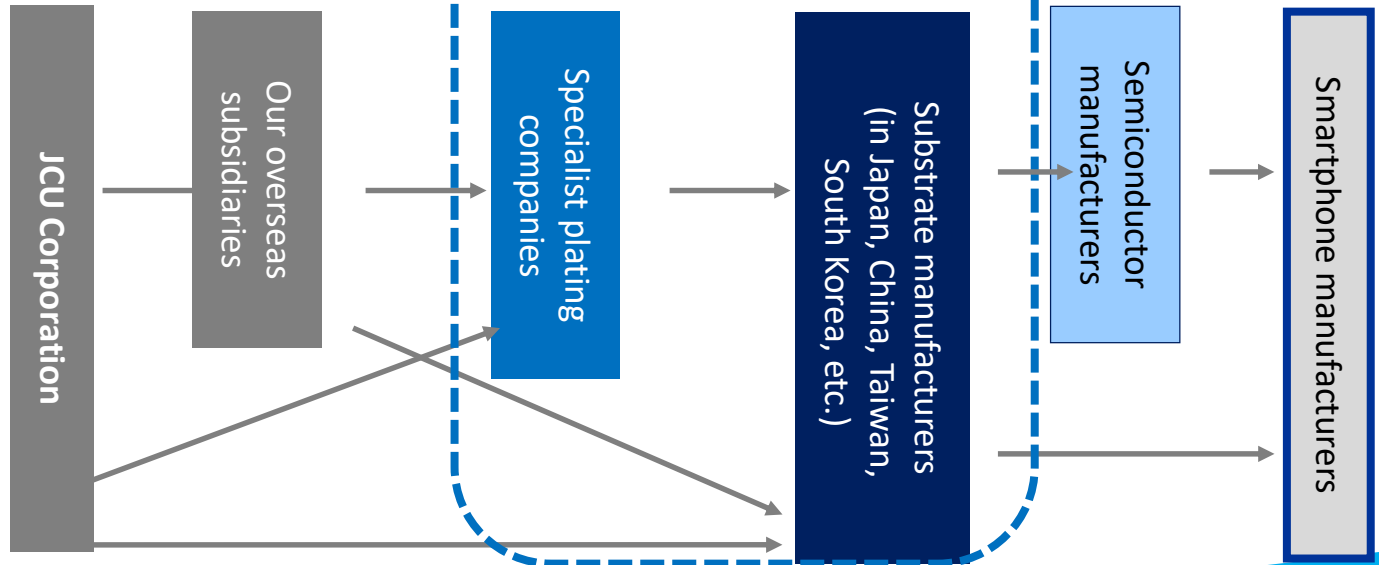
ISO14001 Production Headquarters and R&D Center (JCQA-E-0143)

# Major Distribution Channels

## Automobiles



## Smartphones






# Major Products

|                           |  |   |
|---------------------------|--|---|
| <b>Chemicals Business</b> | For decoration and rust-proofing<br>(Key chemicals)                | Automotive parts (front grilles, door handles, emblems, etc.)<br>Faucet parts (water supply equipment, showerheads, drain plugs, etc.)<br>Construction materials (bolts, nuts, etc.)                |
|                           | For electronic components<br>(Chemicals for electronic components) | PWBs (reversible and multilayer substrates, build-up boards, package substrates, etc.)<br>Electronic components (lead frames, chip components, connectors, etc.)<br>Semiconductors (silicon wafers) |

|                         |   |  |
|-------------------------|---|--|
| <b>Machine Business</b> | 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  |
|                         | Solar power generation equipment            | Installation and operation of solar power generation equipment (photovoltaic panels)   |



# 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                         | Major products for key chemicals<br>Chemicals for metal coating on plastics<br>  | (Automotive parts)<br>Front grilles, emblems, etc.<br>(Faucet parts)<br>Showerheads, water faucet cocks, etc.  |
| Other key chemicals   | Chemicals for metal coating on metallic materials such as copper and steel   | (Construction materials)<br>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<br>(for PWBs/motherboards)            | Copper plating chemicals for formulating interconnection onto PWBs/motherboards embedded in electronic products<br>   | (5G-related components)<br>5G base stations, in-vehicle PWBs, smart home appliances, etc.  |
| Via filling chemicals<br>(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<br> | (Data centers and other infrastructures)<br>Motherboards for communication servers etc.<br><br>(High-performance electronic devices)<br>Smartphones, PCs, tablets, game consoles, etc. |
| 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  
URL: <https://www.jcu-i.com/>

Contact : Corporate Strategy Office  
TEL: +81-3-6895-7004