

Explorer in Surface Engineering

Financial Results Briefing Material

for the Fiscal Year Ended March 2022

JCU CORPORATION

TSE Prime (Stock Code: 4975)



May 11, 2022

Influence of the Russian-Ukrainian situation on the Group performance

1. Rise in the prices of raw materials produced in Russia

As the Company use no materials produced in Russia, we expect no direct influence at present.

2. Rise in the prices of distribution cost caused by higher crude oil price and other factors

Most of our products are produced in the production bases of our oversea group companies. For that, as the ratio of products exported overseas is small, the influence is slight.

3. Depreciation of the yen

Most of our oversea group company businesses are done in local currencies. As we announce the translated values as the performance values for the consolidated results, the deprecation of the yen is a factor to increase our profit.

Summary of Consolidated Financial Results for FY3/22

Overview of Financial Results

Accounting Period of FY3/22

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

Overseas subsidiaries: January 1 to December 31

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 productions of the automotive industry were affected by the shortage of semiconductors and others in China, the recovery trend in the automotive industry continued and demand for chemicals increased significantly.

Machine Business

- Net sales decreased substantially because in the plating machines for the automobiles, the progress in the satisfaction of performance obligation was delayed. However, due to the resumption of postponed projects, and the increasing demand for new investment in plating machines in electronics industry, order backlog increased significantly.

Summary of Financial Results for FY3/22

Consolidated

(Millions of yen)

	FY3/20	FY3/21	FY3/22		
	Results	Results	Forecasts (Revised November 2021)	Results	YoY % Change
Net sales	22,319	21,192	23,500	24,256	14.5%
Operating profit	6,297	6,799	8,300	8,990	32.2%
Ordinary profit	6,240	6,922	8,350	9,231	33.4%
Profit attributable to owners of parent	4,416	4,708	5,900	6,370	35.3%
Net income per share	163.97 yen	178.33 yen	225.19 yen	243.82 yen	-

Summary Consolidated Balance Sheet

Note: Certain line items are omitted.

(Millions of yen)	FY3/21	FY3/22
Current assets	26,724	32,507
Cash and deposits	16,674	19,519
Notes and accounts receivable-trade	7,195	8,501
Inventories	2,502	3,632
Non-current assets	8,499	8,385
Property, plant and equipment	5,312	5,459
Investments and other assets	3,124	2,870
Total assets	35,224	40,892
Current liabilities	6,050	6,712
Notes and accounts payable-trade (incl. electronically recorded obligations-operating)	2,237	2,736
Short-term borrowings (incl. current portion of long-term borrowings)	634	705
Non-current liabilities	1,470	1,013
Long-term borrowings	613	540
Total liabilities	7,520	7,726
Total net assets	27,703	33,166
Total liabilities and net assets	35,224	40,892

Foreign Exchange Rates

(Yen)

	FY3/21	FY3/22					FY3/23 (Forecast)
		(Initial forecast)	1Q	2Q	3Q	4Q	
Chinese yuan (CNY)	15.48	15.50	16.36	16.66	16.78	17.03	17.20
Taiwan dollar (TWD)	3.63	3.60	3.77	3.84	3.88	3.93	4.00
Korean won (KRW)	0.0906	0.0900	0.0951	0.0964	0.0959	0.0960	0.0940

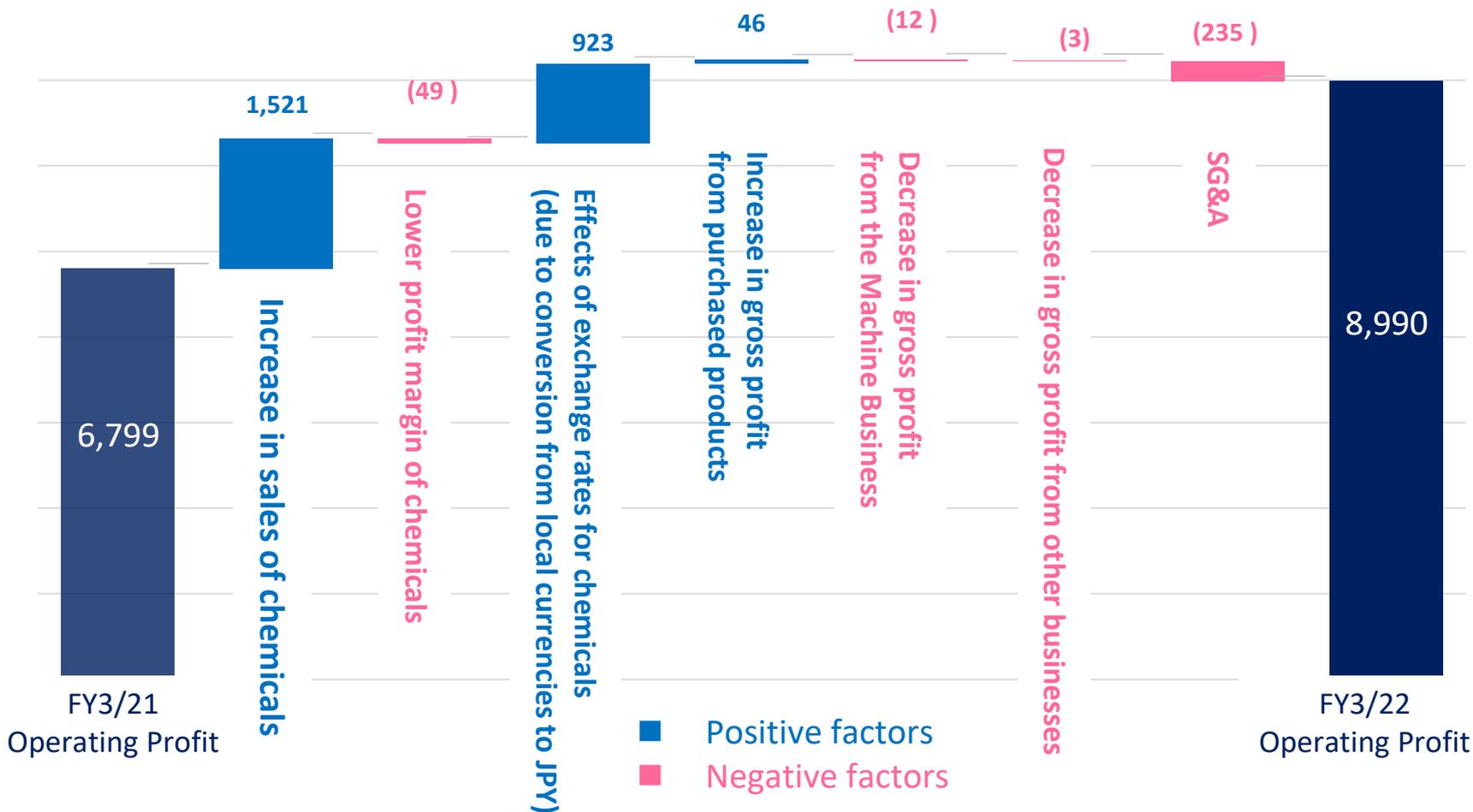
Note: The average rate for the period is used to translate Chinese yuan, Taiwan dollar and Korean won, our major foreign currencies, to Japanese yen.

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 FY3/22

(Millions of yen)

(YoY change)
+2,191



Forecasts for FY3/23

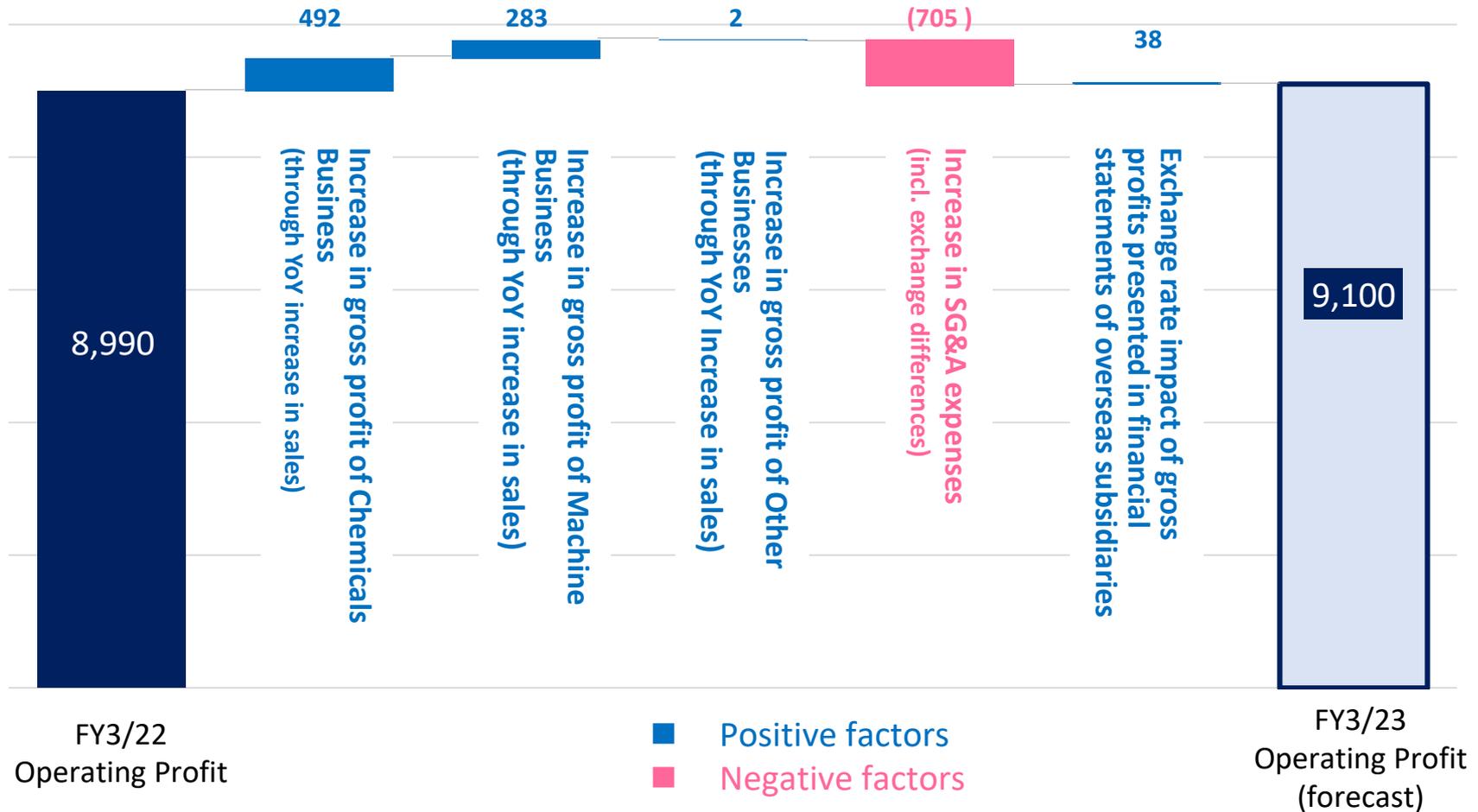
(Millions of yen)

	FY3/22 Results	FY3/23 Forecasts	YoY% Change
Net sales	24,256	26,500	9.3%
Operating profit	8,990	9,100	1.2%
Ordinary profit	9,231	9,100	(1.4)%
Profit attributable to owners of parent	6,370	6,300	(1.1)%
Net income per share	243.82 yen	242.93 yen	-

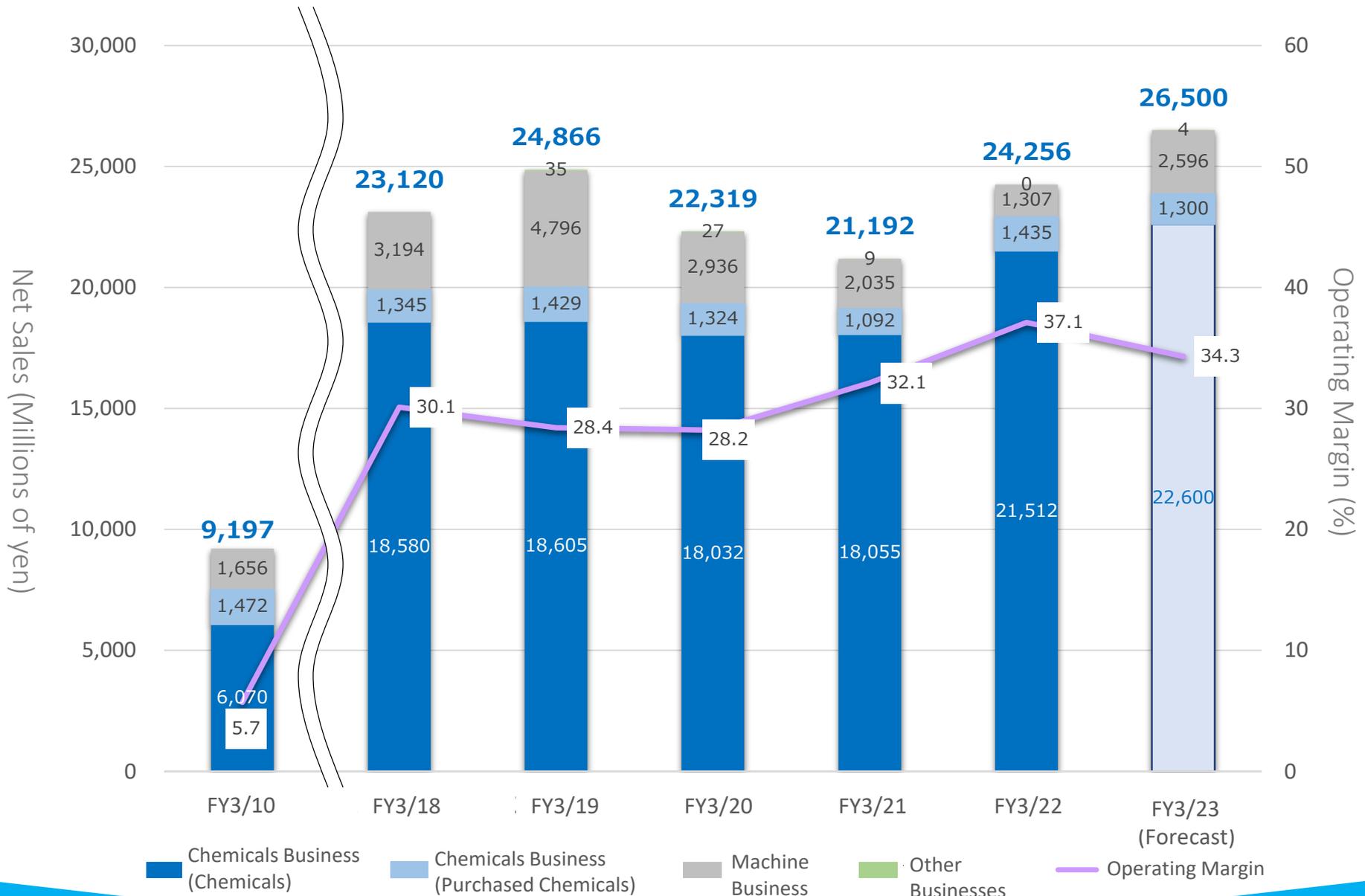
Changes in Consolidated Operating Profit (Forecast for FY3/23)

(Millions of yen)

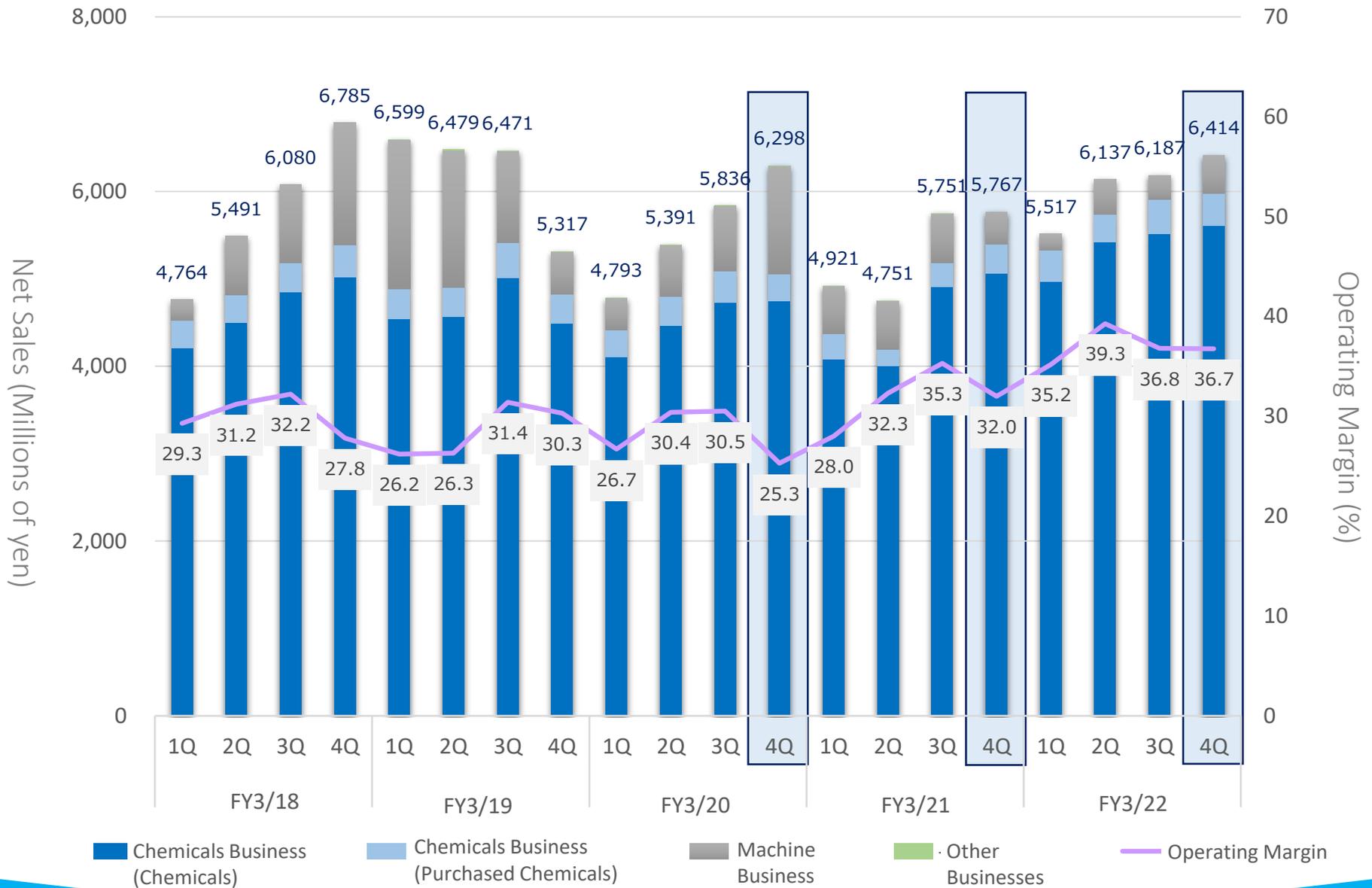
(YoY change)
+ 110



Annual Consolidated Financial Results (By Segment)

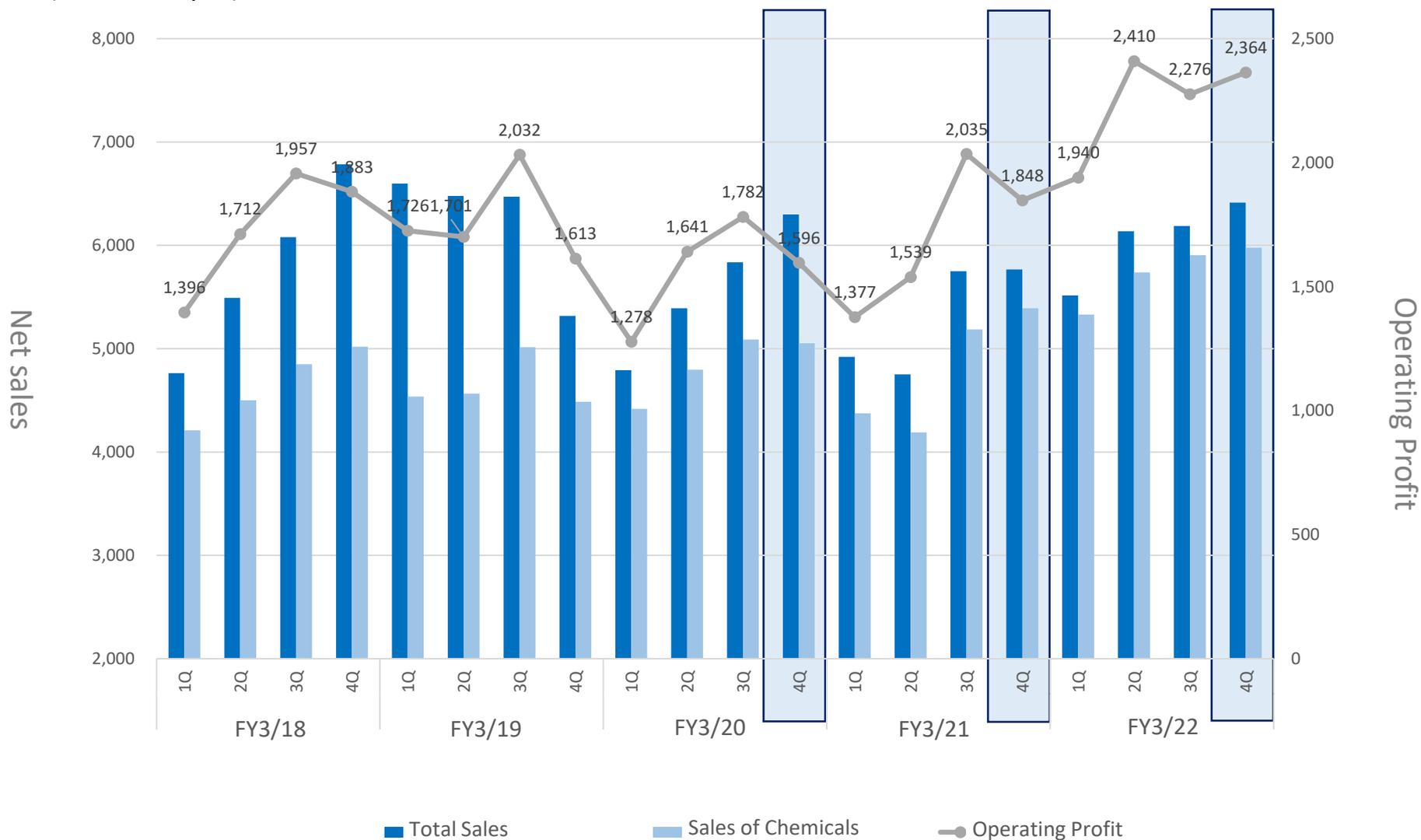


Quarterly Consolidated Financial Results (By Segment)



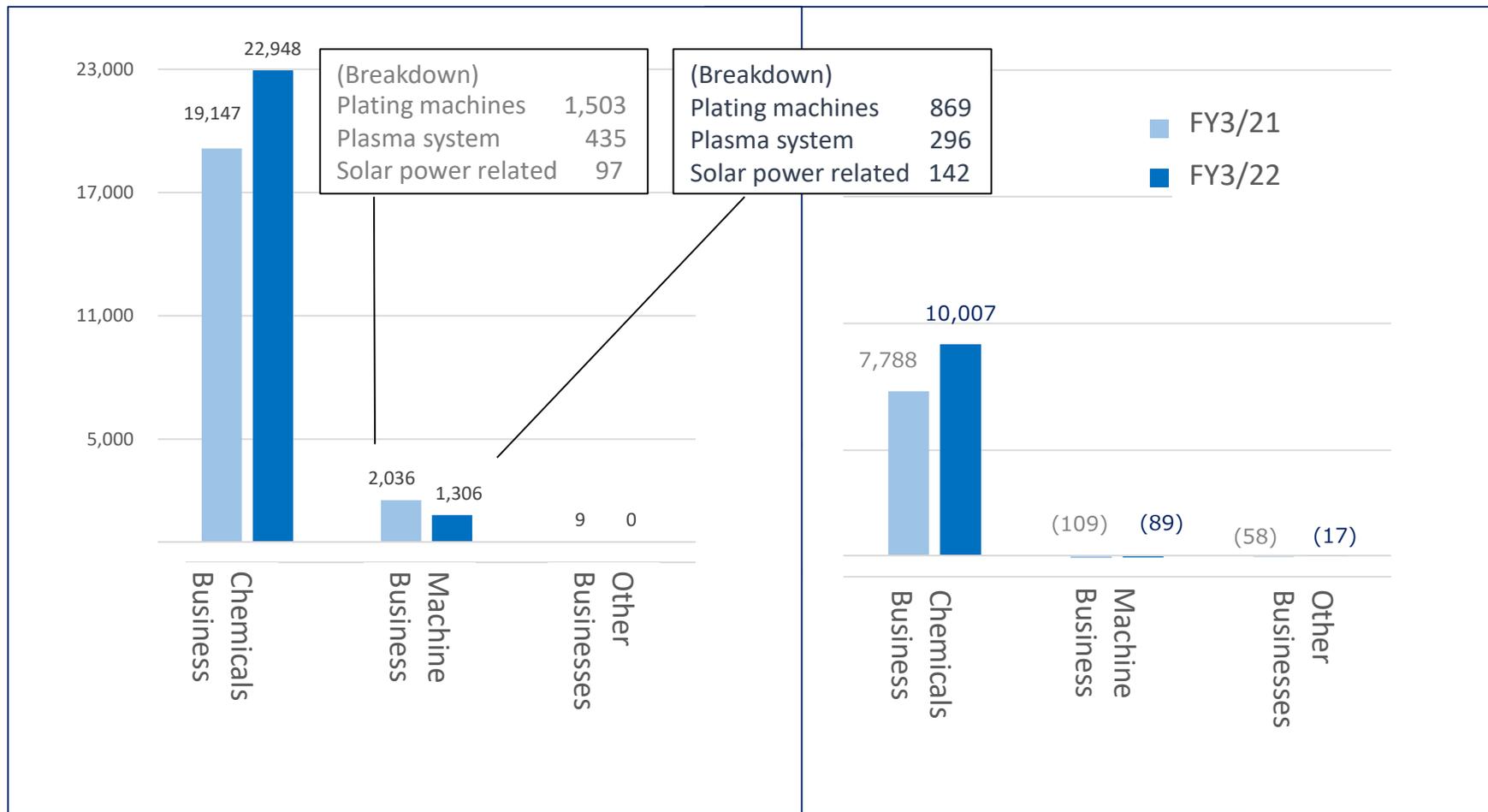
Quarterly Consolidated Financial Results

(Millions of yen)



Consolidated Segment Results for FY3/22

(Millions of yen)

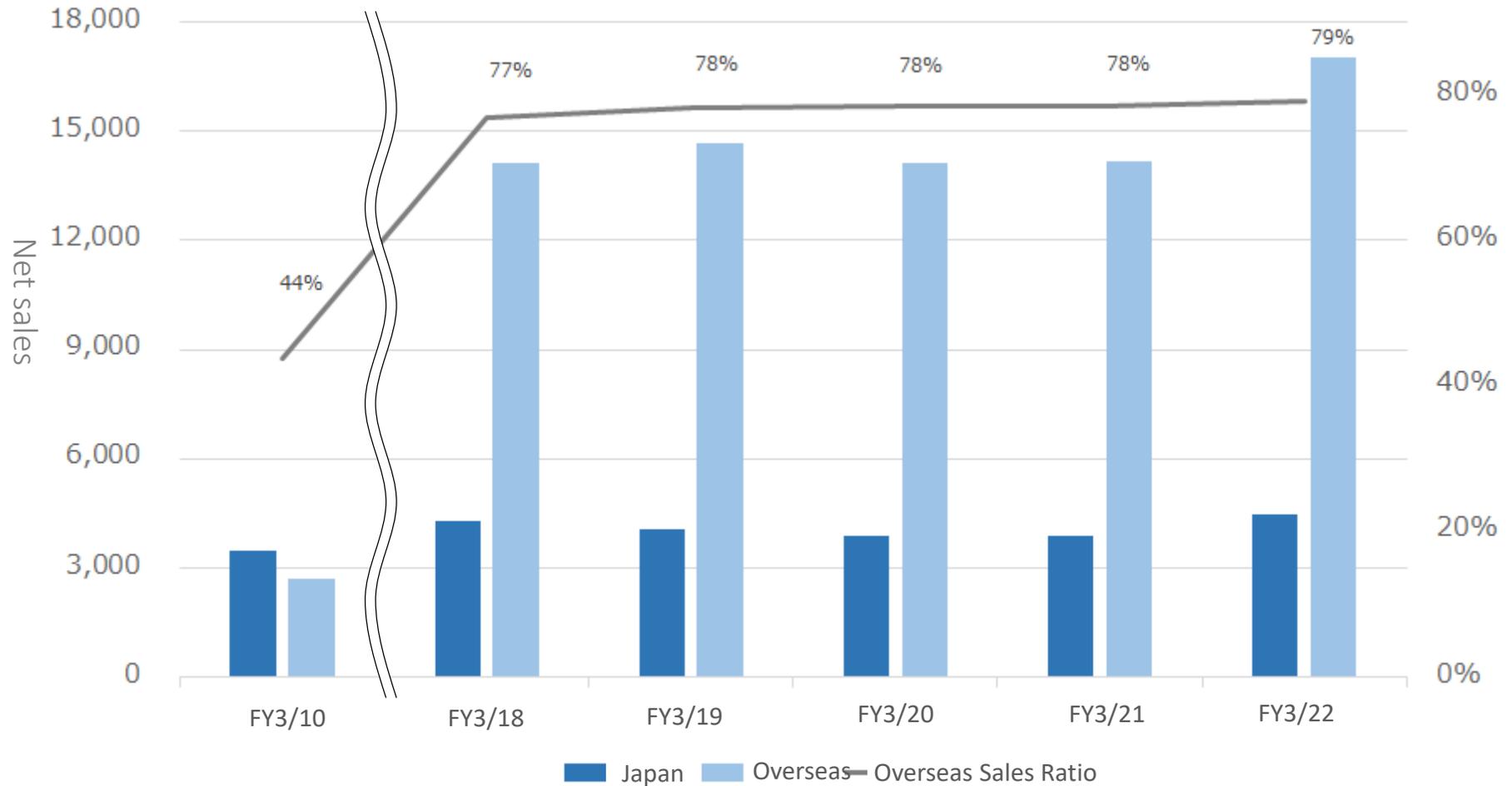


Net Sales

Segment Profit (Loss)

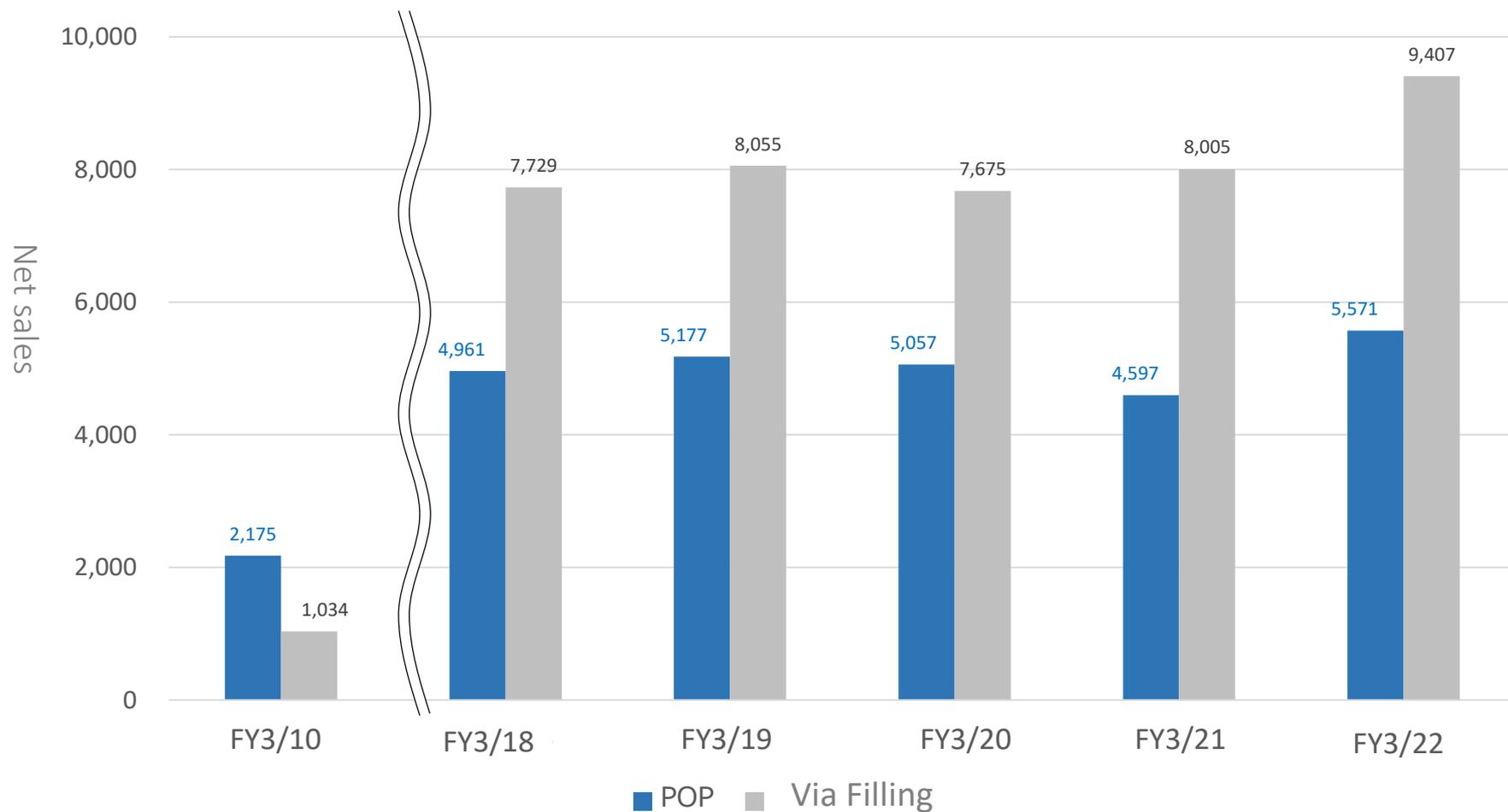
Annual Sales of Chemicals in Japan and Overseas

(Millions of yen)



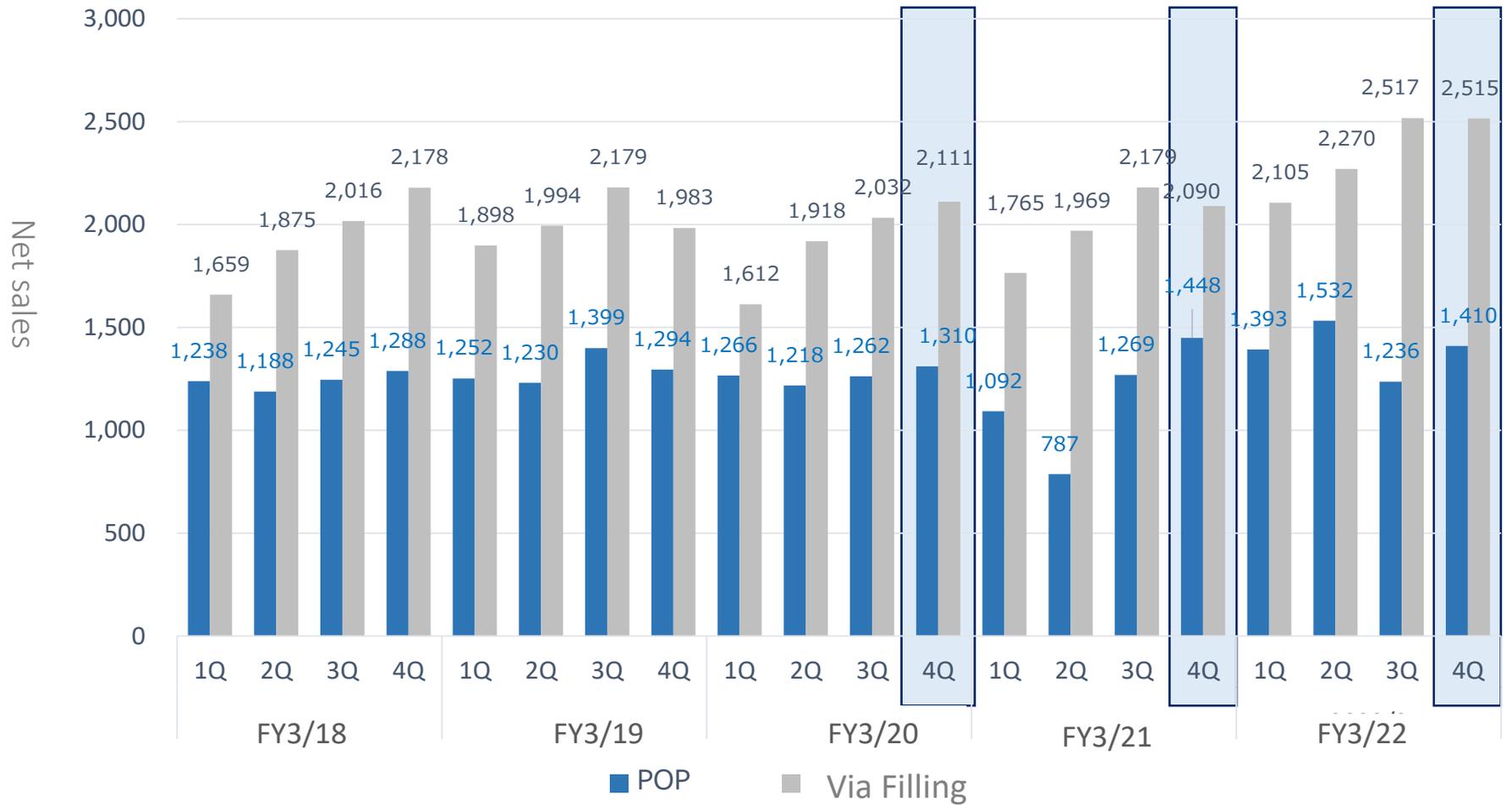
Annual Sales of Chemicals for POP and Via Filling

(Millions of yen)



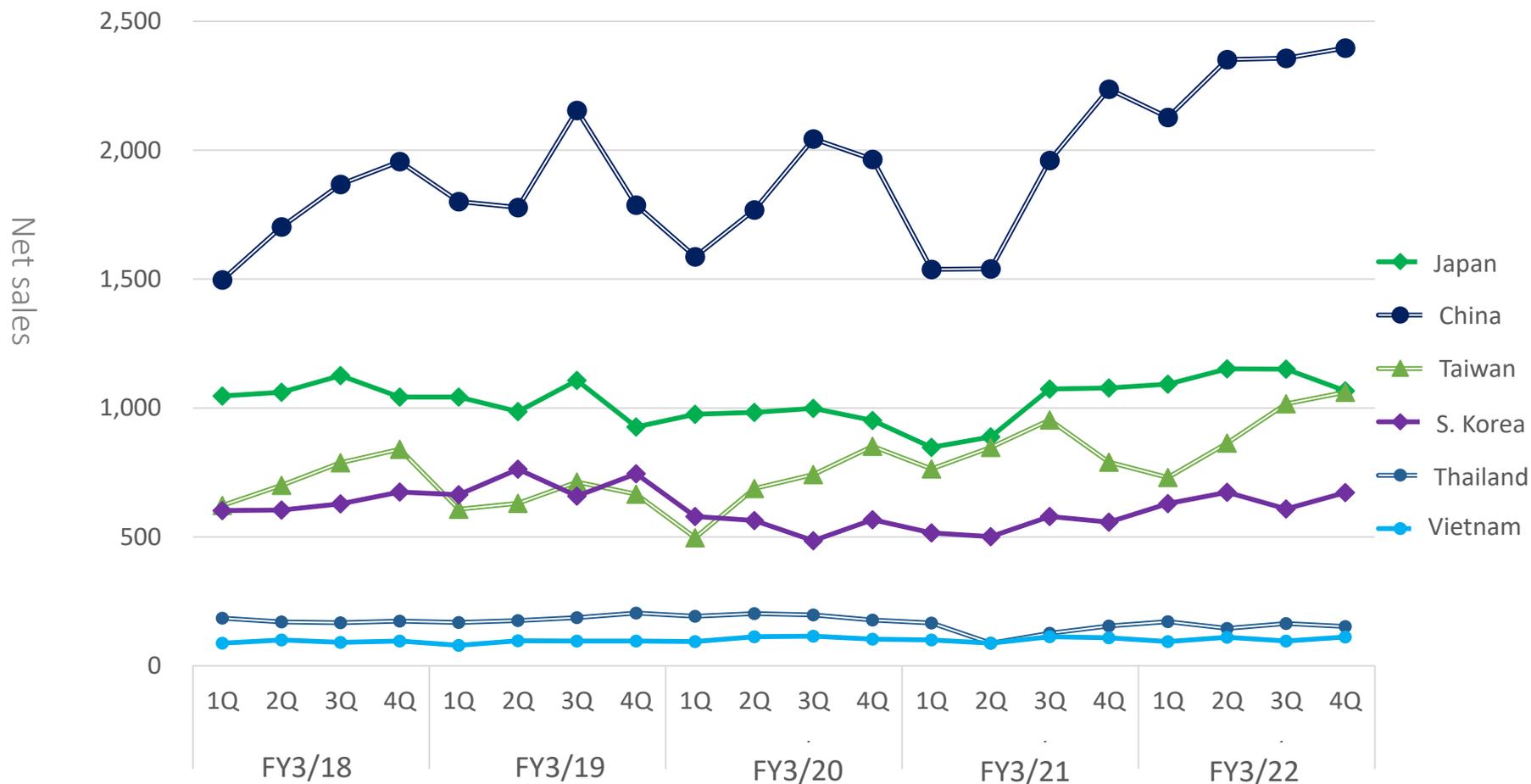
Quarterly Sales of Chemicals for POP and Via Filling

(Millions of yen)



Quarterly Sales of Chemicals by Region

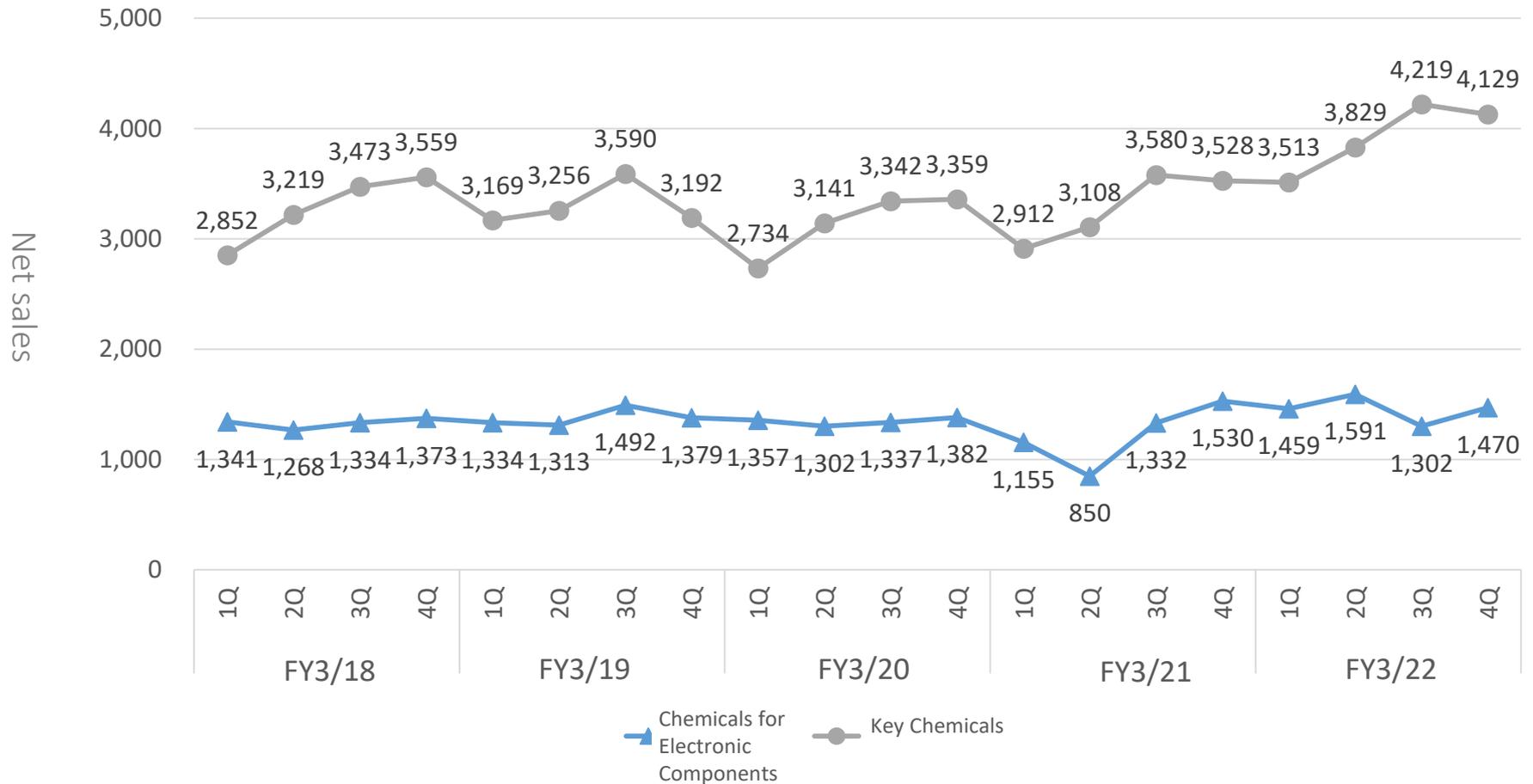
(Millions of yen)



Quarterly Sales of Chemicals by Category

(Millions of yen)

Consolidated



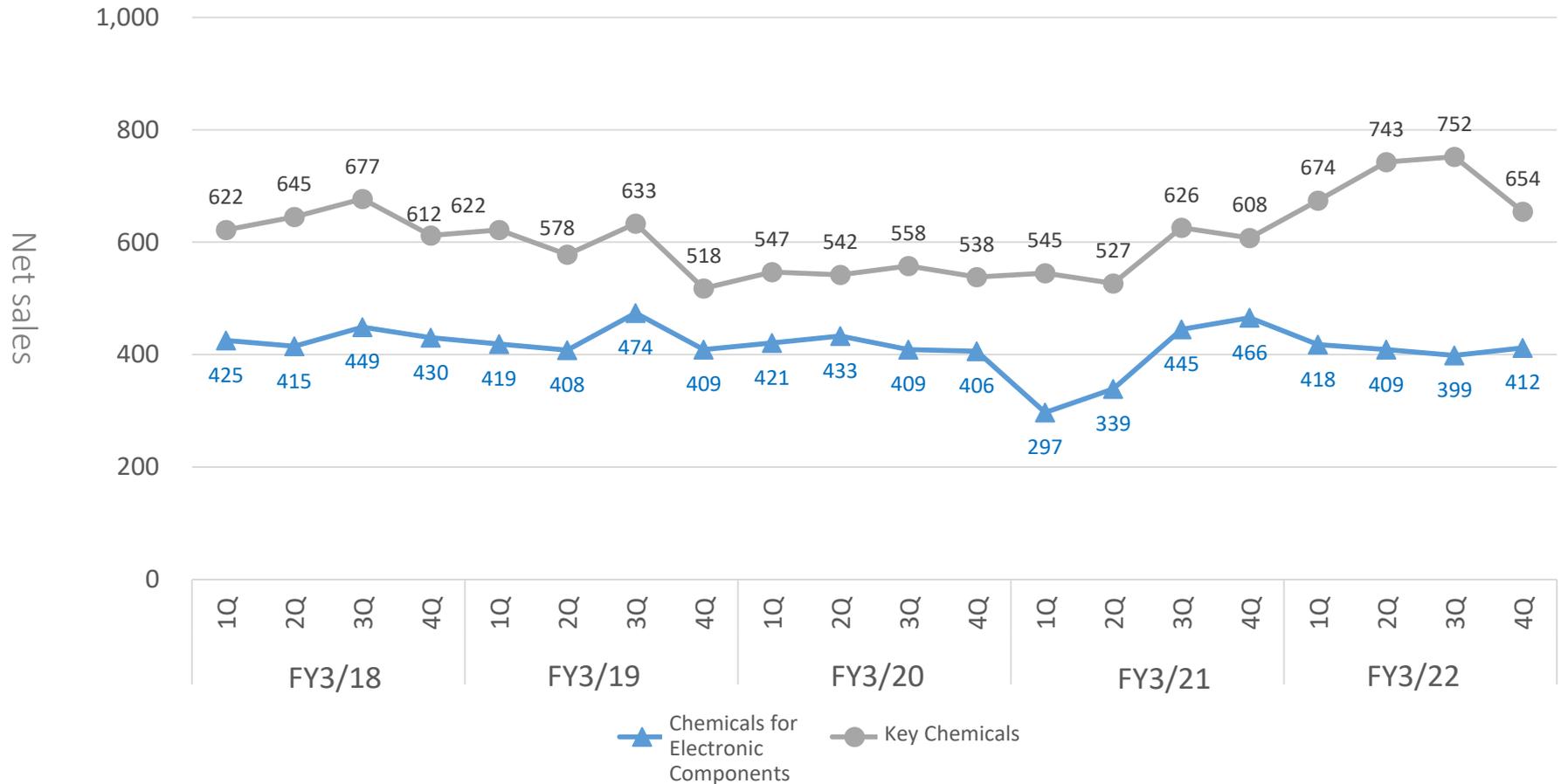
Chemicals for Electronic Components
 Down 2% QoQ Up 17% YoY Up 20% vs. FY3/21

Key Chemicals
 Up 13% QoQ Down 4% YoY Up 20% vs. FY3/21

Quarterly Sales of Chemicals by Region

Japan

(Millions of yen)



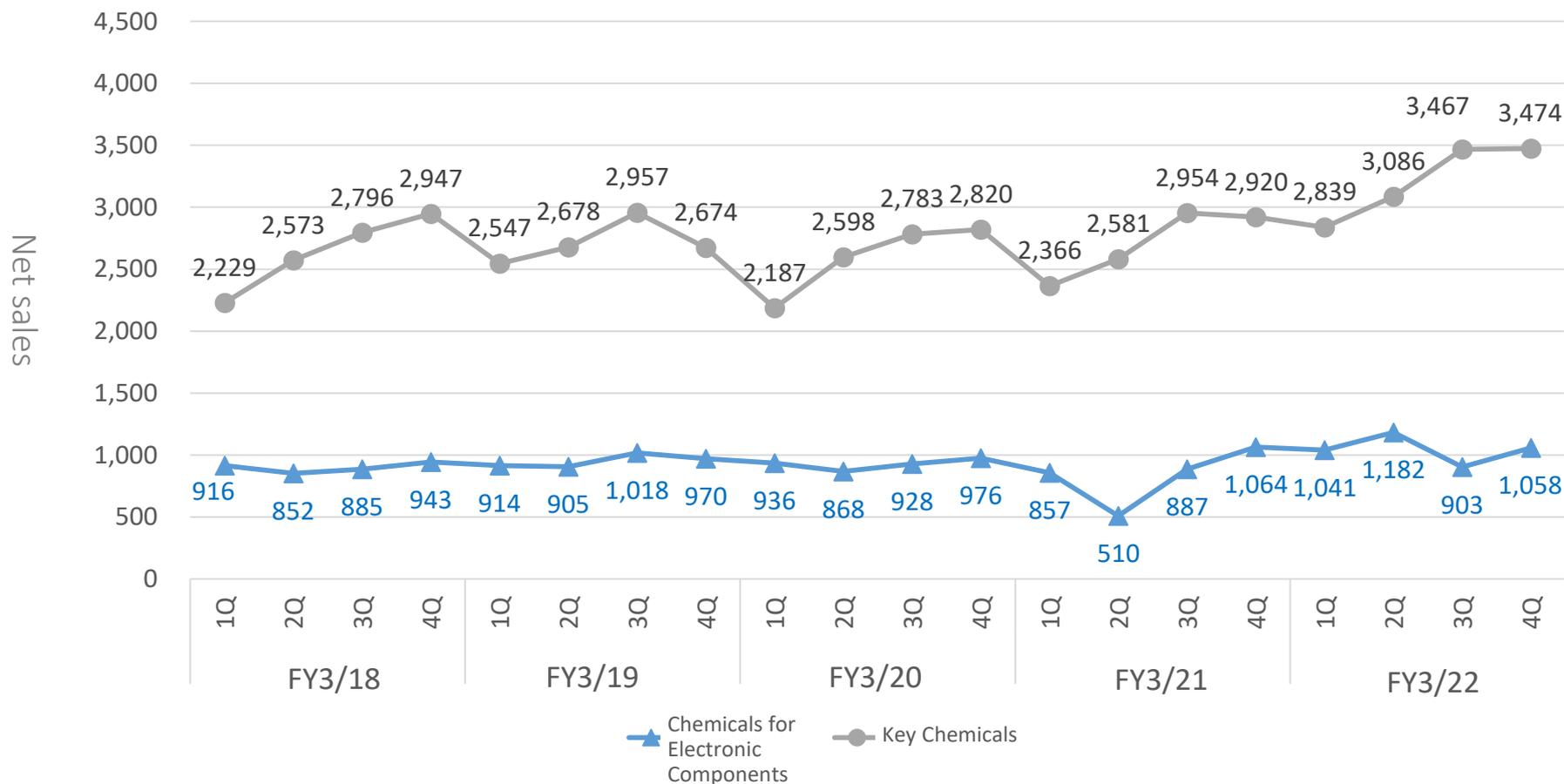
Chemicals for Electronic Components
 Down 13% QoQ Up 8% YoY Up 22% vs. FY3/21

Key Chemicals
 Up 3% QoQ Down 12% YoY Up 6% vs. FY3/21

Quarterly Sales of Chemicals by Region

(Millions of yen)

Overseas



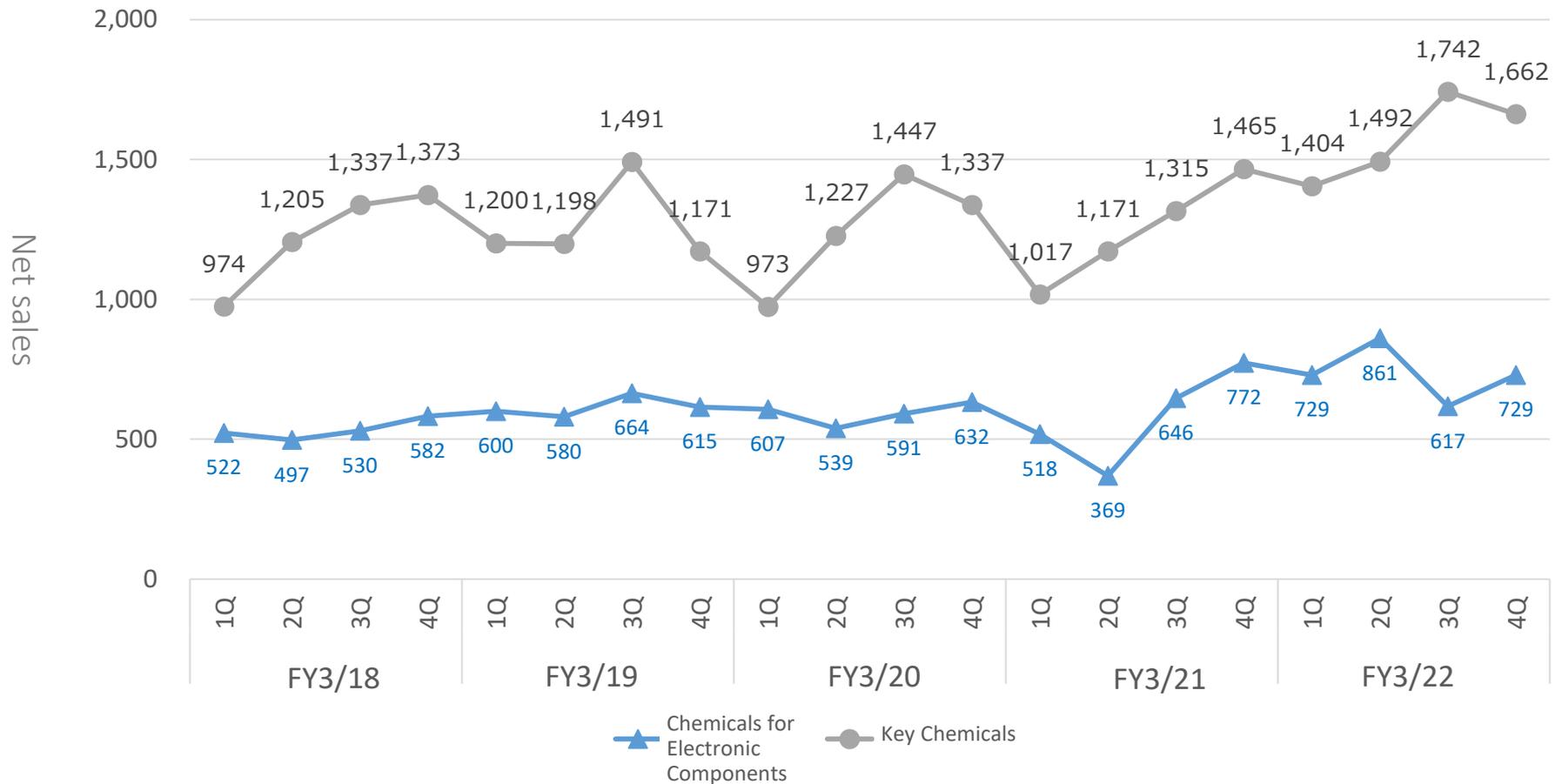
Chemicals for Electronic Components
 ±0% QoQ Up 19% YoY Up 19% vs. FY3/21

Key Chemicals
 Up 17% QoQ ±0% YoY Up 26% vs. FY3/21

Quarterly Sales of Chemicals by Region

China

(Millions of yen)



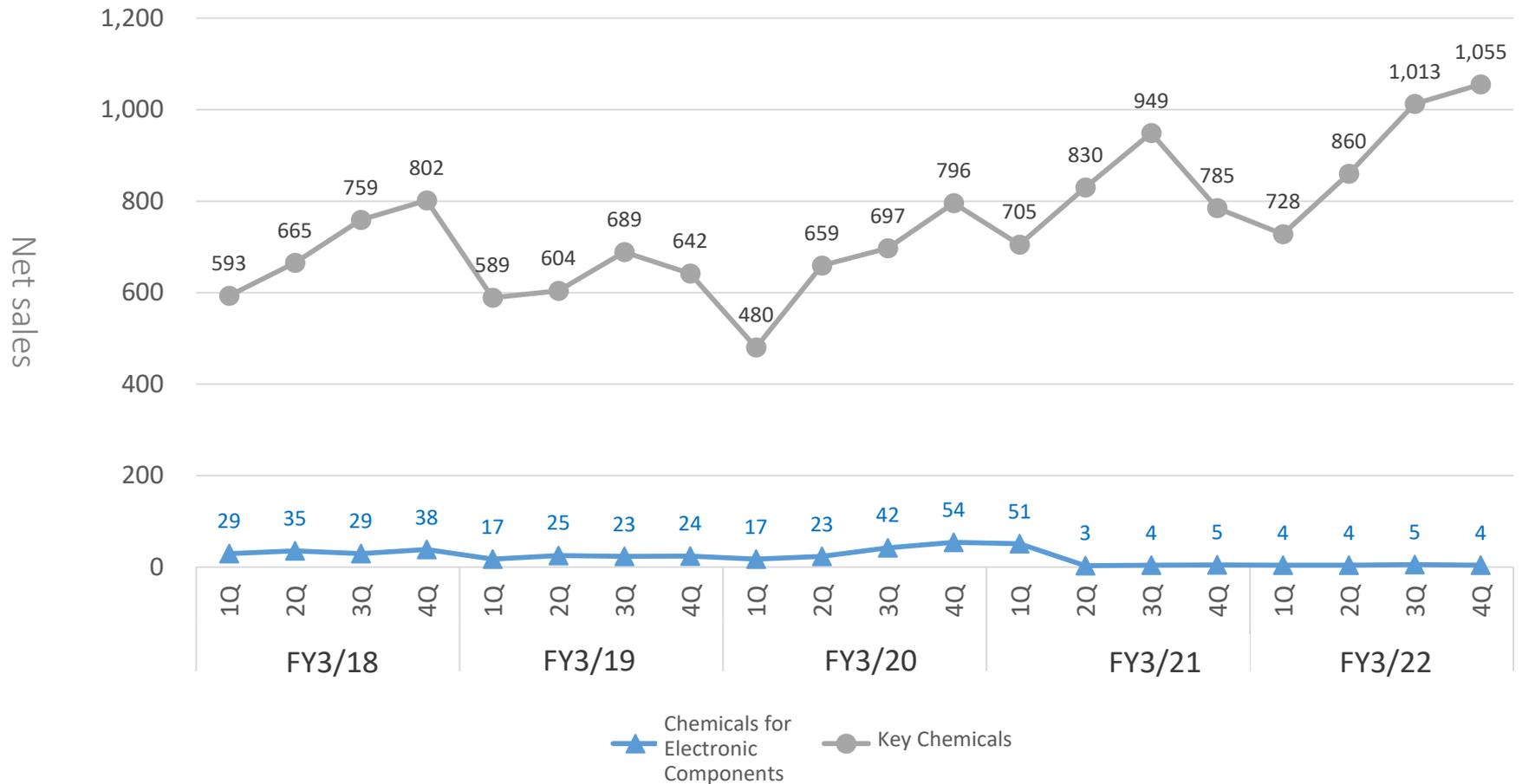
Chemicals for Electronic Components
 Down 5% QoQ Up 13% YoY Up 27% vs. FY3/21

Key Chemicals
 Up 18% QoQ Down 6% YoY Up 27% vs. FY3/21

Quarterly Sales of Chemicals by Region

Taiwan

(Millions of yen)



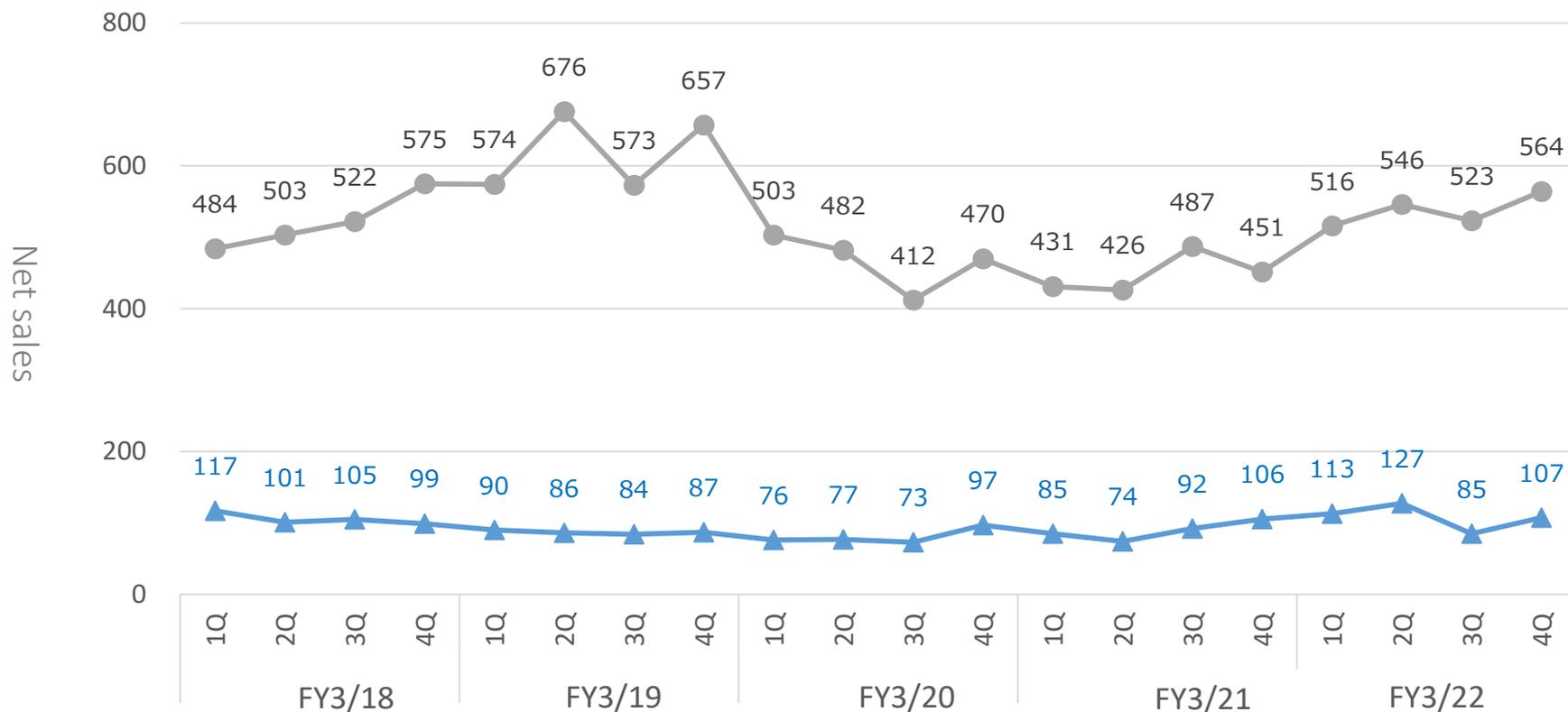
Chemicals for Electronic Components
 Up 4% QoQ Up 35% YoY Up 12% vs. FY3/21

Key Chemicals
 Down 17% QoQ Down 11% YoY Down 72% vs. FY3/21

Quarterly Sales of Chemicals by Region

South Korea

(Millions of yen)



▲ Chemicals for Electronic Components

● Key Chemicals

Chemicals for Electronic Components

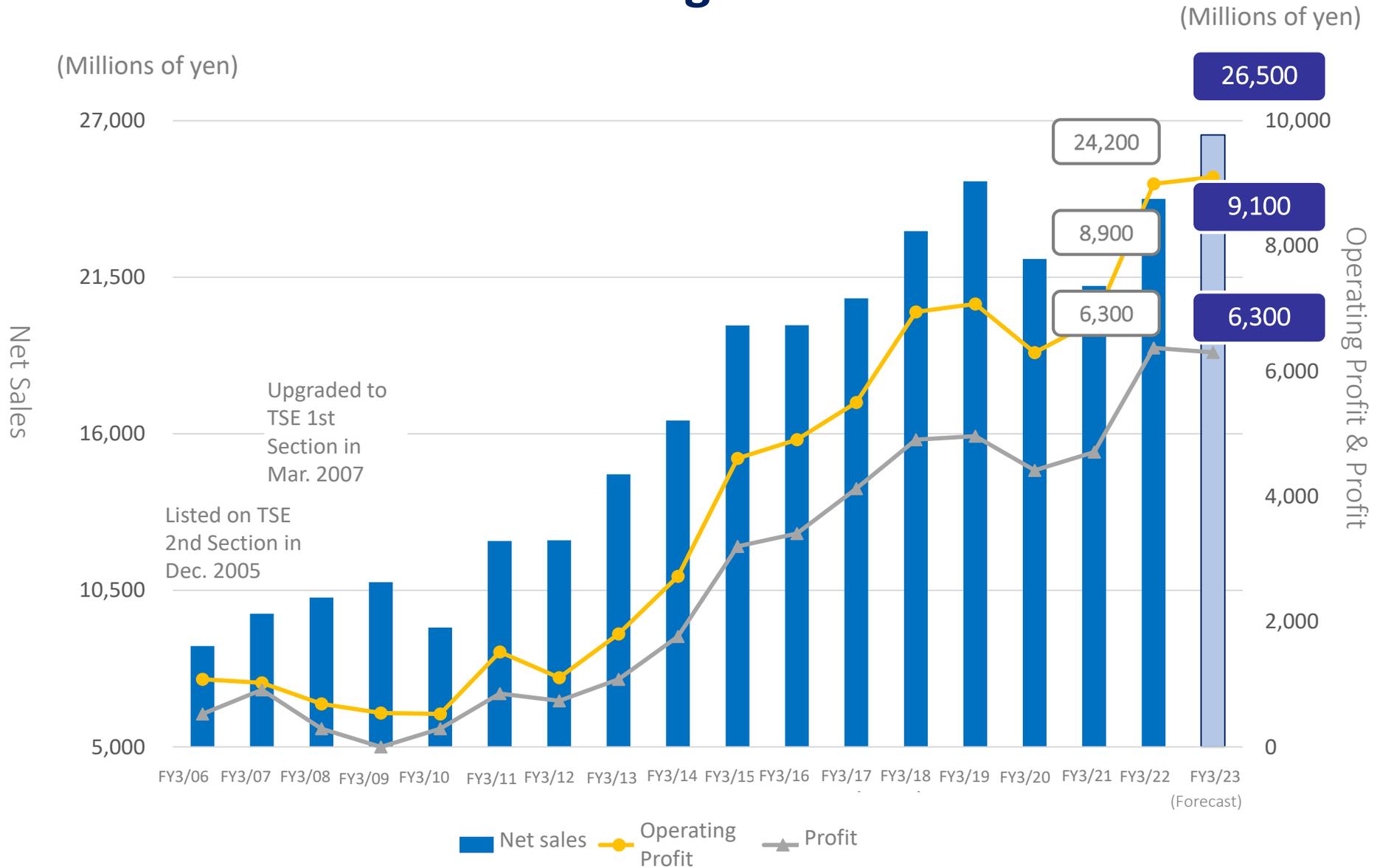
Up 8% QoQ Up 25% YoY Up 20% vs. FY3/21

Key Chemicals

Up 27% QoQ Up 2% YoY Up 21% vs. FY3/21



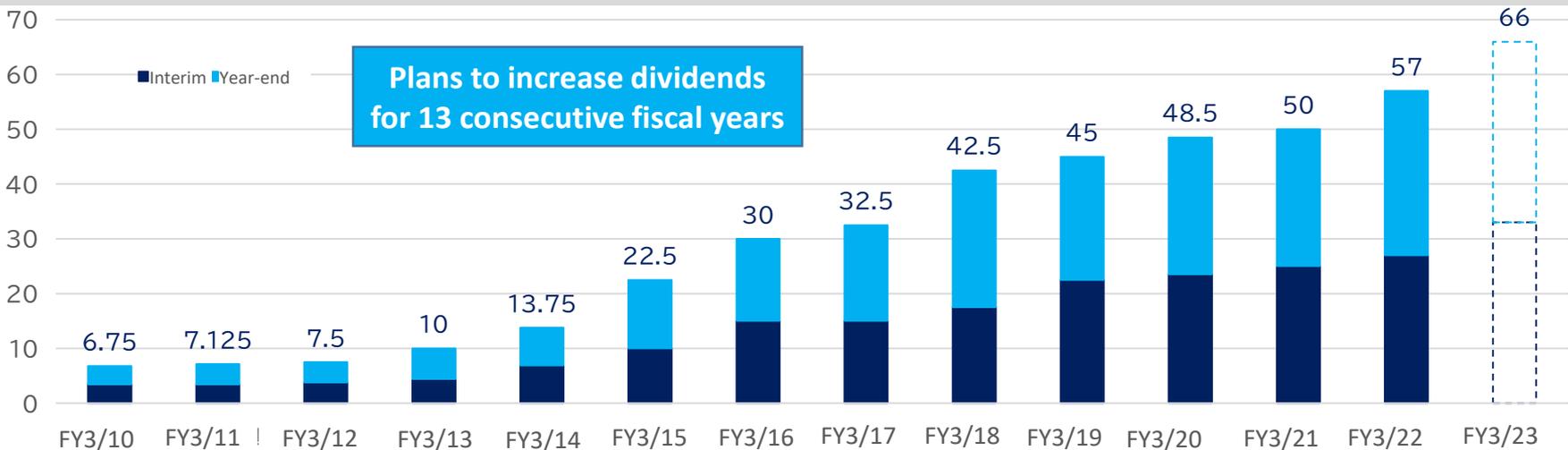
Financial Results since Listing



FY3/23 Dividend Forecast

		FY3/21	FY3/22	FY3/23 (Forecasts)
per share Dividends	Interim	25.0 yen	27.0 yen	33.0 yen
	Year-end	25.0 yen	30.0 yen	33.0 yen
	Annual	50.0 yen	57.0 yen	66.0 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: 12.7 billion yen / Consolidated: 24.2 billion yen
(For the fiscal year ended March 31, 2022)

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: 242 / Consolidated: 548
(As of March 31, 2022)

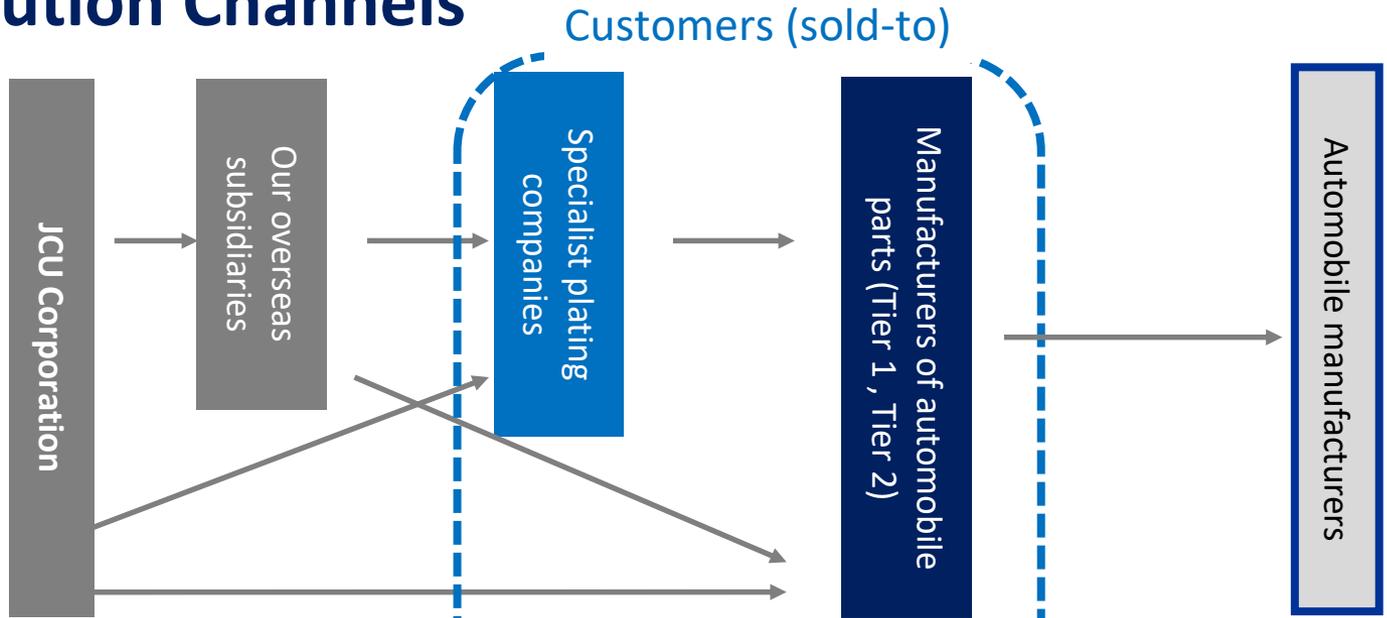
ISO Certificates

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

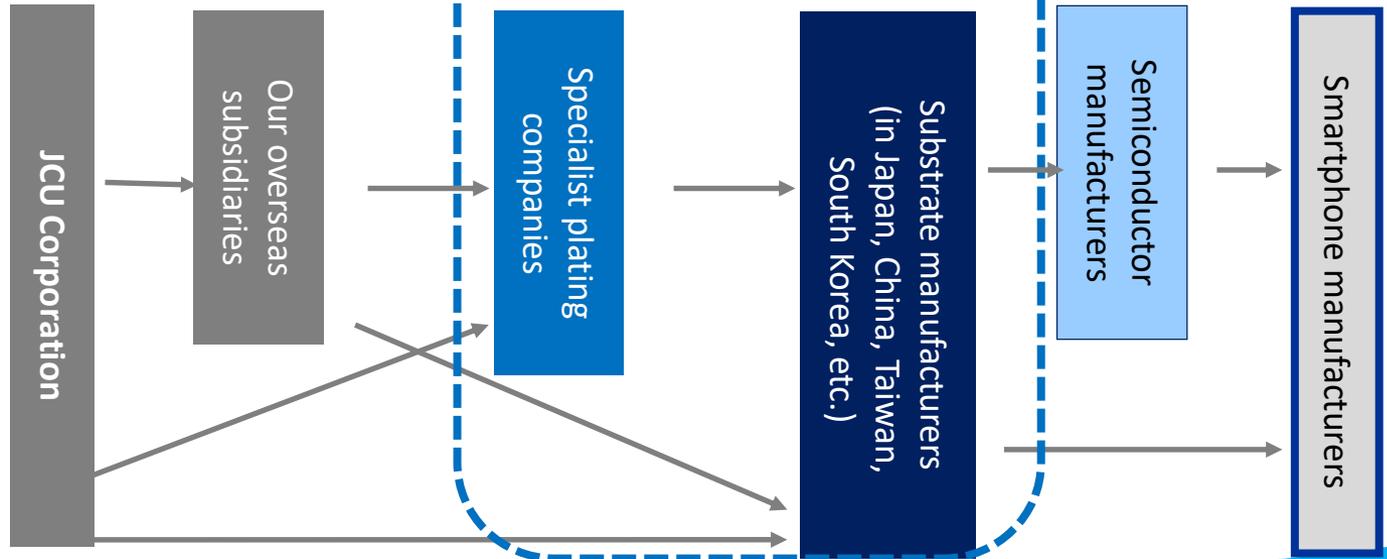
ISO14001 Production Headquarters and R&D Center (JCQA-E-0143)

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