JCU CORPORATION

Financial Results Briefing Material

for the First Quarter of the Fiscal Year Ending March 2024

JCU CORPORATION

TSE Prime (Stock Code: 4975)

August 3, 2023

Summary of Consolidated Financial Results for 1Q FY3/24

Accounting Period of 1Q FY3/24
JCU (non-consolidated): April 1 to June 30, 2023
Overseas subsidiaries: January 1 to March 31, 2023

Chemicals Business

For electronic components

- China: Due to the stagnation of consumer spending and the ending of stay-at-home demand, demand for PWBs for high-performance electronic devices such as smartphones, PCs, and tablets decreased. As a result, sales of chemicals decreased.
- Taiwan: Due to a decrease in demand for PWBs for high-performance electronic devices, servers, and semiconductor package substrates for high-performance electronic devices, sales of chemicals decreased.
- South Korea: Due to the continued impact of inventory adjustment in the semiconductor market, demand for semiconductor package substrates decreased. As a result, sales of chemicals decreased.

For automotive components

- Japan: The improving trend in shortages of semiconductors and parts led to a recovery in domestic automobile production and an increase in sales of chemicals.
- China: Despite a recovery trend in shortages of semiconductors and parts, the automobile sales and production decreased due to decelerating economies. As a result, sales of chemicals decreased.

Machine Business

- Net sales, orders received, and order backlog increased substantially thanks to the resumption of the projects that had been postponed due to the pandemic and the steady progress of ongoing construction projects.

Summary of Financial Results for 1Q FY3/24

(Millions of yen)

	Same period of previous FY (1Q FY3/23)	1Q FY3/24	YoY % Change
Net sales	6,160	5,225	(15.2)%
Operating profit	2,020	1,379	(31.7)%
Ordinary profit	2,206	1,383	(37.3)%
Profit attributable to owners of parent	1,607	944	(41.2)%
Net income per share	61.97 yen	36.85 yen	-

Foreign Exchange Rates

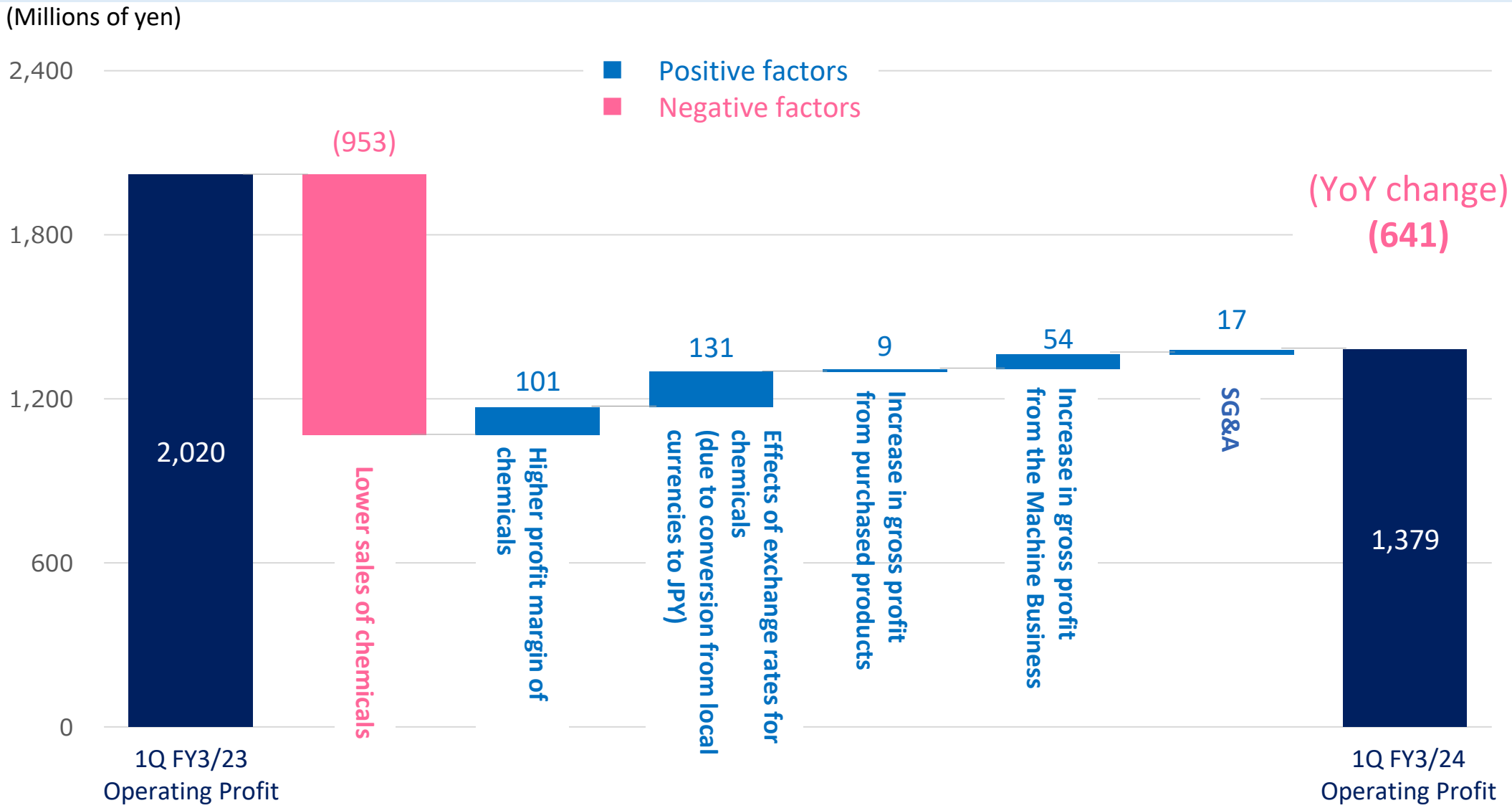
Foreign exchange sensitivity (as at the consolidated year): Changes of about 105 million yen in consolidated operating profit with 1% change in major currency rates listed below

(Yen)

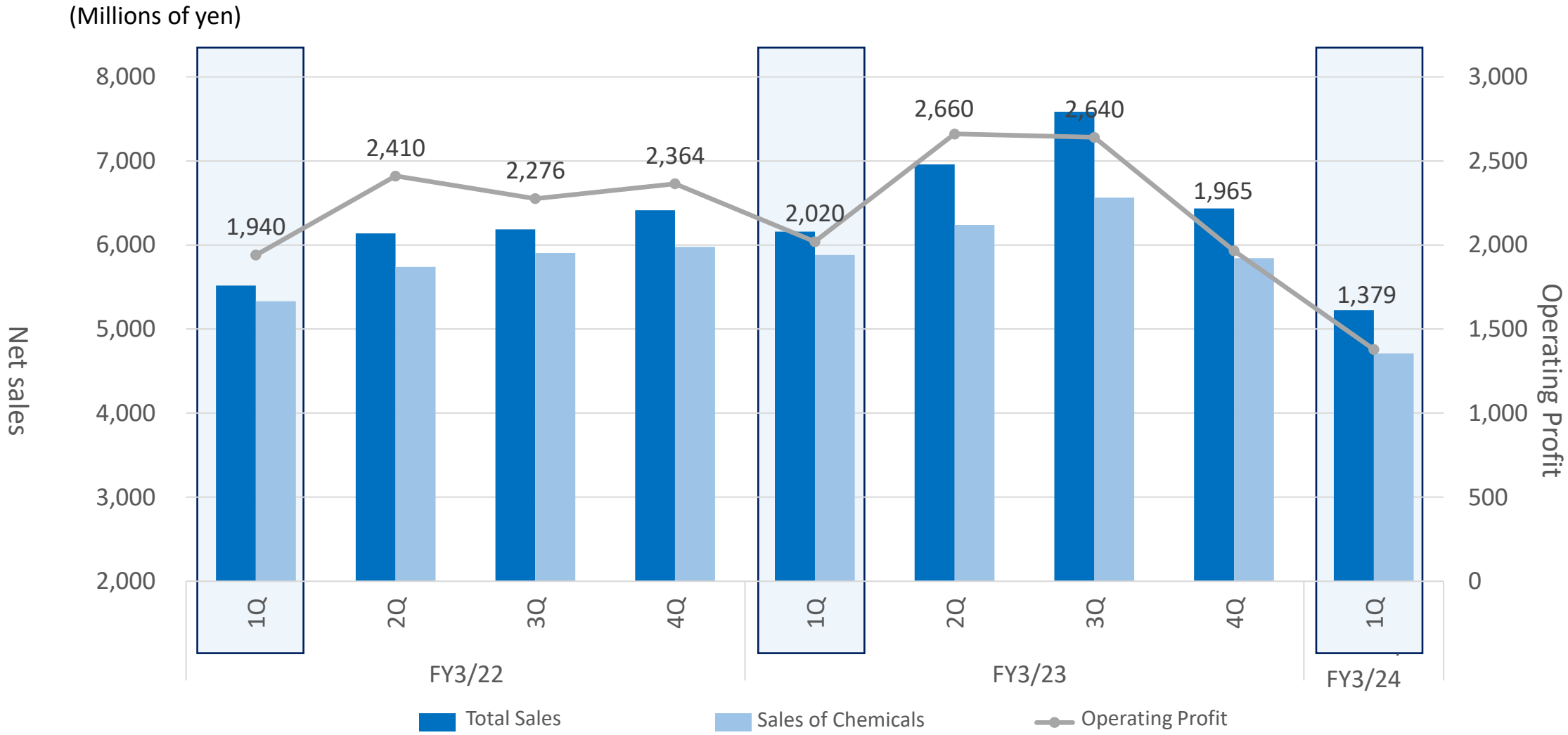
	FY3/23				FY3/24
	1Q	2Q	3Q	4Q	1Q (Initial forecast)
Chinese yuan (CNY)	18.29	18.93	19.35	19.48	19.34
Taiwan dollar (TWD)	4.15	4.28	4.37	4.41	4.36
Korean won (KRW)	0.0964	0.0996	0.1008	0.1017	0.1039

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.

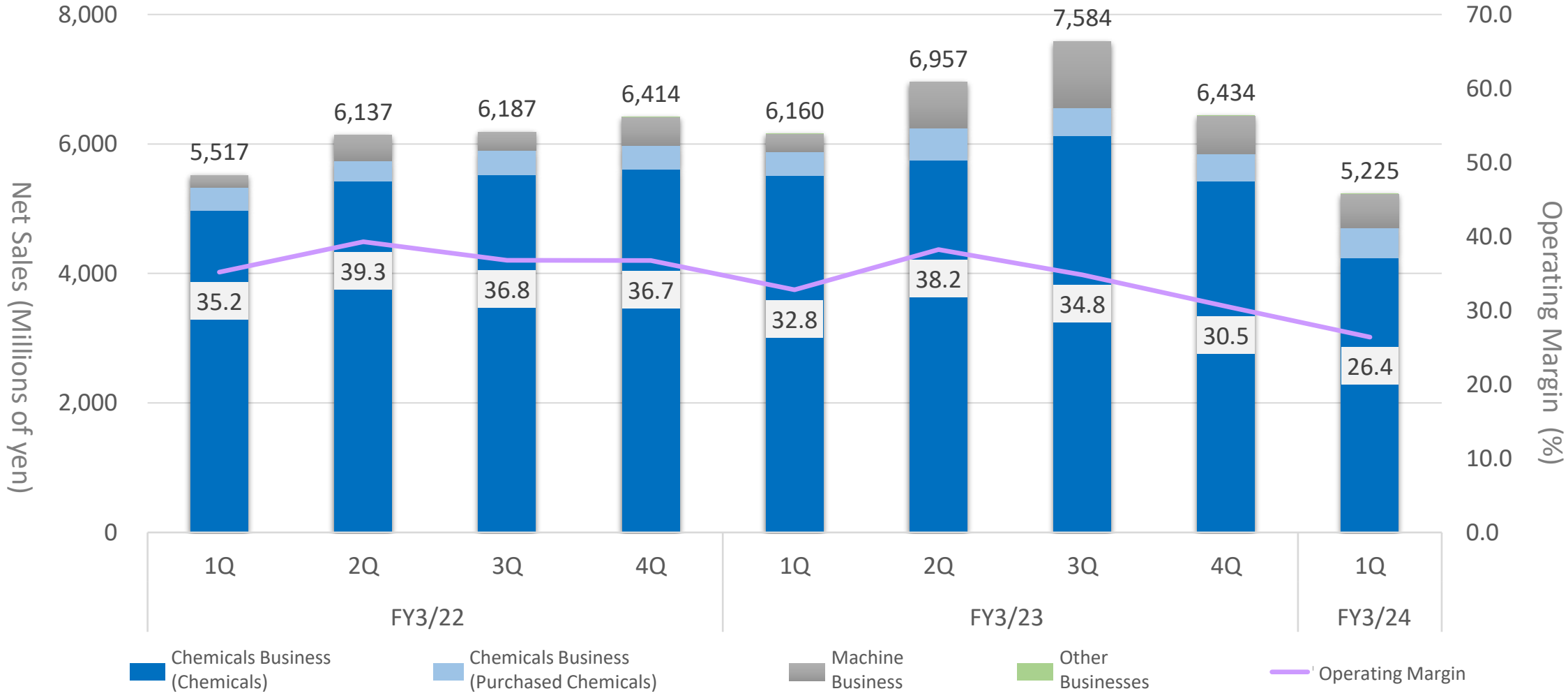
Changes in Consolidated Operating Profit for 1Q FY3/24



Quarterly Consolidated Financial Results

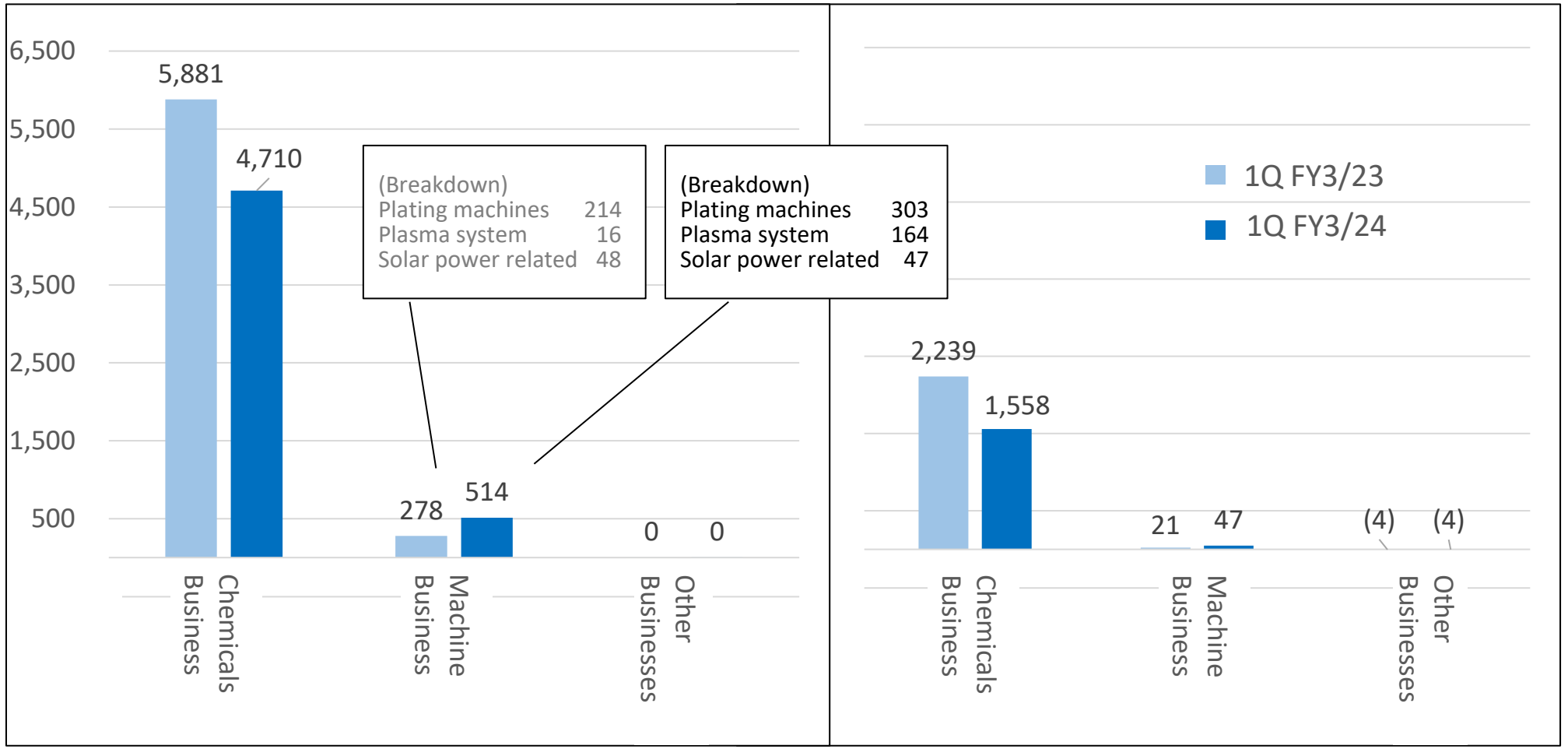


Quarterly Consolidated Financial Results (By Segment)

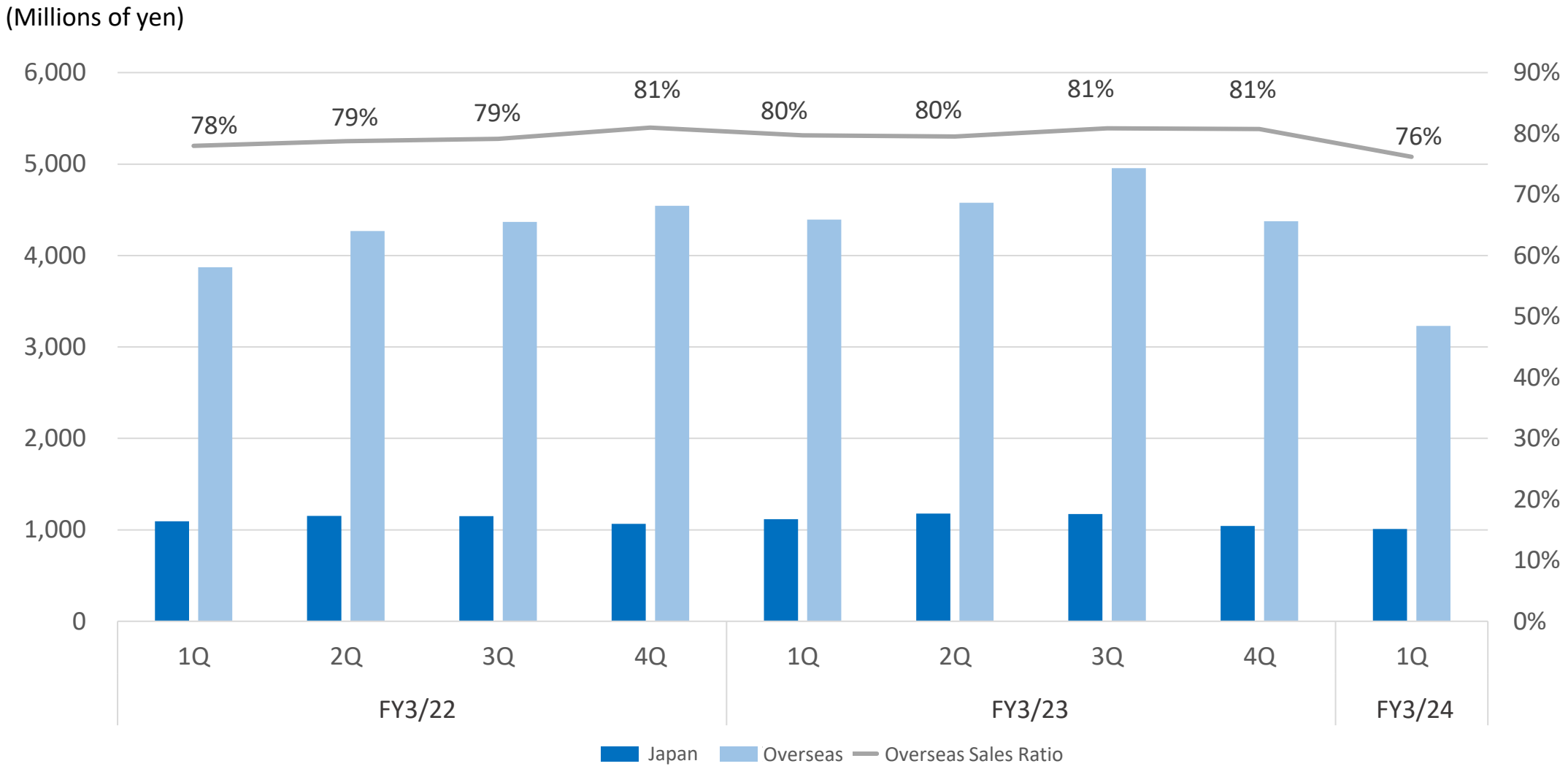


Consolidated Segment Results for 1Q FY3/24

(Millions of yen)



Quarterly Sales of Chemicals in Japan and Overseas

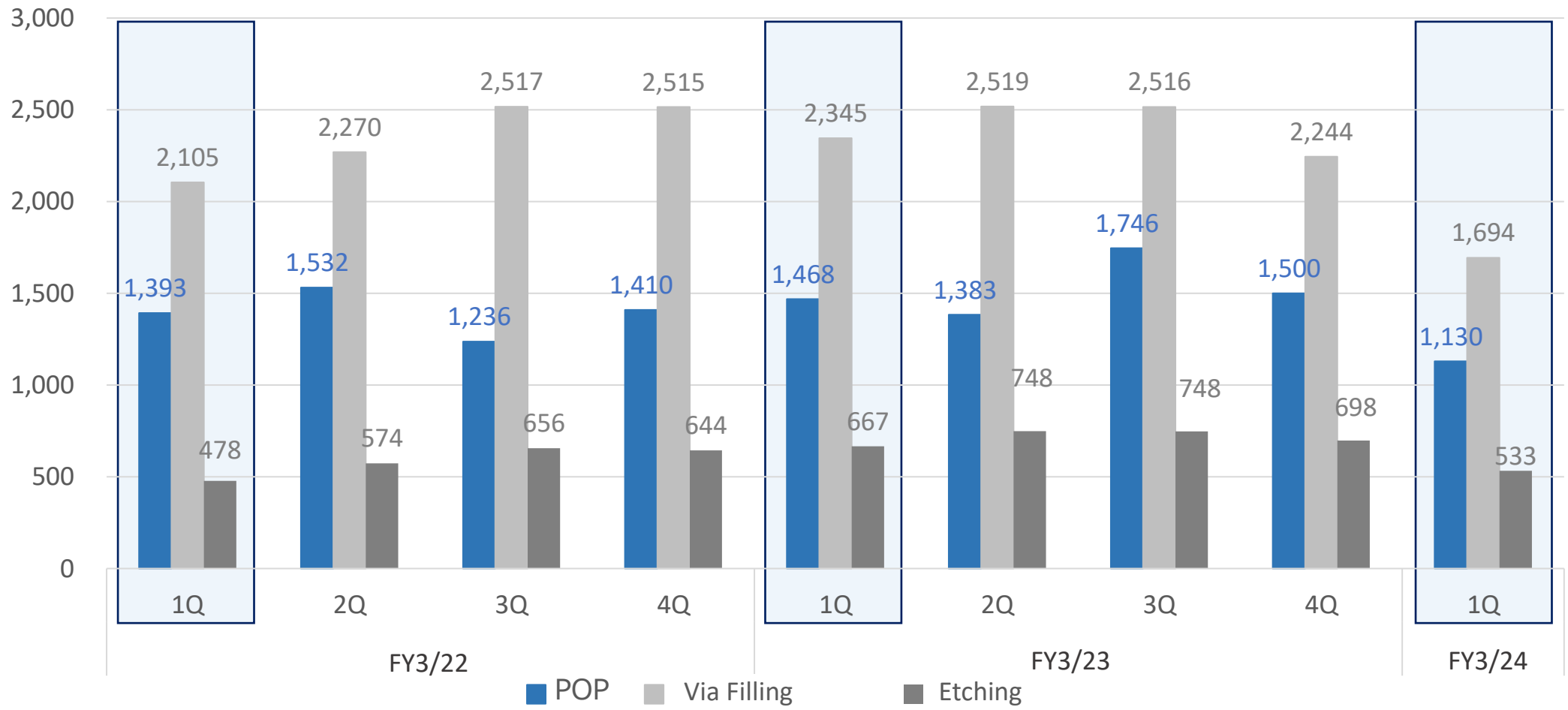


Chemicals, POP, Via Filling and Etching | Quarterly Sales

POP: Planting on Plastics, mainly for automotive components

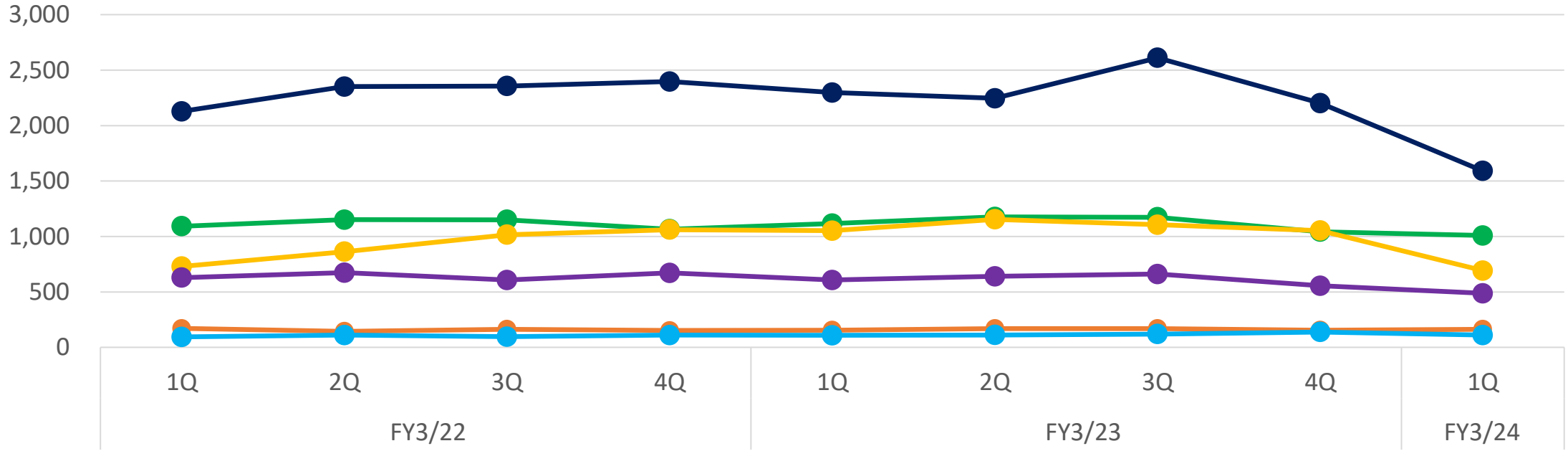
Via Filling: Additive for copper planting for printed-wiring boards and semiconductor package substrates, mainly for smartphones and PCs

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



Quarterly Sales of Chemicals by Region

(Millions of yen)

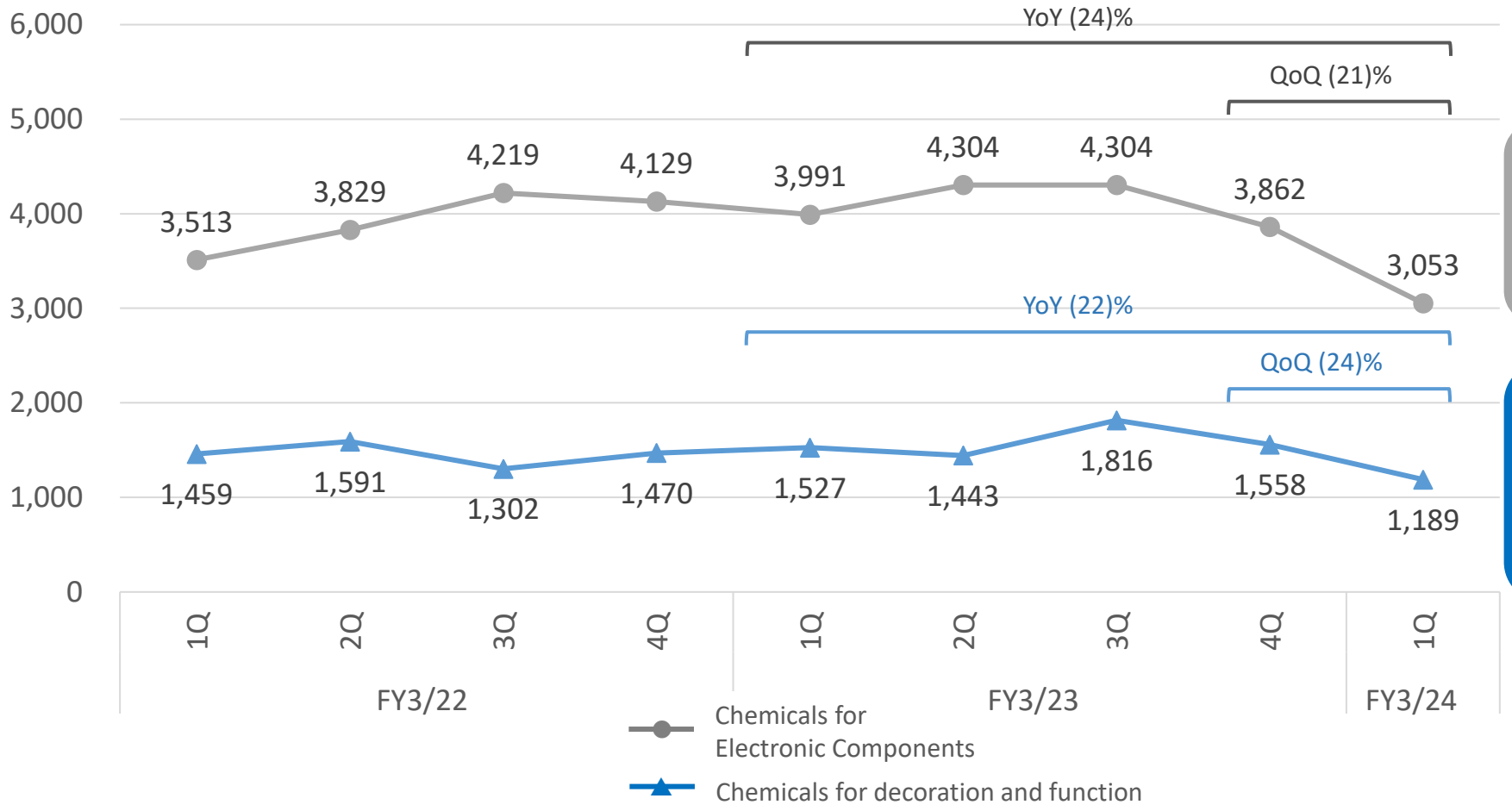


Japan	1,092	1,152	1,150	1,166	1,117	1,177	1,173	1,043	1,009
China	2,133	2,353	2,359	2,391	2,307	2,247	2,612	2,203	1,591
Taiwan	732	864	1,018	1,060	1,052	1,155	1,106	1,054	692
S. Korea	629	673	608	672	607	641	662	556	488
Thailand	170	145	164	152	156	170	170	155	164
Vietnam	94	111	97	112	109	112	120	139	111

Quarterly Sales of Chemicals by Category

Consolidated

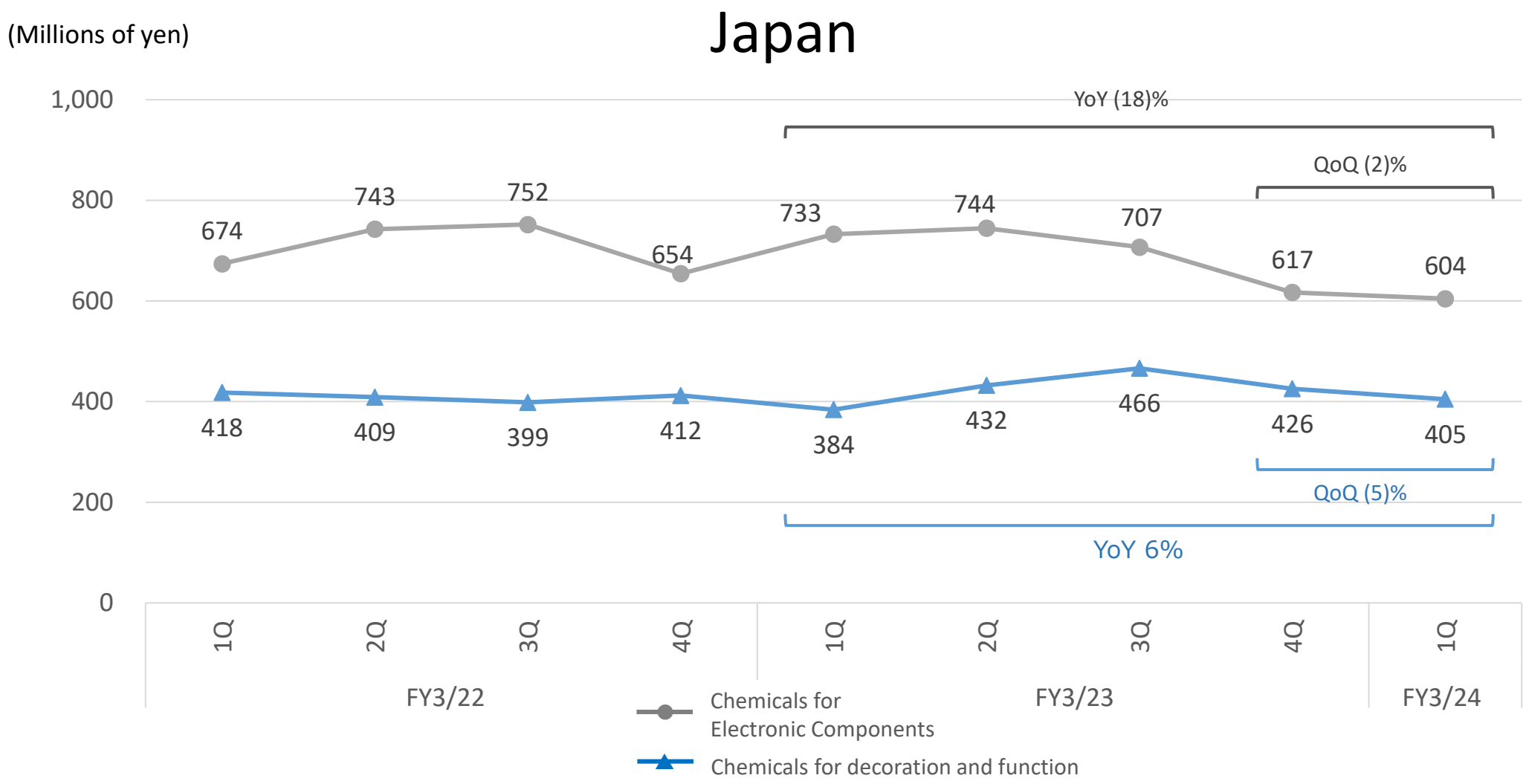
(Millions of yen)



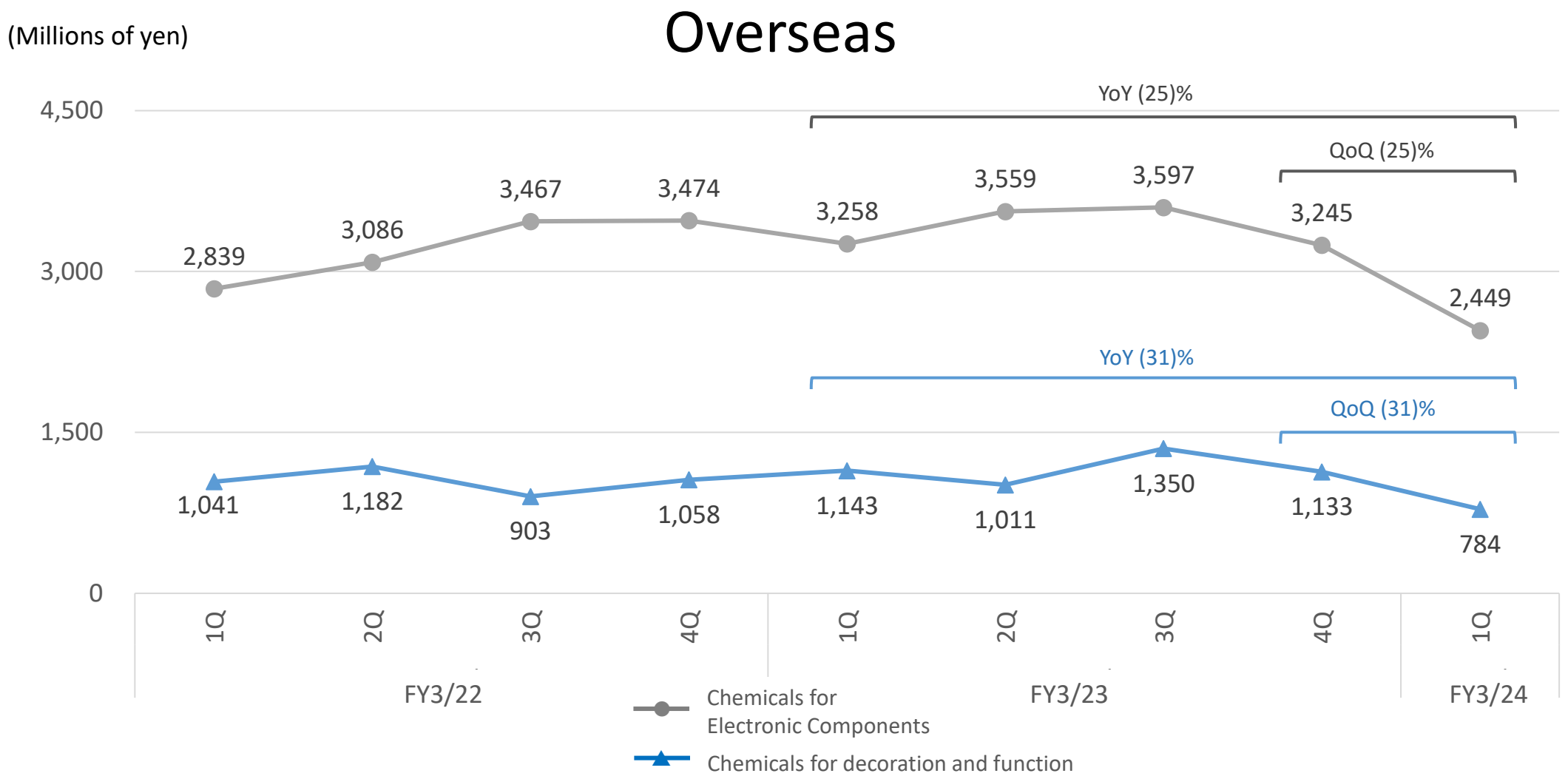
(Chemicals for Electronic Components) Core Products: Via filling
PWBs, connectors, surface treatment (plating) chemicals for semiconductor sector

(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



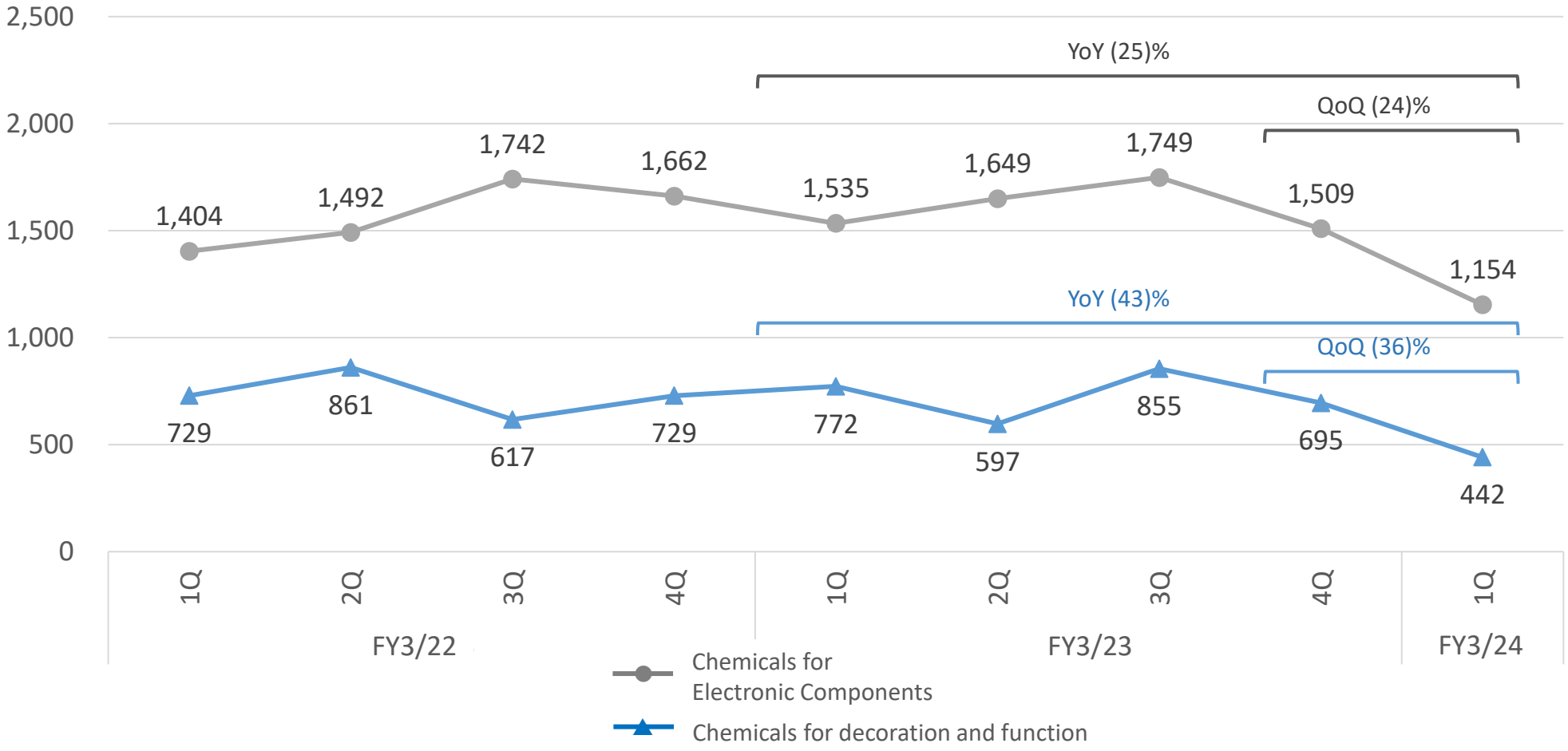
Quarterly Sales of Chemicals by Region



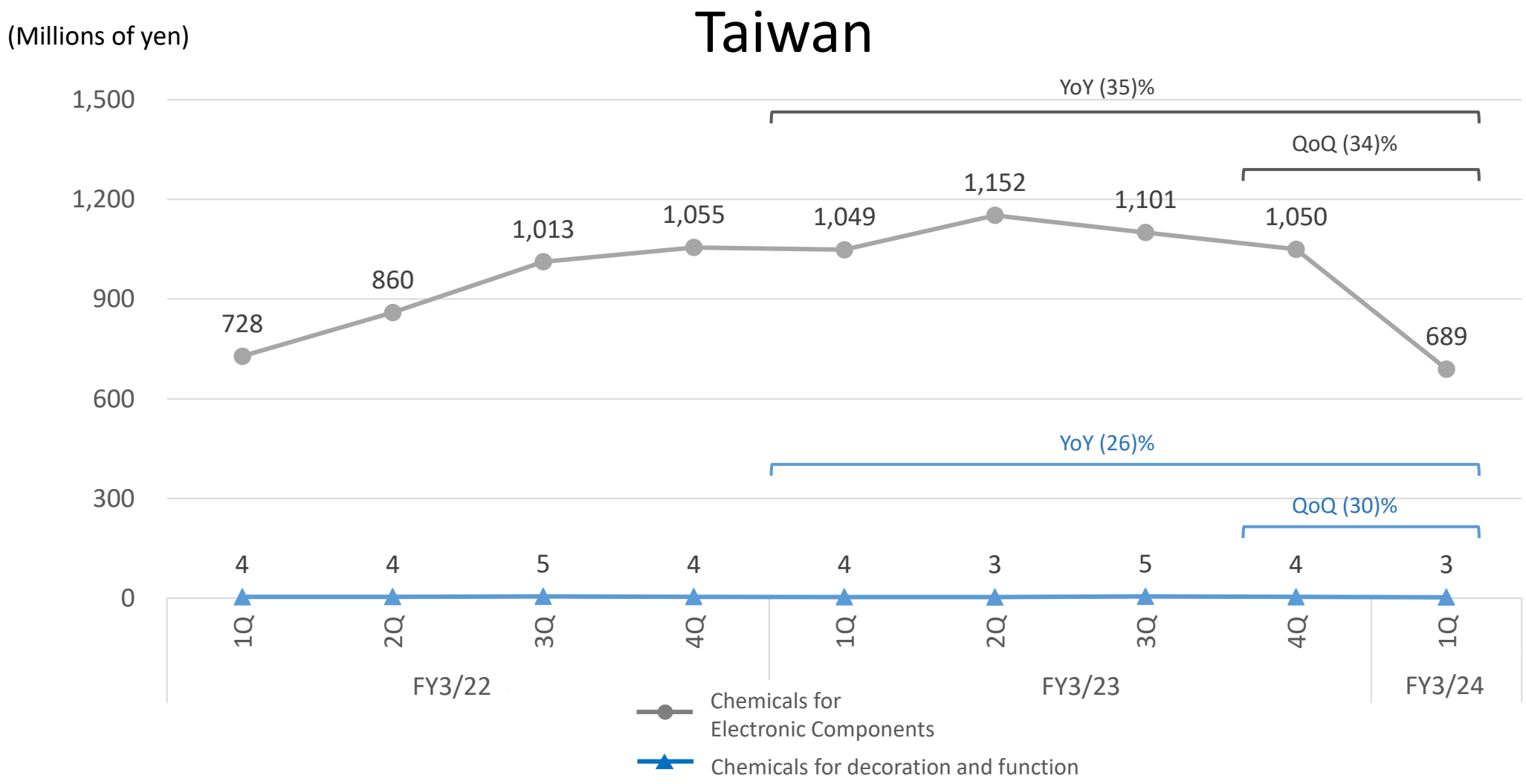
Quarterly Sales of Chemicals by Region

(Millions of yen)

China



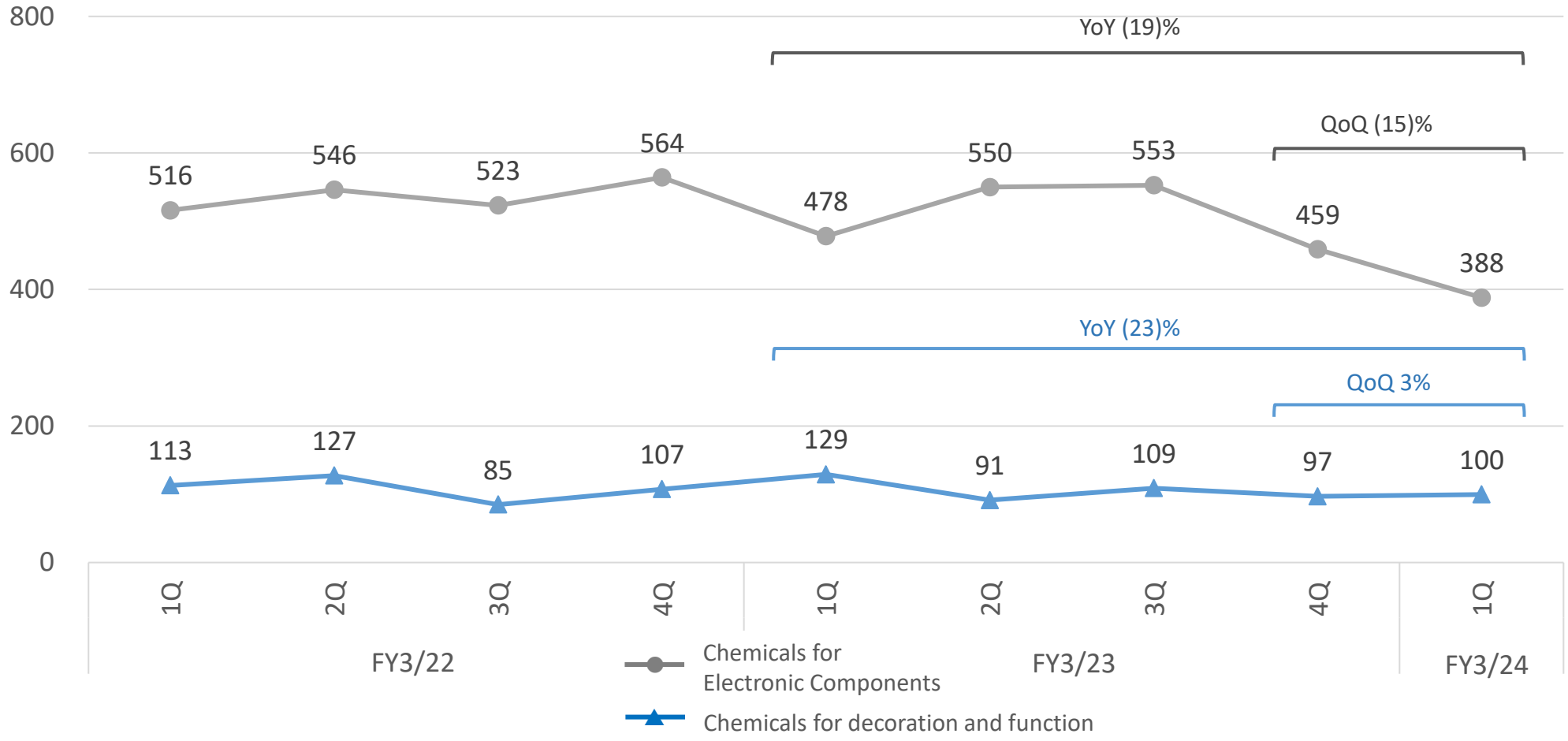
Quarterly Sales of Chemicals by Region



Quarterly Sales of Chemicals by Region

South Korea

(Millions of yen)

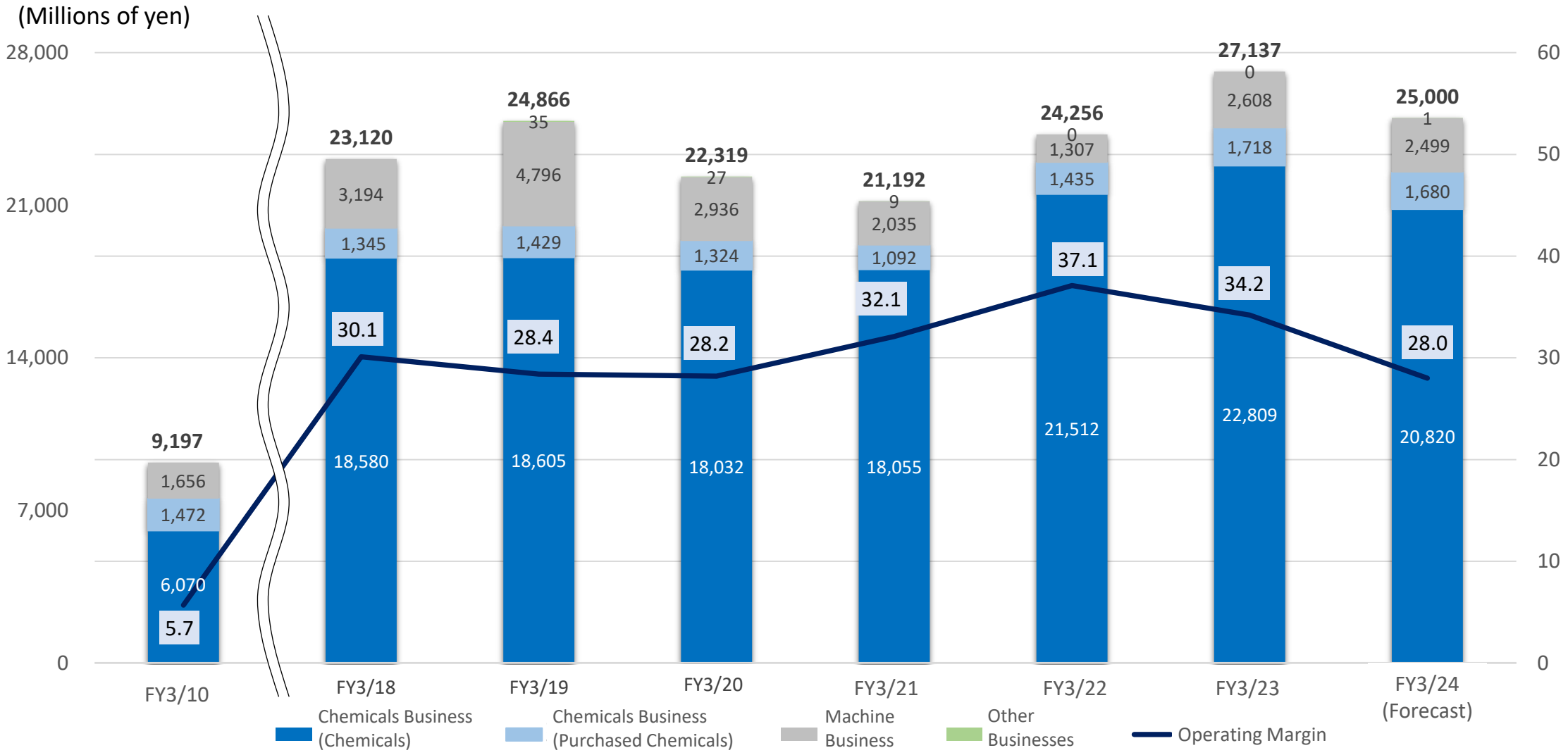


Forecasts for FY3/24

(Millions of yen)

FY3/24	1Q (Results)	1H (Forecasts)	Full year (Forecasts)	Progress rate against full-year forecast
Net sales	5,225	10,700	25,000	20.9%
Operating profit	1,379	2,590	7,000	19.7%
Ordinary profit	1,383	2,590	7,000	19.8%
Profit attributable to owners of parent	944	1,750	4,800	19.7%
Net income per share	36.85 yen	68.29 yen	187.30 yen	-

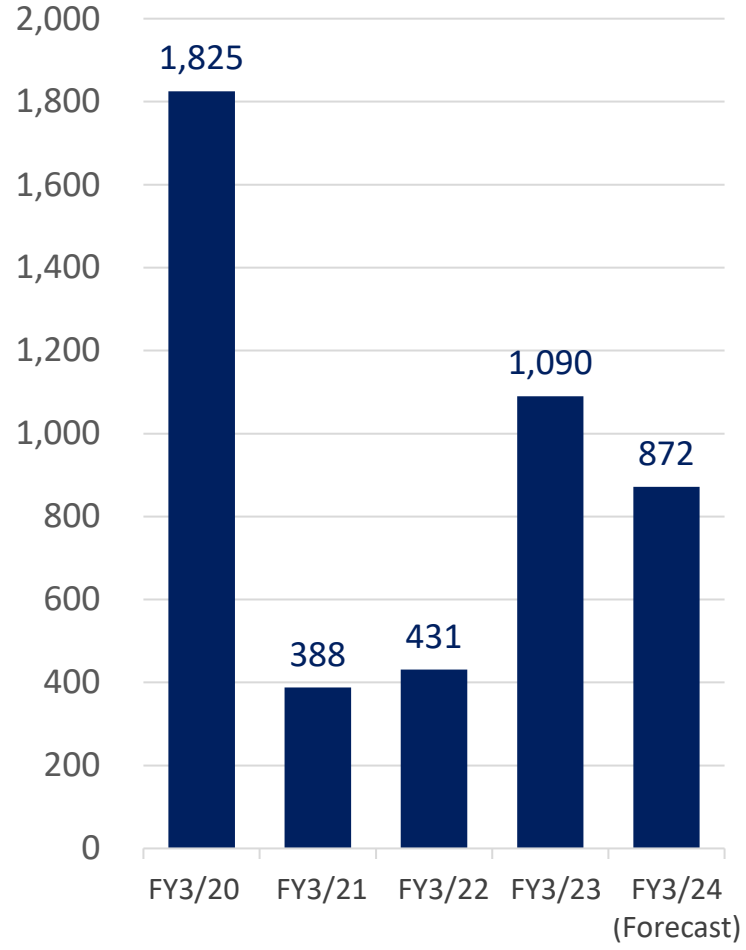
Annual Sales by Business (incl. Forecast)



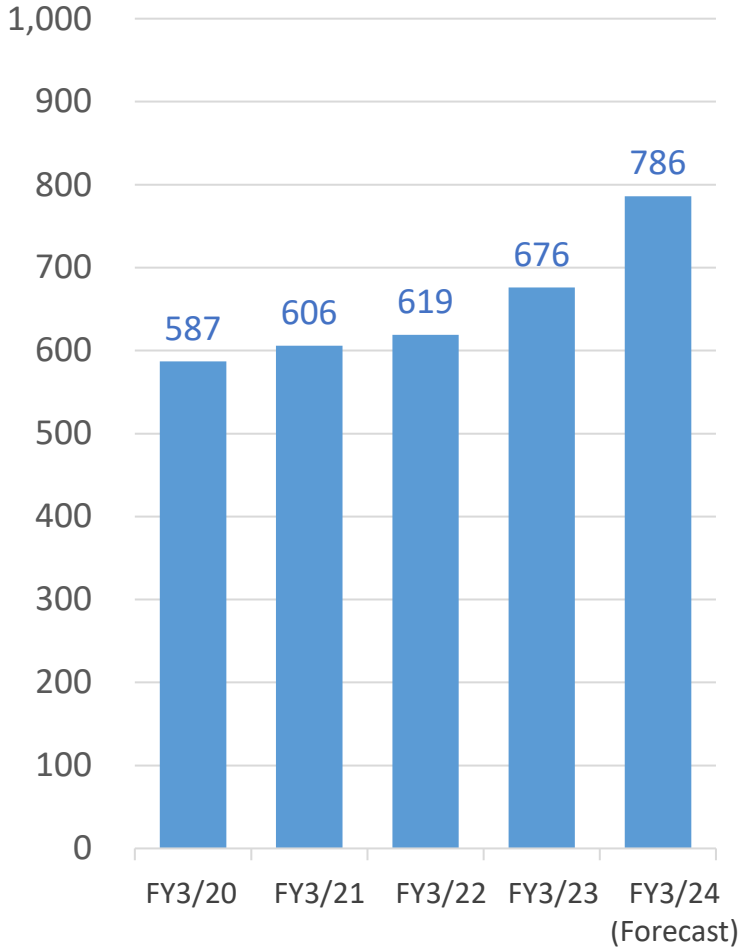
Capital Expenditures, Depreciation and R&D Expenses

Capital expenditures

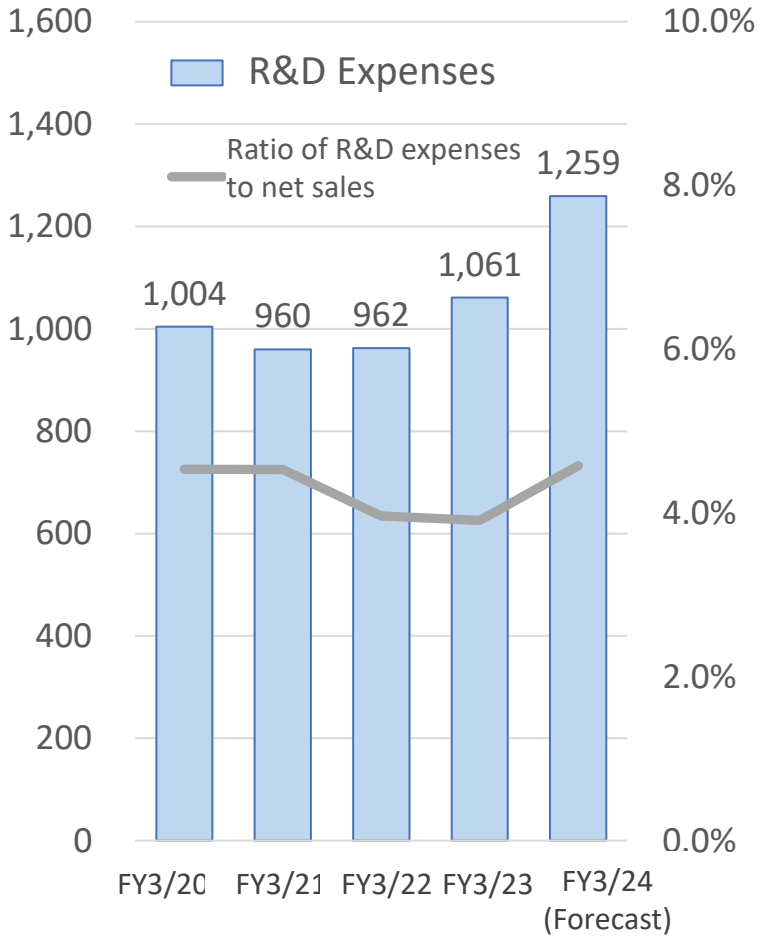
(Millions of yen)



Depreciation



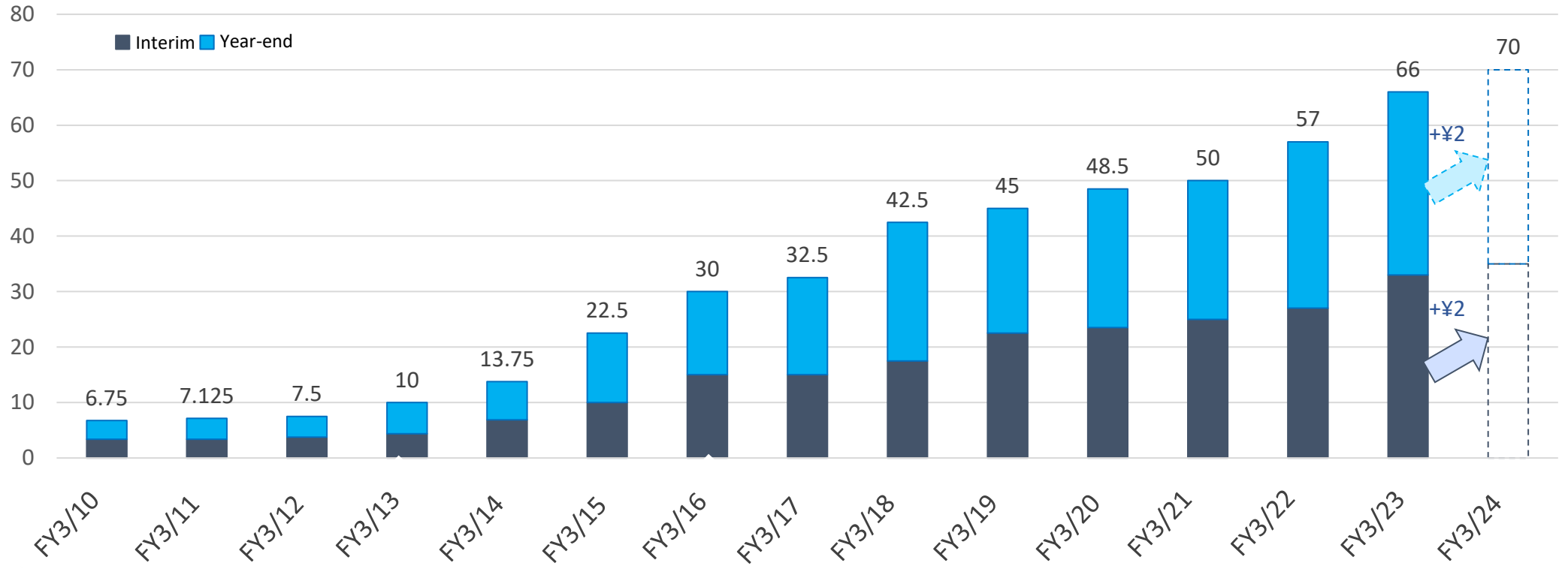
R&D expenses and ratio of R&D expenses to net sales



FY3/24 Dividend Forecast

Dividends per share (Forecasts)	Interim dividend: 35 yen Year-end dividend: 35 yen

Plans to increase dividends for 14 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)

11.3% (in End-FY3/23)

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)

JCU's CSR report (Japanese only) at https://www.jcu-i.com/sustainability/download/

Reference

- Company Profile ＆ Opening of New Office
- Surface Treatment Technology in Future
- 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	:	1,266 million yen
Annual sales	:	Non-consolidated: 12.6 billion yen / Consolidated: 27.1 billion yen (For the fiscal year ended March 31, 2023)
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: 238 / Consolidated: 544 (As of March 31, 2023)

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)

Opening of New Office (Malaysia)

In Malaysia, large investments in semiconductor-related companies continue, we have begun sales of semiconductor-related surface treatment chemicals and equipment.
This is the fourth country in Southeast Asia where we have a base of operations, following Thailand, Vietnam, and Indonesia.

Company name	JCU MALAYSIA SDN. BHD.
Location	631, Jalan Seraya 3/7, Pusat Perniagaan Seraya, 09000 Kulim, Kedah
Established	September 30, 2022
Start of operations	March 13, 2023 (Opening ceremony: May 22, 2023)
Business	Production and sales of chemicals, machines, and auxiliary equipment for surface treatment

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

(1) Improve within wafer non-uniformity

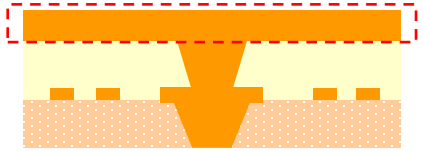
Current

Uneven height of copper wiring

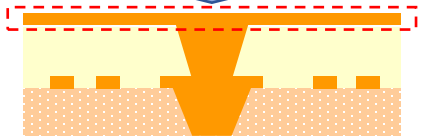
Future

Even height of copper wiring

(2) Improve via filling for thin-film layer



Surface film thickens when holes are filled

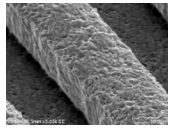


Realize thin surface layer when holes are filled

Etching

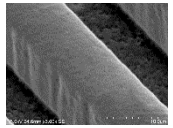
(3) Maintain squareness and improve smoothness

Current



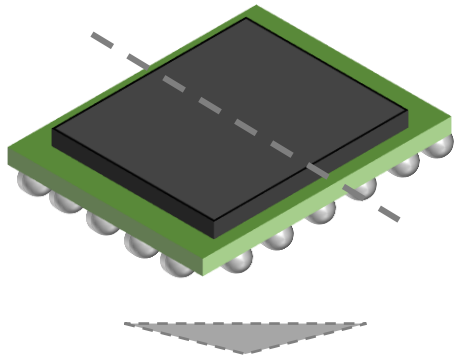
Surface of copper wiring becomes rough after etching

Future

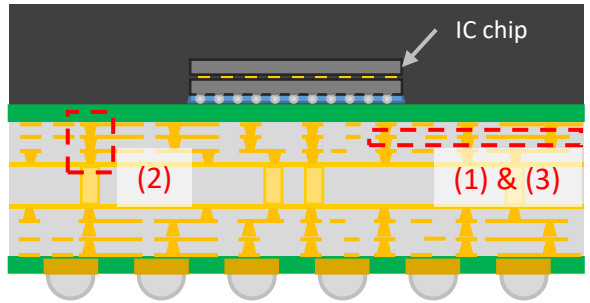


Surface is kept smooth even after etching

Schematic diagram of semiconductor package board



Sectional view of semiconductor package board



Surface Treatment Technology in Future —Decoration & Function—

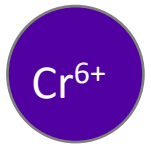
Target technology	Automotive components (front grilles, door handles, emblems, etc.) Faucet parts (showerheads, drain plugs, etc.)

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

Current

Dye-based additive for copper plating

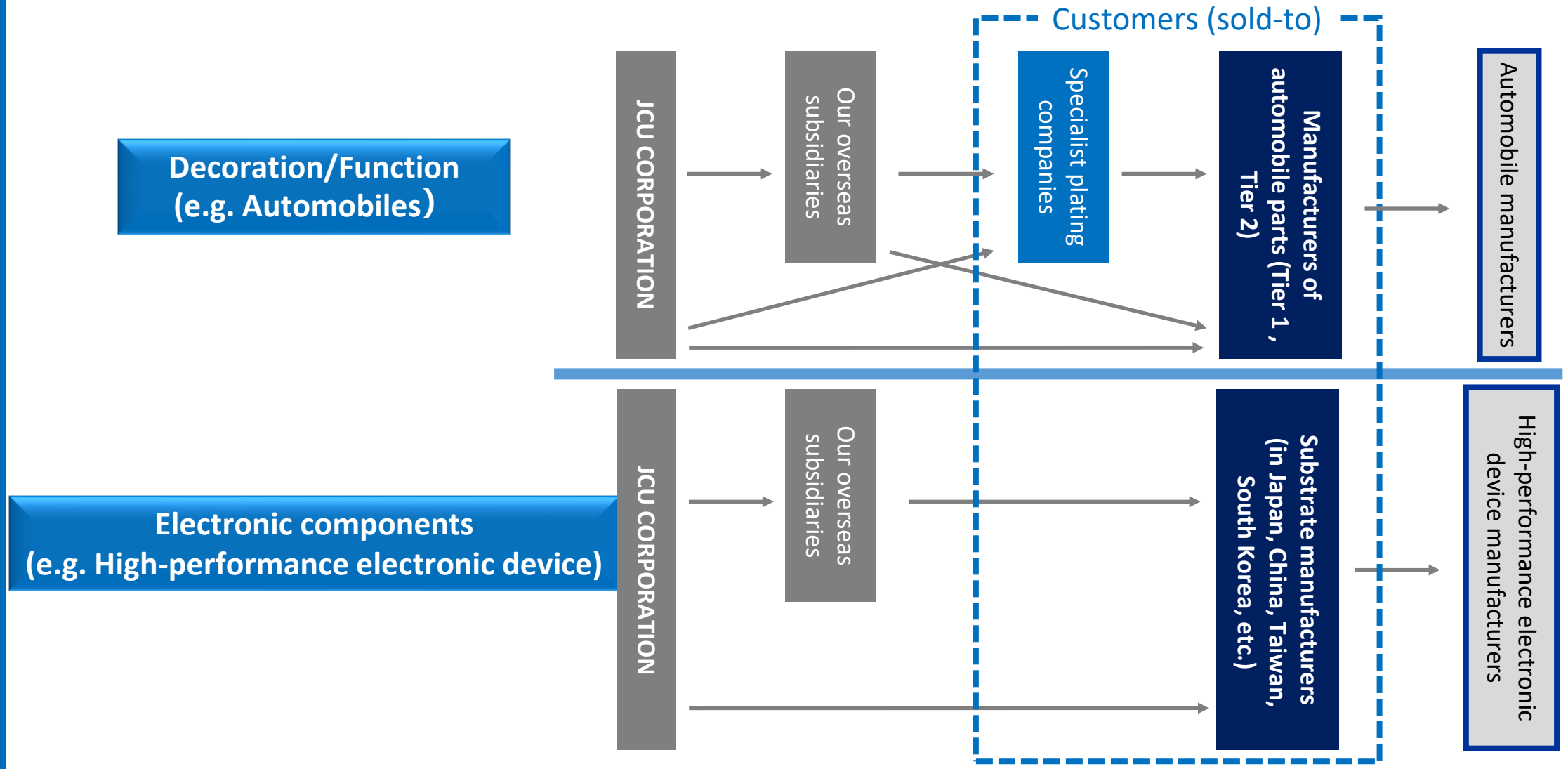
Environmentally harmful chemicals are used in manufacturing process

Future

Develop a non-dye-based additive for copper plating that realizes the same performance as the conventional one, without using environmentally harmful chemicals

Appearances after various kinds of plating

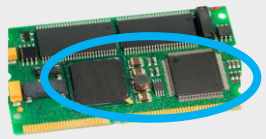
Major Distribution Channels



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  	(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 connecters 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