

Explorer in Surface Engineering

Financial Results Briefing Material for the Third Quarter of the Fiscal Year Ending March 2022

JCU CORPORATION

TSE First Section (Stock Code: 4975)



February 4, 2022

Summary of Consolidated Financial Results for 3Q FY3/22

Overview of Financial Results

Accounting Period of 3Q FY3/22

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

Overseas subsidiaries: January 1 to September 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 South 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, although the recovery trend in the automotive industry is slowing down due to a shortage of semiconductors and other materials, demand for chemicals increased as the industry remained strong until the first half of the fiscal year.
- Overseas, although the recovery trend in the automotive industry is slowing down due to a shortage of semiconductors and other materials in China, demand for chemicals increased significantly as the industry remained strong until the first half of the fiscal year.

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 3Q FY3/22

(Millions of yen)

	Same period of previous FY (3Q FY3/21)	3Q FY3/22	YoY % Change
Net sales	15,424	17,841	15.7%
Operating profit	4,951	6,626	33.8%
Ordinary profit	4,992	6,743	35.1%
Profit attributable to owners of parent	3,403	4,620	35.8%
Net income per share	128.66 yen	176.47 yen	-

Progress Rate against FY3/22 Forecasts

(Millions of yen)

	3Q FY3/22	FY3/22 Forecasts (Revised on Nov. 4, 2021)	Progress rate against full- year forecast
Net sales	17,841	23,500	75.9%
Operating profit	6,626	8,300	79.8%
Ordinary profit	6,743	8,350	80.8%
Profit attributable to owners of parent	4,620	5,900	78.3%
Net income per share	176.47 yen	225.19 yen	-

Foreign Exchange Rates

(Yen)

	FY3/21				FY3/22			
	1Q	2Q	3Q	4Q	(Initial forecast)	1Q	2Q	3Q
Chinese yuan (CNY)	15.61	15.39	15.38	15.48	15.50	16.36	16.66	16.78
Taiwan dollar (TWD)	3.62	3.61	3.62	3.63	3.60	3.77	3.84	3.88
Korean won (KRW)	0.0914	0.0898	0.0897	0.0906	0.0900	0.0951	0.0964	0.0959

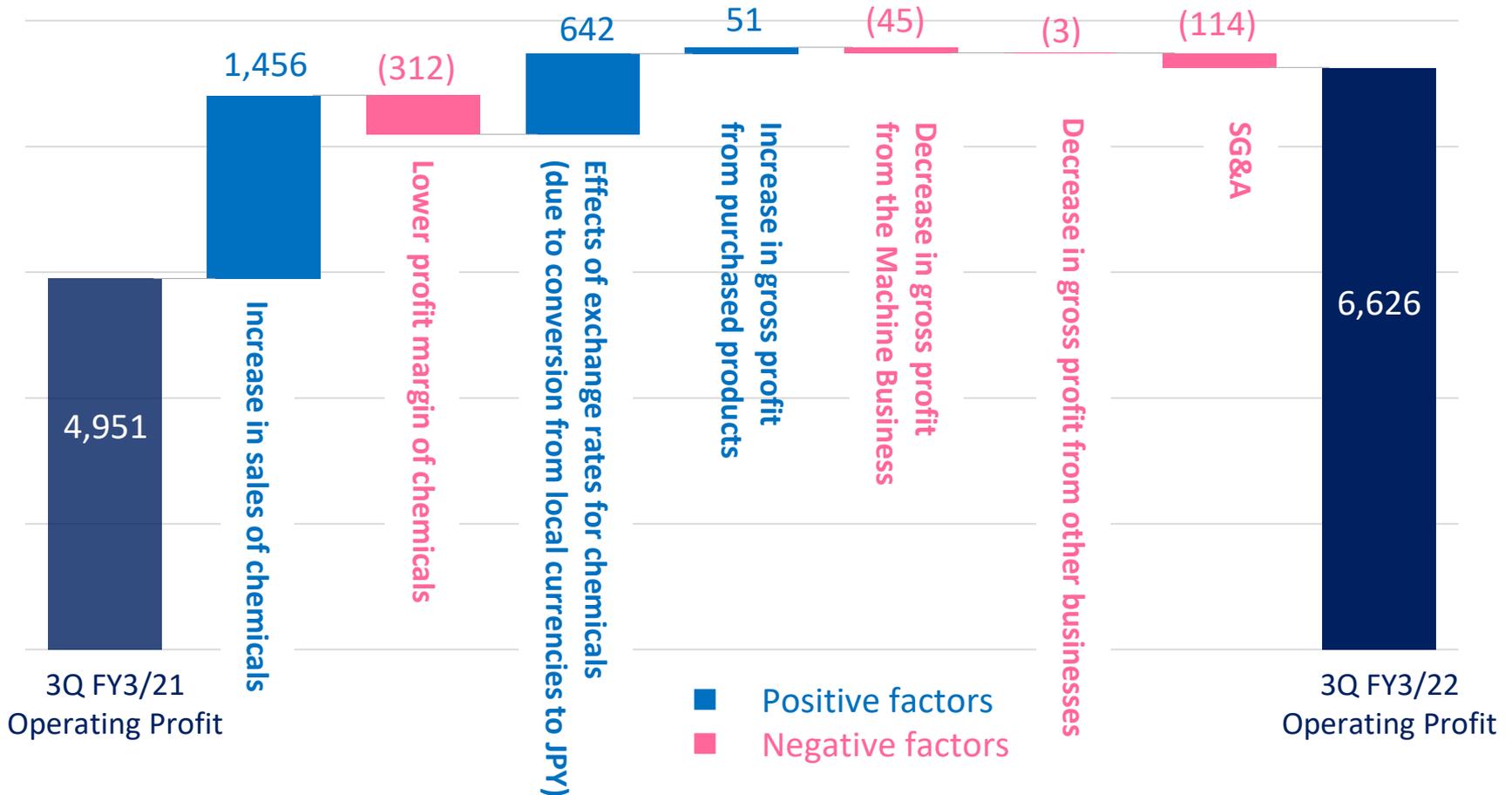
Note: The average rate for the period is used to translate Chinese yuan, Taiwan dollar and Korean won, our major foreign currencies, to Japanese yen.

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

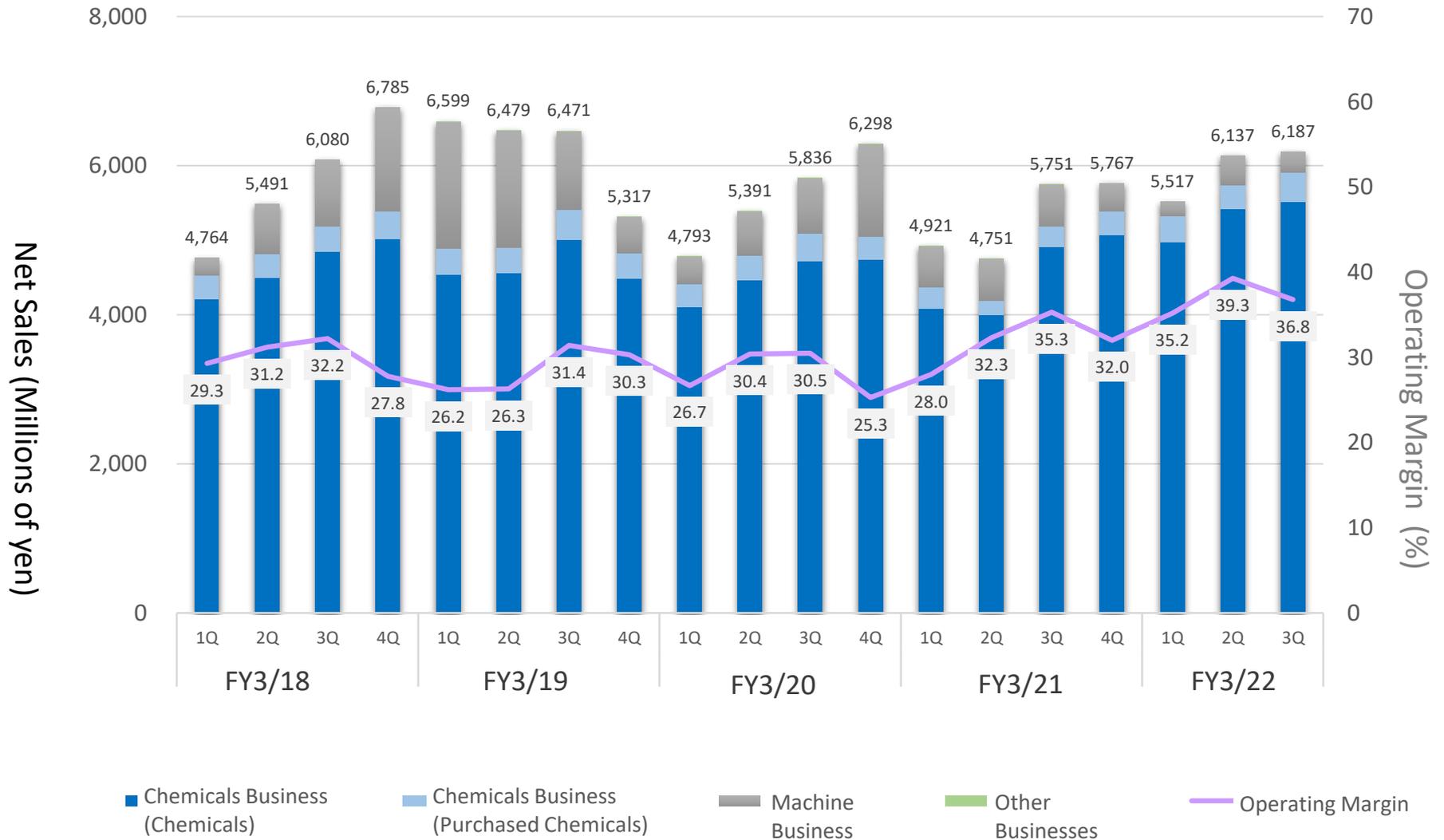
Changes in Consolidated Operating Profit for 3Q FY3/22

(Millions of yen)

(YoY change)
+1,675

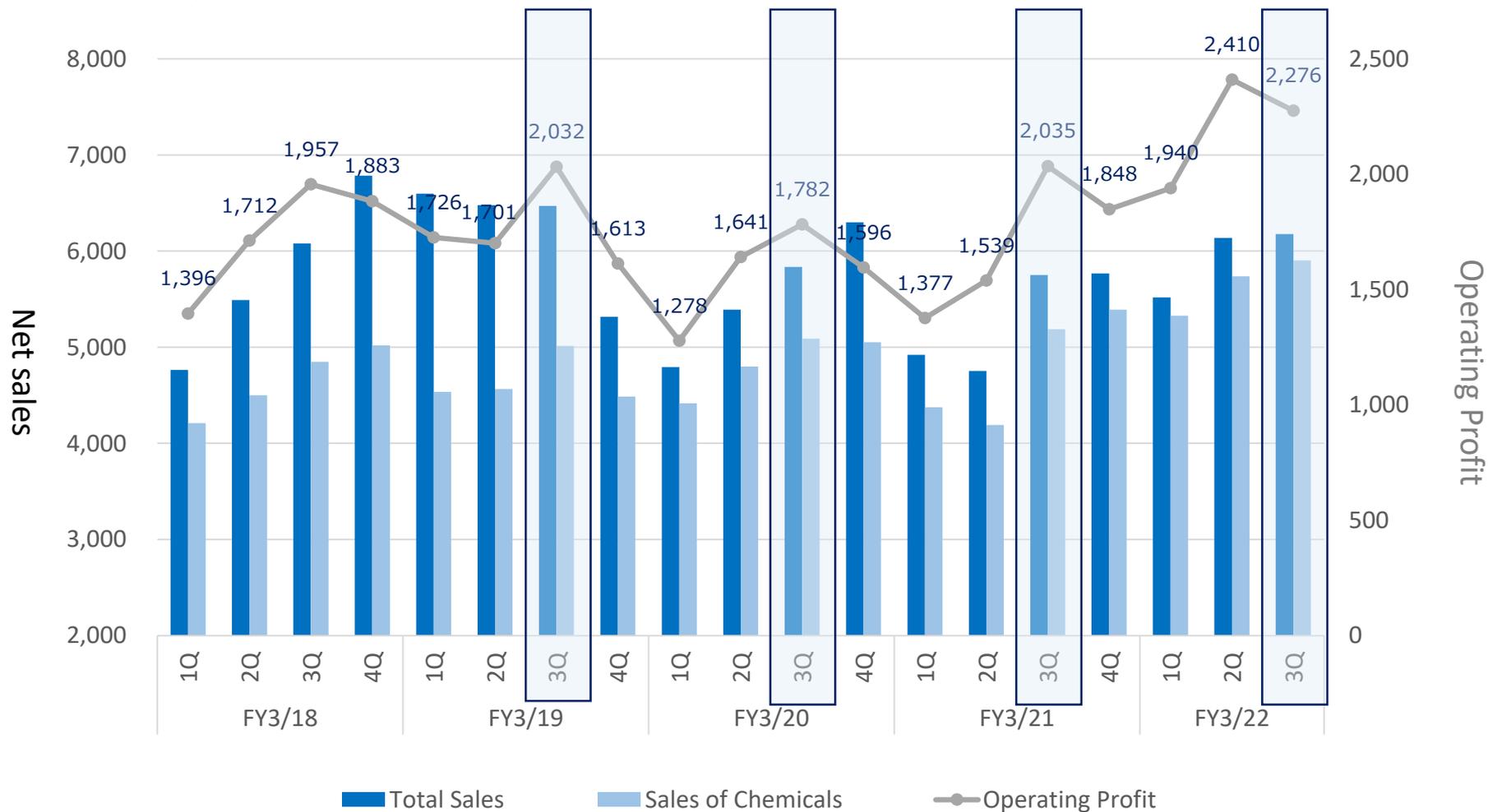


Quarterly Consolidated Financial Results (By Segment)



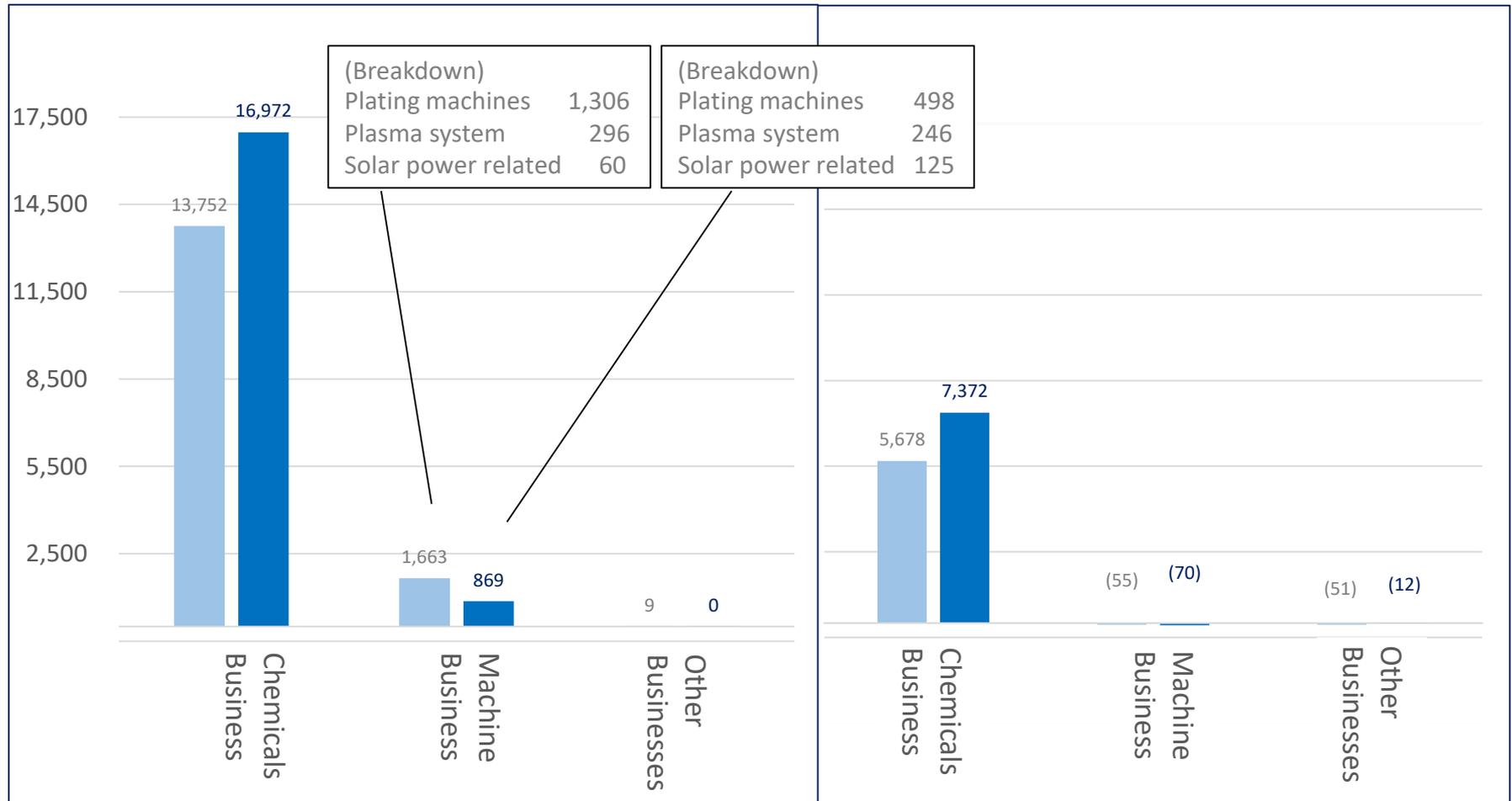
Quarterly Consolidated Financial Results

(Millions of yen)



Consolidated Segment Results for 3Q FY3/22

(Millions of yen)

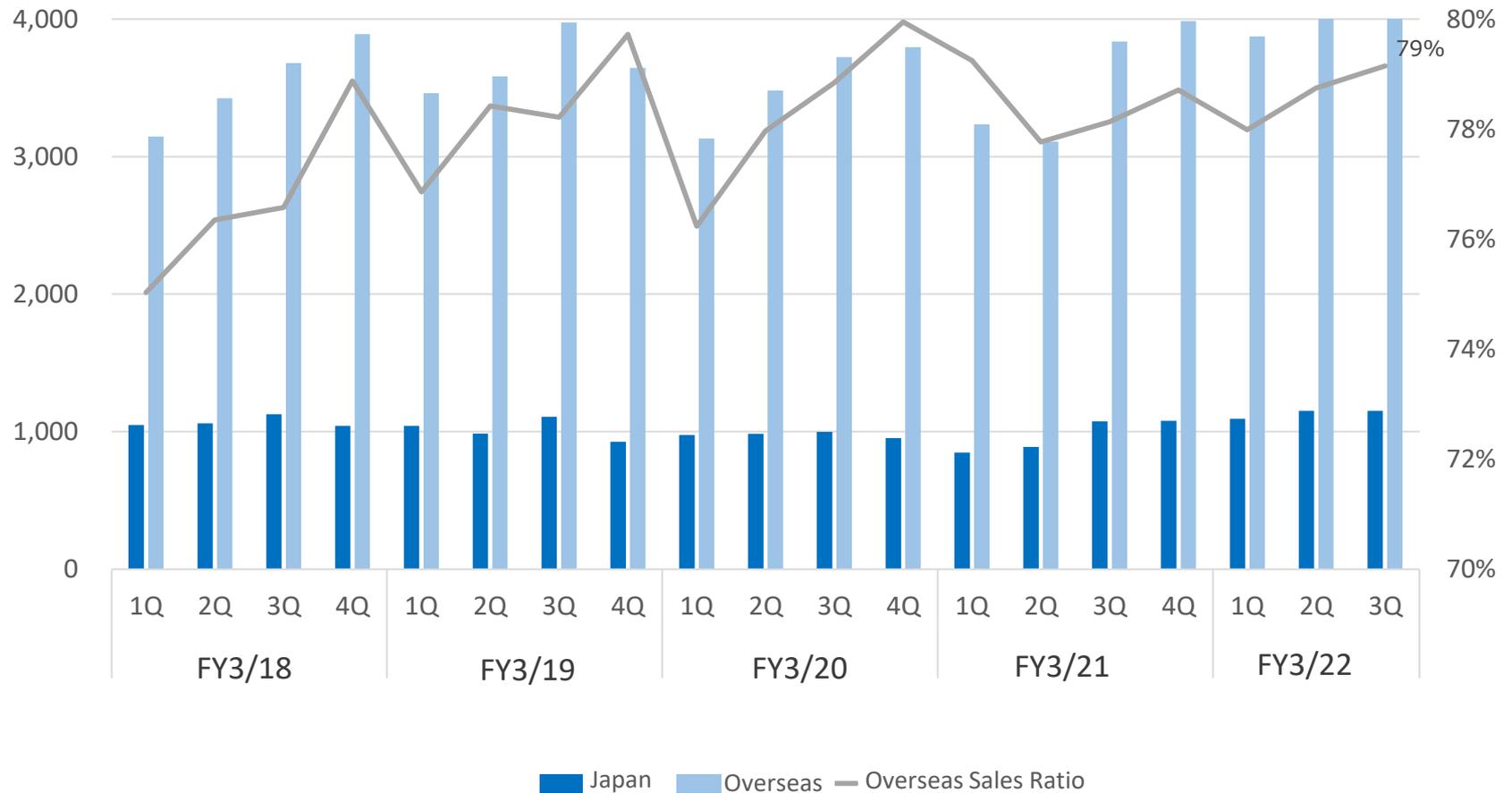


Net Sales

Segment Profit (Loss)

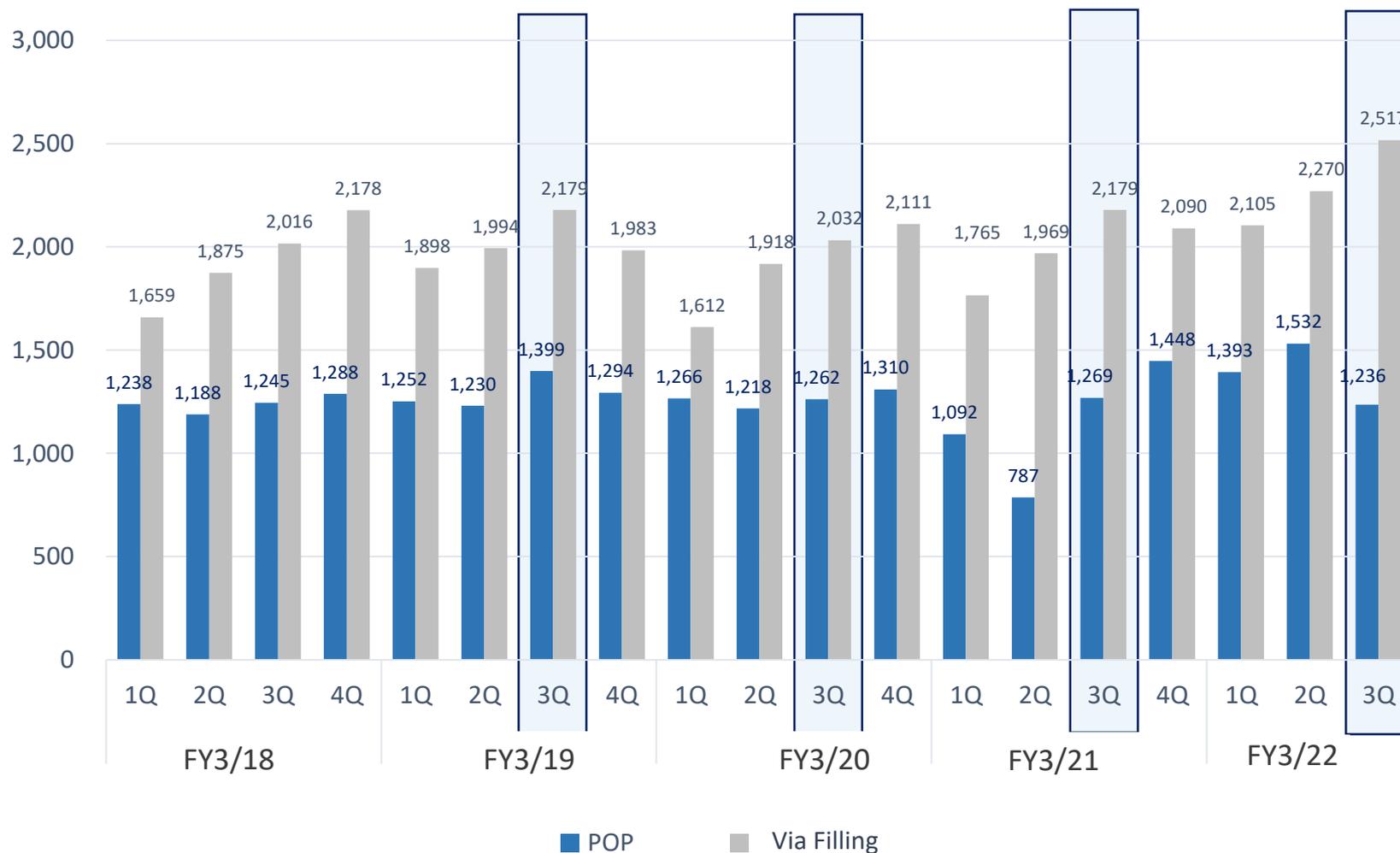
Quarterly Sales of Chemicals in Japan and Overseas

(Millions of yen)



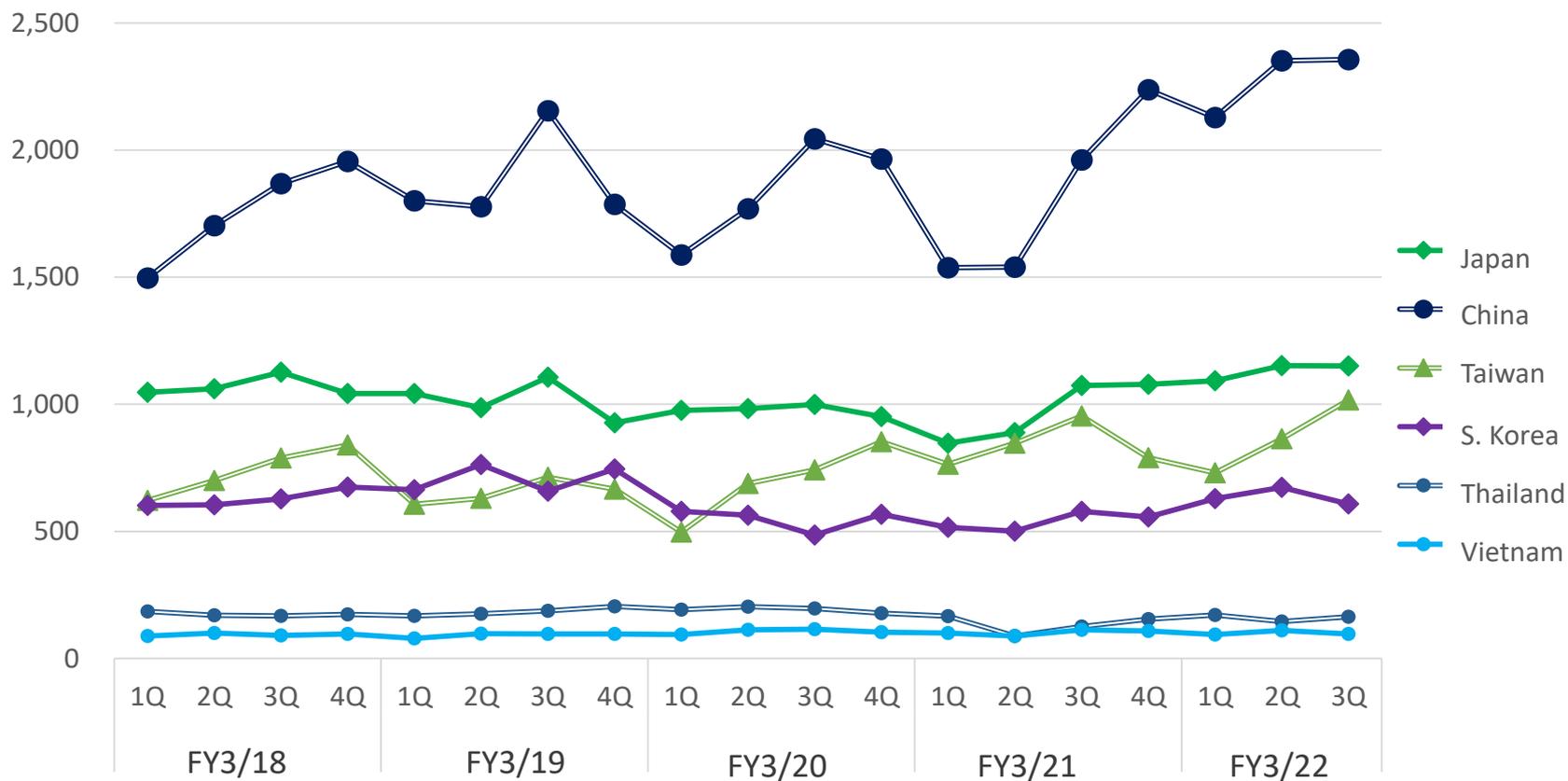
Quarterly Sales of Chemicals for POP and Via Filling

(Millions of yen)



Quarterly Sales of Chemicals by Region

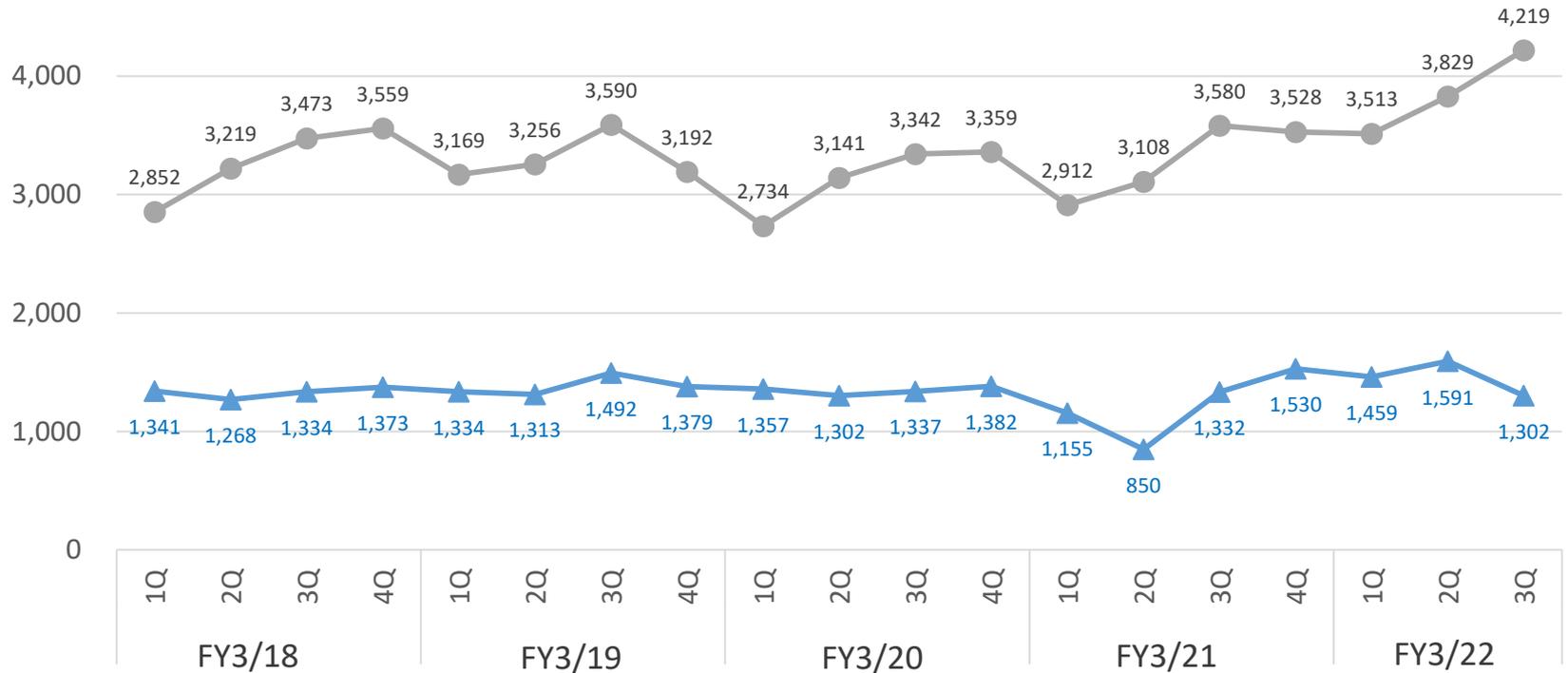
(Millions of yen)



Quarterly Sales of Chemicals by Region

(Millions of yen)

Consolidated



● Chemicals for Electronic Components
▲ Key Chemicals

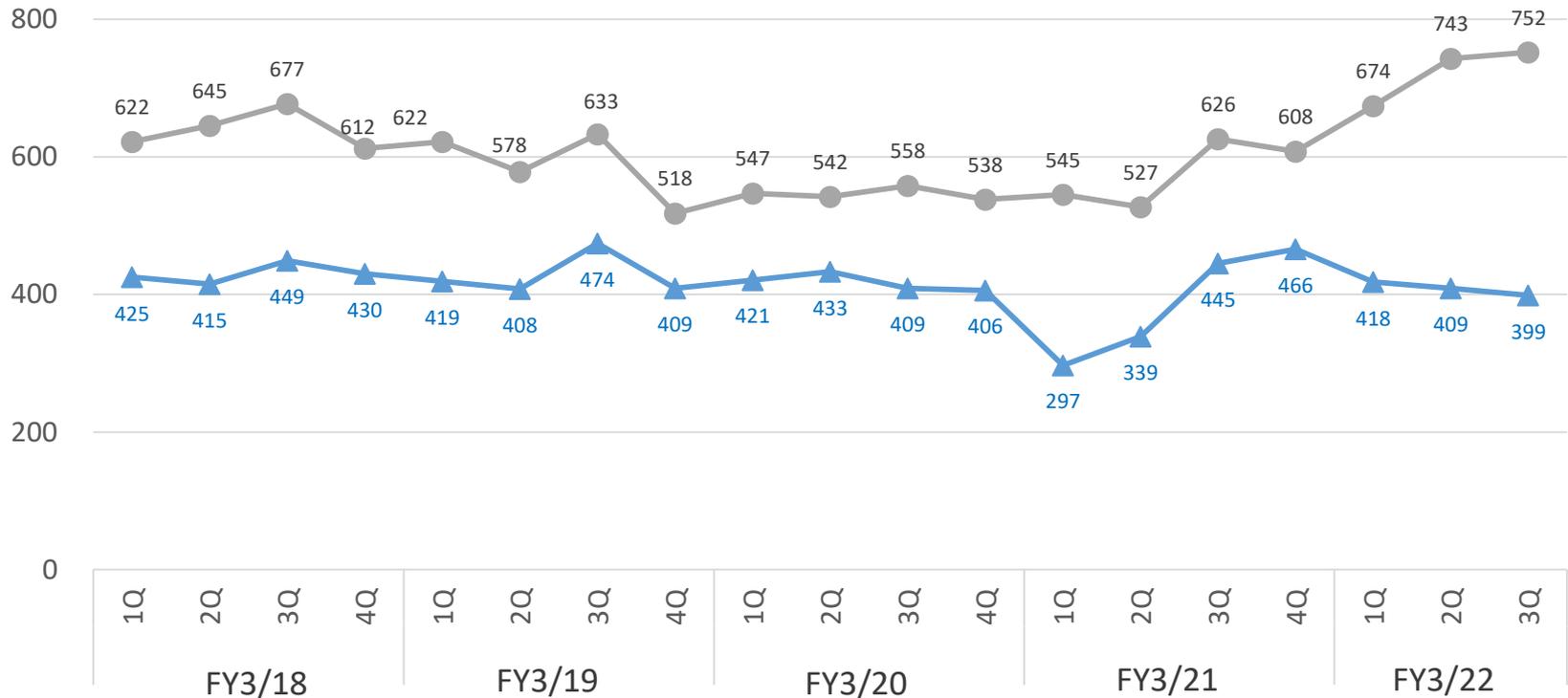
Chemicals for Electronic Components
 Up 10% QoQ Up 18% YoY Up 20% vs. 3Q FY3/21

Key Chemicals
 Down 18% QoQ Down 2% YoY Up 30% vs. 3Q FY3/21

Quarterly Sales of Chemicals by Region

(Millions of yen)

Japan



● Chemicals for Electronic Components
▲ Key Chemicals

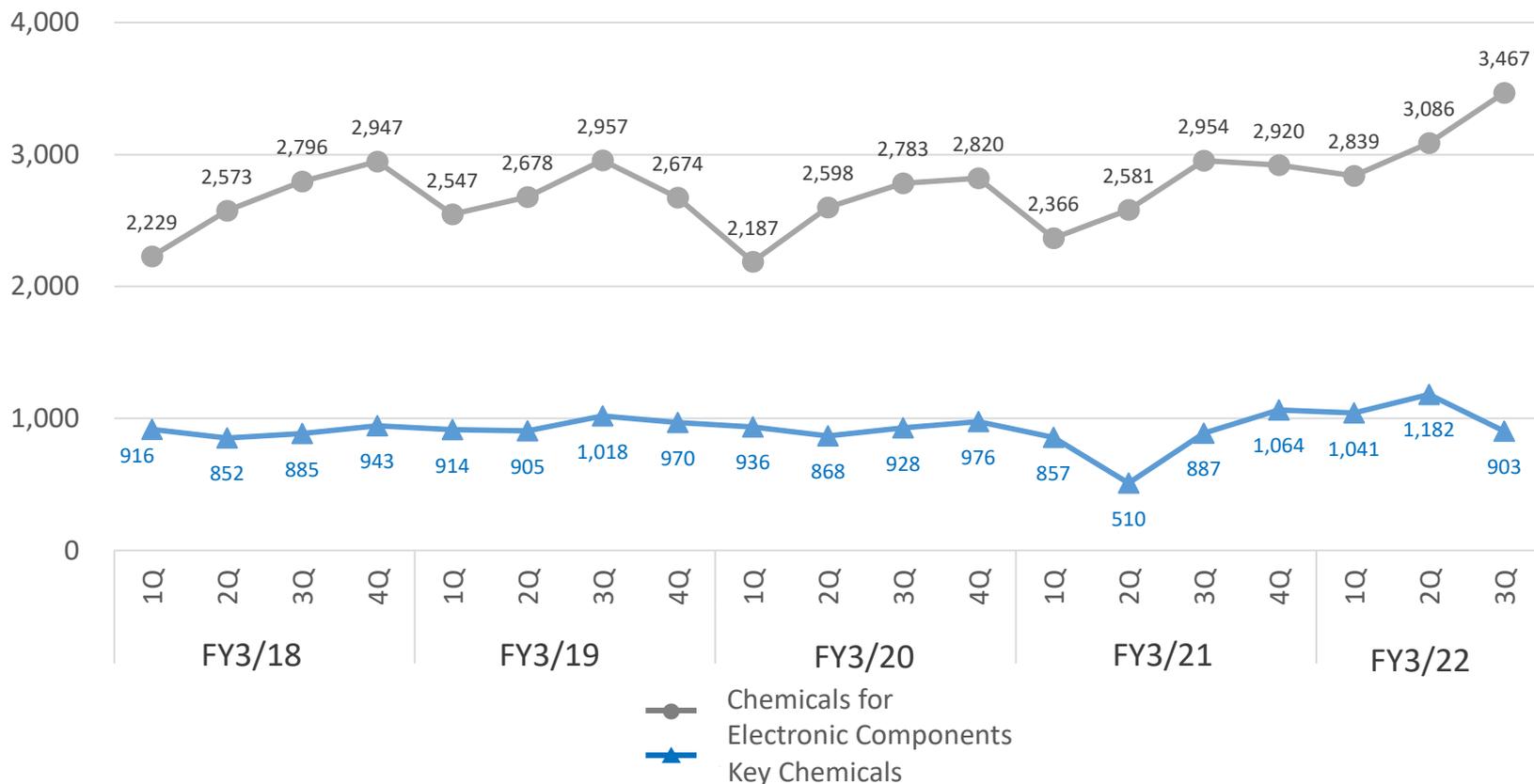
Chemicals for Electronic Components
 Up 1% QoQ Up 20% YoY Up 28% vs. 3Q FY3/21

Key Chemicals
 Down 3% QoQ Down 10% YoY Up 13% vs. 3Q FY3/21

Quarterly Sales of Chemicals by Region

(Millions of yen)

Overseas



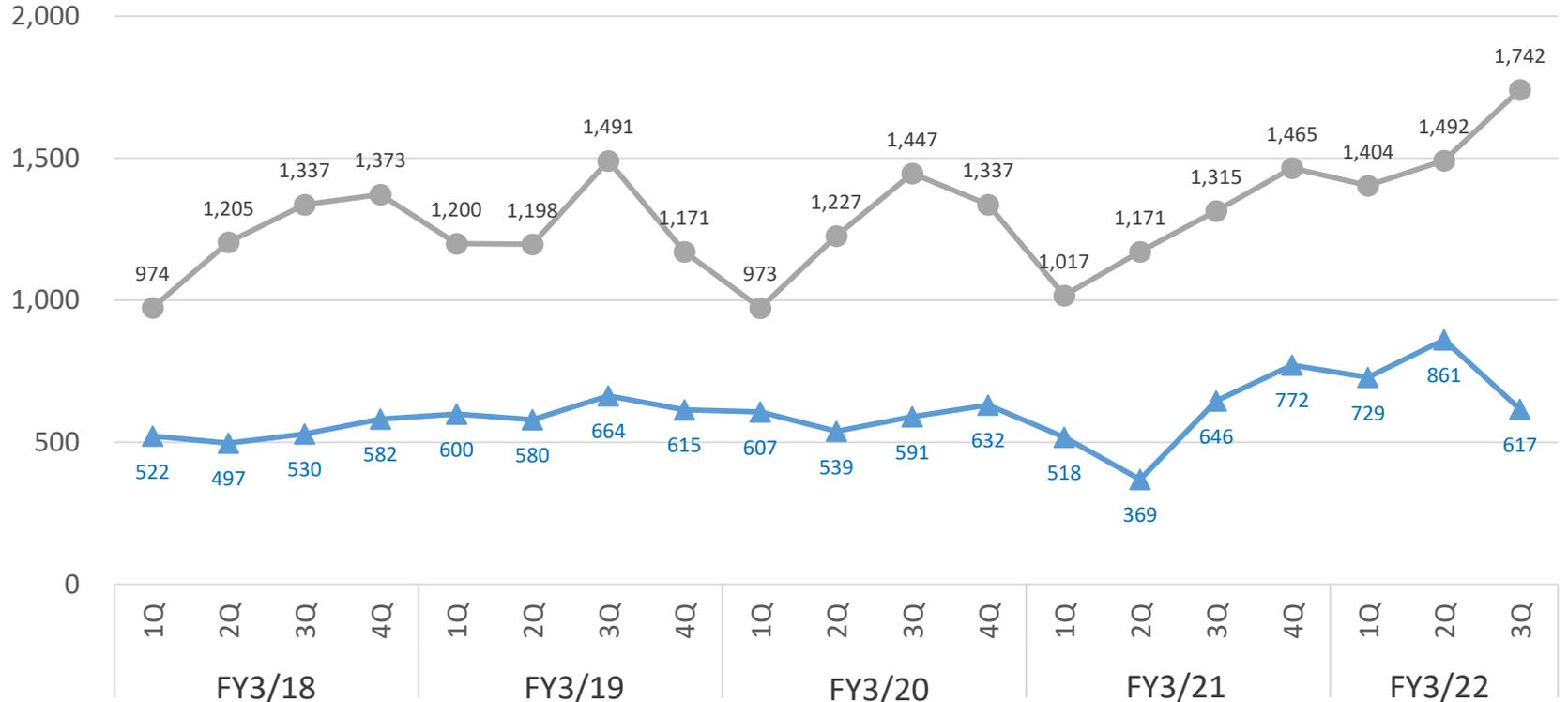
Chemicals for Electronic Components
 Up 12% QoQ Up 17% YoY Up 19% vs. 3Q FY3/21

Key Chemicals
 Down 24% QoQ Up 2% YoY Up 39% vs. 3Q FY3/21

Quarterly Sales of Chemicals by Region

(Millions of yen)

China



 Chemicals for Electronic Components
 Key Chemicals

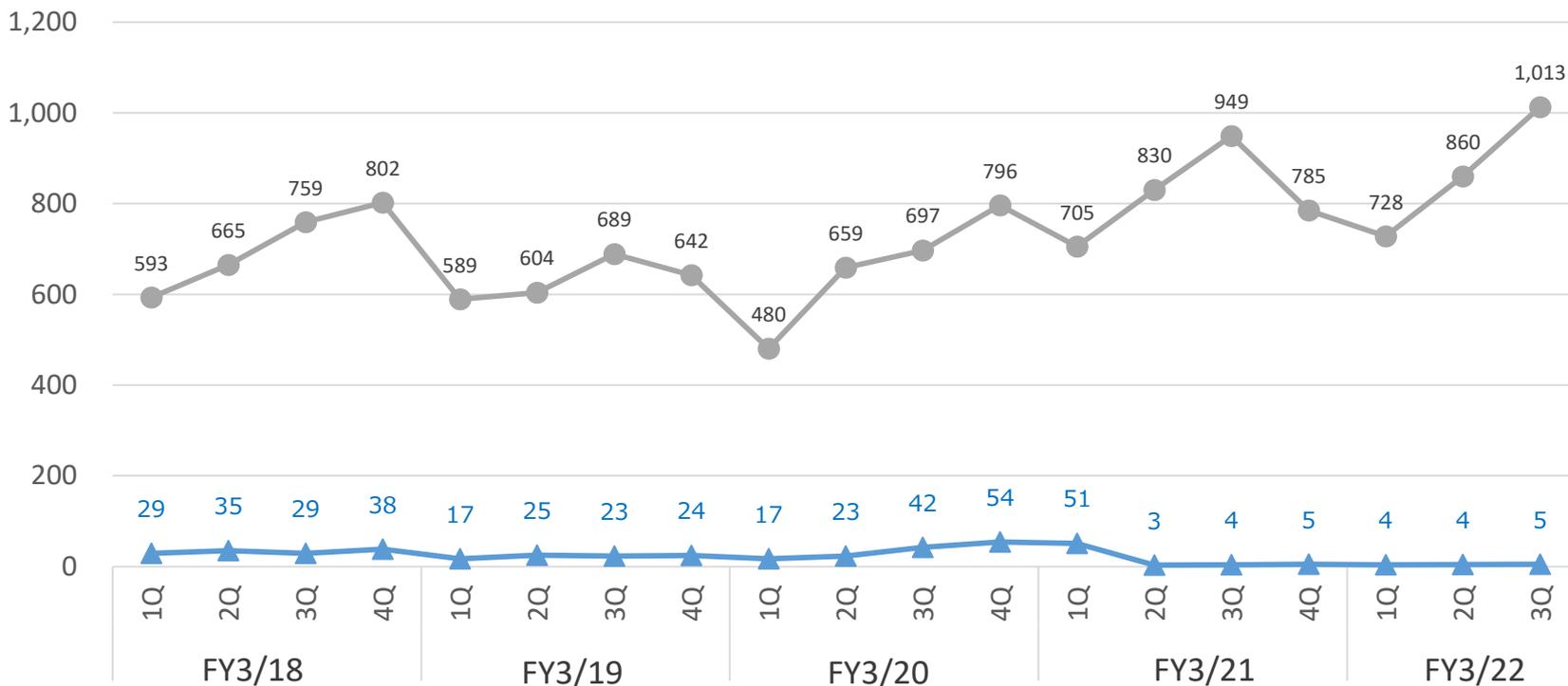
Chemicals for Electronic Components
 Up 17% QoQ Up 32% YoY Up 32% vs. 3Q FY3/21

Key Chemicals
 Down 28% QoQ Down 5% YoY Up 44% vs. 3Q FY3/21

Quarterly Sales of Chemicals by Region

(Millions of yen)

Taiwan



● Chemicals for Electronic Components
▲ Key Chemicals

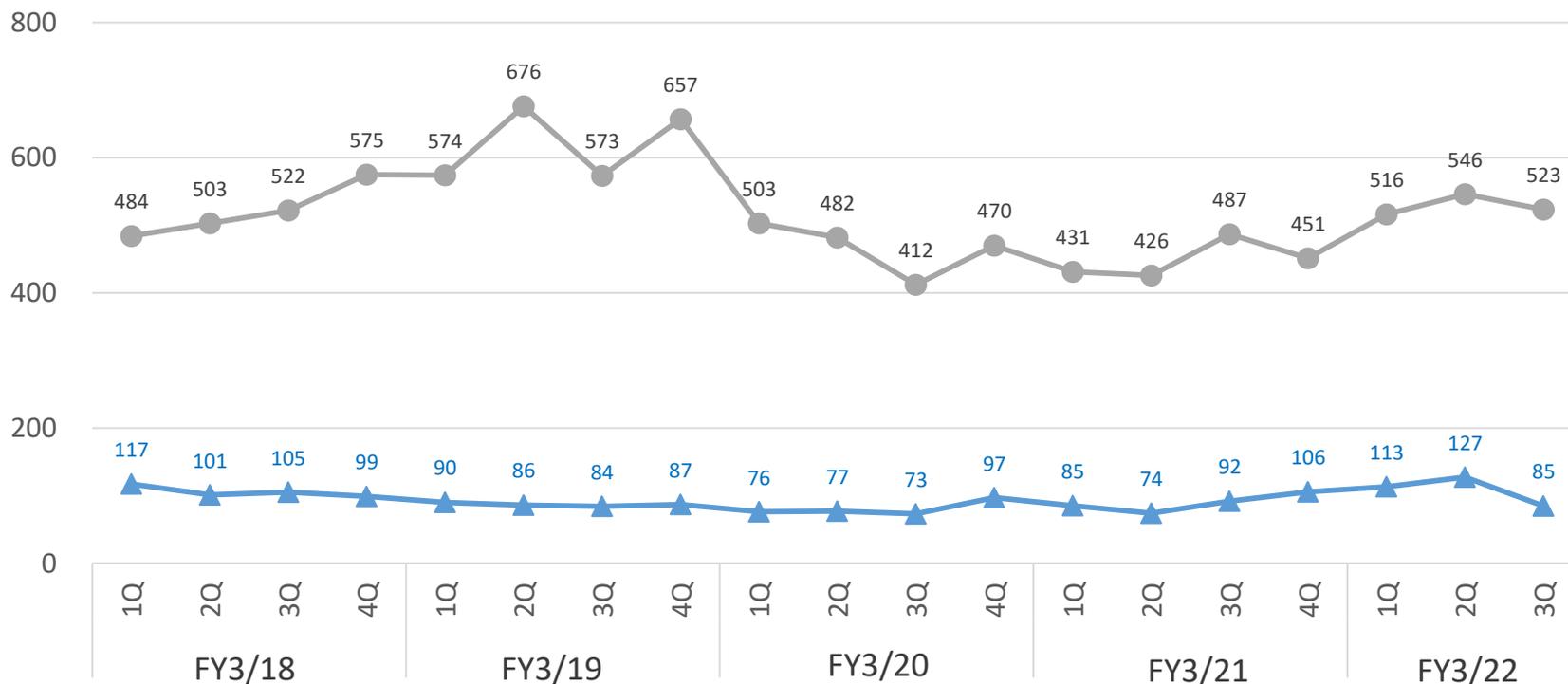
Chemicals for Electronic Components
 Up 18% QoQ Up 7% YoY Up 5% vs. 3Q FY3/21

Key Chemicals
 Up 26% QoQ Up 9% YoY Down 78% vs. 3Q FY3/21

Quarterly Sales of Chemicals by Region

(Millions of yen)

South Korea



● Chemicals for Electronic Components
▲ Key Chemicals

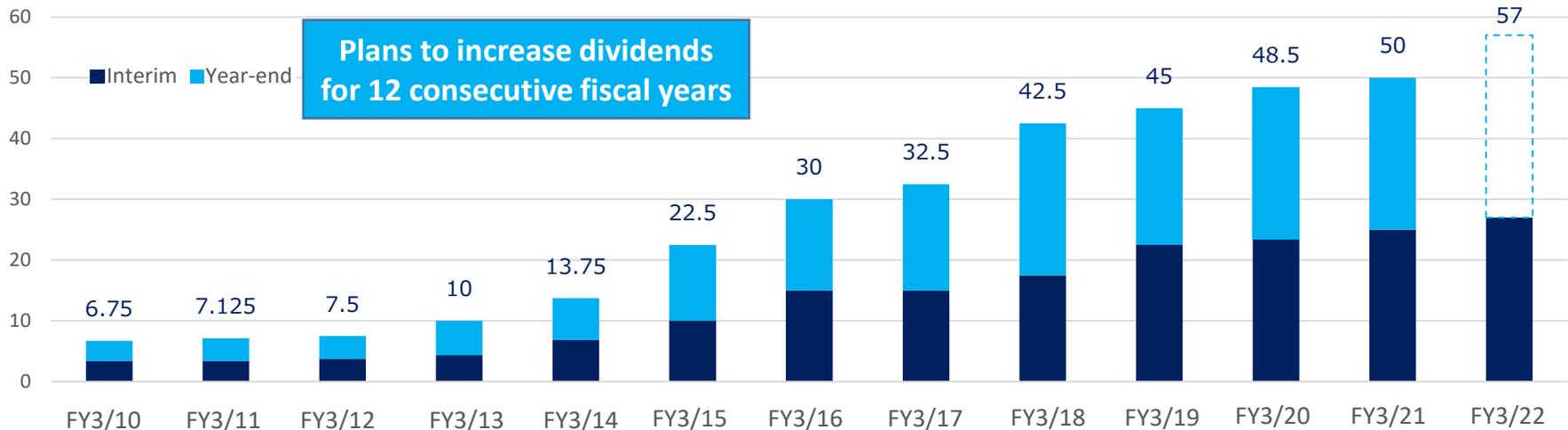
Chemicals for Electronic Components
 Down 4% QoQ Up 7% YoY Up 18% vs. 3Q FY3/21

Key Chemicals
 Down 33% QoQ Down 8% YoY Up 29% vs. 3Q FY3/21

Dividend Forecast (Upward Revision)

		FY3/20	FY3/21	FY3/22 (Initial forecasts)	FY3/22 (Revised forecasts)
Dividends per share	Interim	23.5 yen	25.0 yen	27.0 yen	27.0 yen
	Year-end	25.0 yen	25.0 yen	27.0 yen	30.0 yen
	Annual	48.5 yen	50.0 yen	54.0 yen	57.0 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)

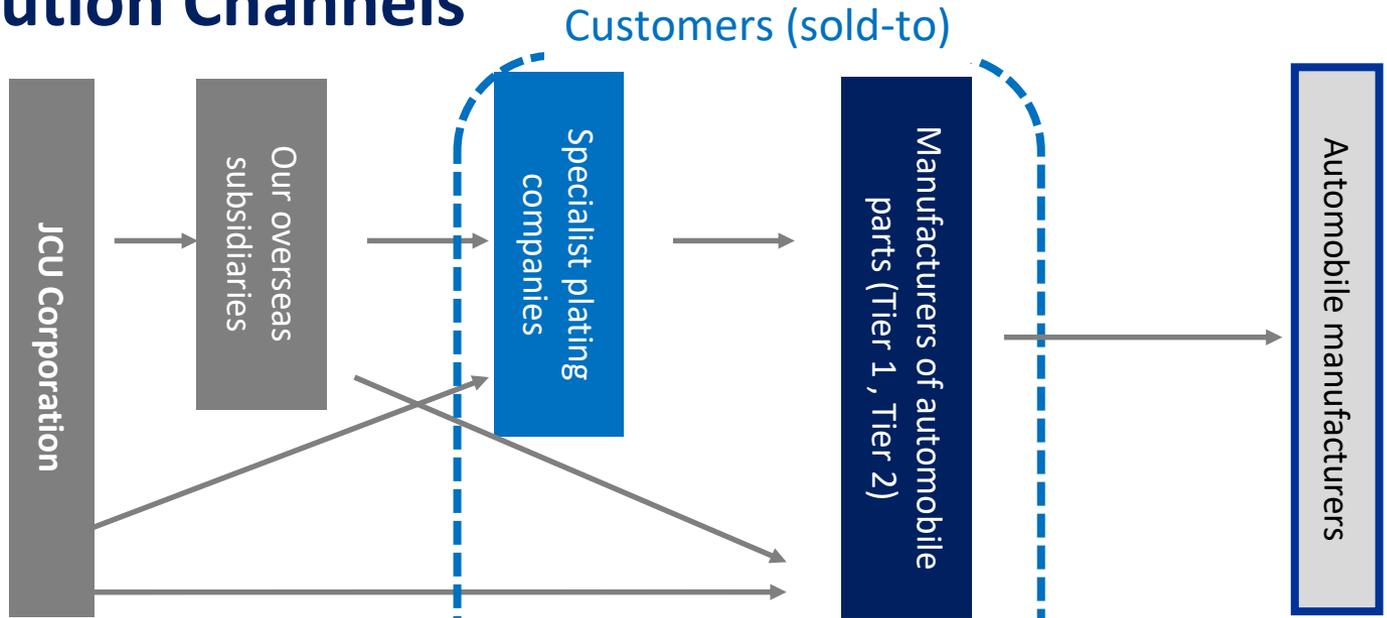
ISO Certificates

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

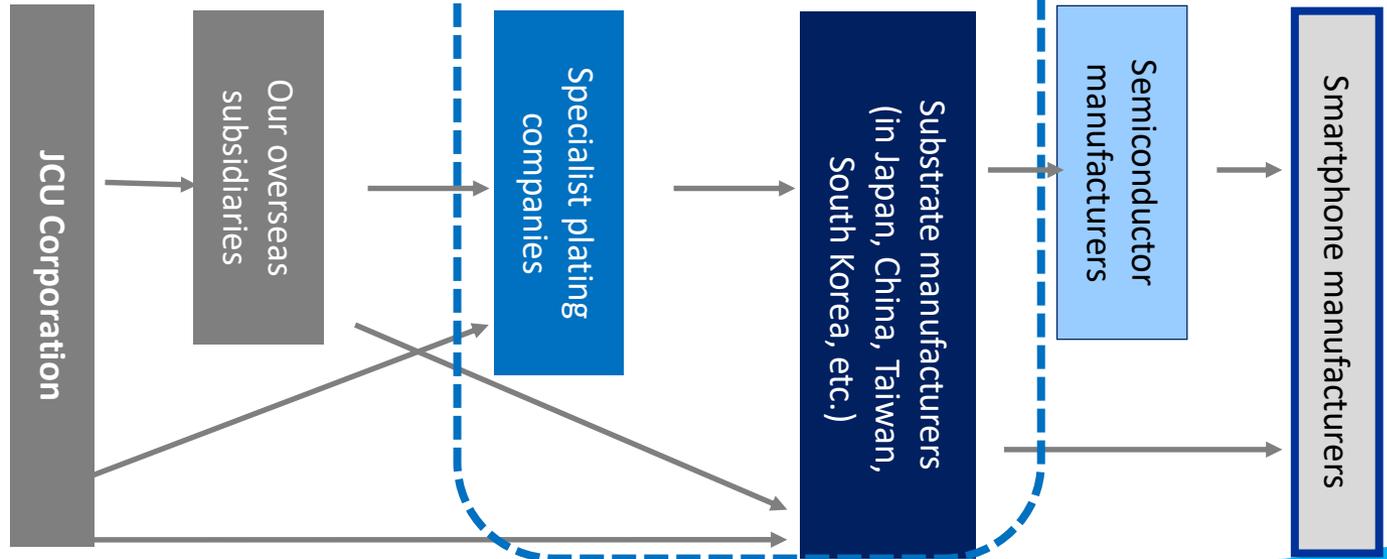
ISO14001 Production Headquarters and R&D Center (JCQA-E-0143)

Major Distribution Channels

Automobiles



Smartphones



Major Products

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

Machine Business	Fully-automated surface treatment equipment	Fully-automated equipment from input of materials to completion of the plating process
	Peripheral equipment	Manufacturing and sale of filtration machines and other peripheral equipment to be attached to surface treatment equipment
	Automatic analytical control systems	Automatic management of plating solutions by analyzing concentrations of chemicals and adding chemicals when an insufficient level is detected
	Plasma system	Etching and washing devices for PWBs as part of pre-plating processes
	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 Chemicals for metal coating on plastics 	(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.
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 	(Data centers and other infrastructures) Motherboards for communication servers etc. (High-performance electronic devices) 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