

Financial Results Briefing Material

for the First Half of the Fiscal Year
Ending March 2021

JCU CORPORATION

TSE First Section (Stock Code: 4975)

November 4, 2020

Impact of the COVID-19 Pandemic on JCU

Businesses

Electronic components

In China, the factory utilization rate of substrate manufacturers has returned to the pre-COVID-19 level, contributing to a recovery in the demand for our chemicals.

Consumer confidence was weak due to restrictions on economic activities worldwide. The overall market growth driven by the 5G-related business slowed down, leading to limited growth in the demand for our chemicals.

Automotive components

Although factory operation in automobile manufacturers resumed in China, lockdowns in ASEAN countries caused factories to suspend their operations and companies to restrict their sales activities.

In addition to this, the global downturn in the automotive industry including U.S. and Europe caused the demand for chemicals to decline significantly.

Factory in Hubei

Full-scale operation of the factory and technical center delayed, but the factory aims to start mass production at the beginning of the new year.

Until it starts the full-scale operation, the production continues at the outsourcing site. Therefore, there is no effect to the chemical supply to our customers.

Summary of Consolidated Financial Results for 1H FY3/21

Overview of Financial Results

Accounting Period of 1H FY3/21

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

Overseas subsidiaries: January 1 to June 30

For electronic components

- China: Despite the decreased number of smartphones sold, business remained solid with the generally unchanged demand for chemicals for PWBs for antennas used in the base stations for the 5G mobile communication system and PWBs for surveillance cameras compliant with 5G
- Taiwan: Business remained strong with the increased demand for chemicals for PWBs for high-performance electronic devices and semiconductor package substrates for servers
- Korea: Demand for chemicals remained weak due to the withdrawal of some PWB manufacturers from the HDI substrate business

For automotive components

- Japan: Business continued to trend downward and suffered a significant decline in demand for chemicals mainly due to the impact of the COVID-19 infection, despite a sign of recovery in the automotive industry.
- Overseas: Although production in automotive component manufacturers was on a recovery track in China, after being hit by COVID-19, business saw a significant decline in demand for chemicals as sales volume in the automotive industry continued to slow down due to the US-China trade friction and stricter environmental regulations.

Machine Business

- The amount of orders received is expected to substantially decrease due to a decrease in large-scale projects despite a temporary increase in sales from the acceptance status of construction.

Summary of Consolidated Financial Results for 1H FY3/21

(Millions of yen)

	1H FY3/19	1H FY3/20	1H FY3/21		
	Results	Results	Forecast	Results	YoY % Change
Net sales	13,078	10,184	10,000	9,673	(5.0)%
Operating profit	3,427	2,919	2,550	2,917	(0.1)%
Ordinary profit	3,495	2,869	2,650	2,953	2.9%
Profit attributable to owners of parent	2,559	2,027	1,850	2,012	(0.8)%
Net income per share	91.95 yen	74.88 yen	69.70 yen	75.88 yen	-

Foreign Exchange Rates

(Yen)

	FY3/20				FY3/21		
	1Q	2Q	3Q	4Q	(Initial forecast)	1Q	2Q
Chinese yuan (CNY)	16.32	16.20	15.89	15.78	15.61	15.61	15.39
Taiwan dollar (TWD)	3.58	3.55	3.52	3.53	3.62	3.62	3.61
Korean won (KRW)	0.0980	0.0961	0.0940	0.0937	0.0914	0.0914	0.0898

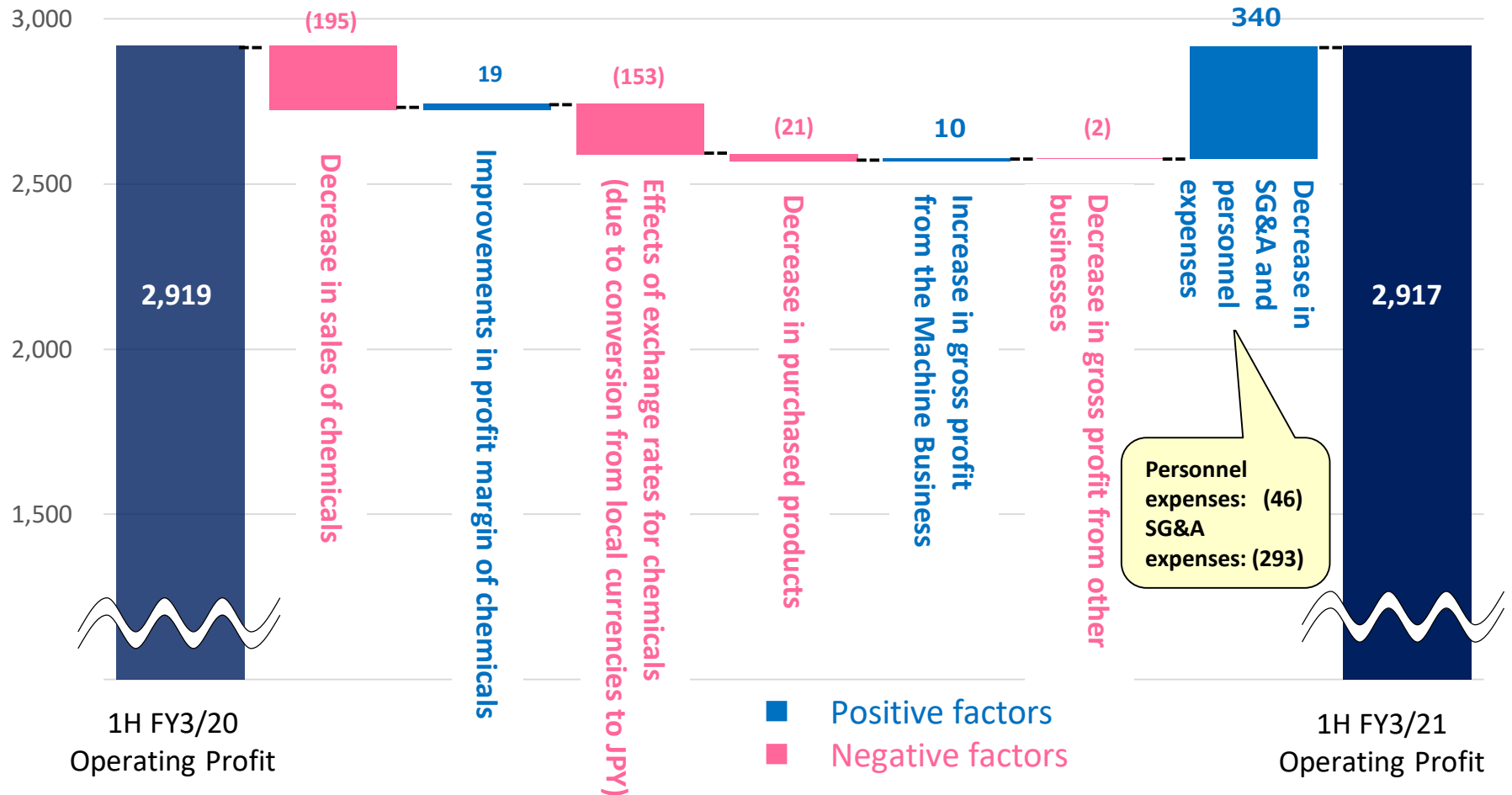
Note: The average rate for the period is used to translate Chinese yuan, Taiwan dollar and Korean won, our major foreign currencies, to Japanese yen.

Foreign exchange sensitivity (as at the consolidated year): Changes of about 60 million yen in consolidated operating profit with 1 % change in major currency rates listed above

Changes in Consolidated Operating Profit for 1H FY3/21

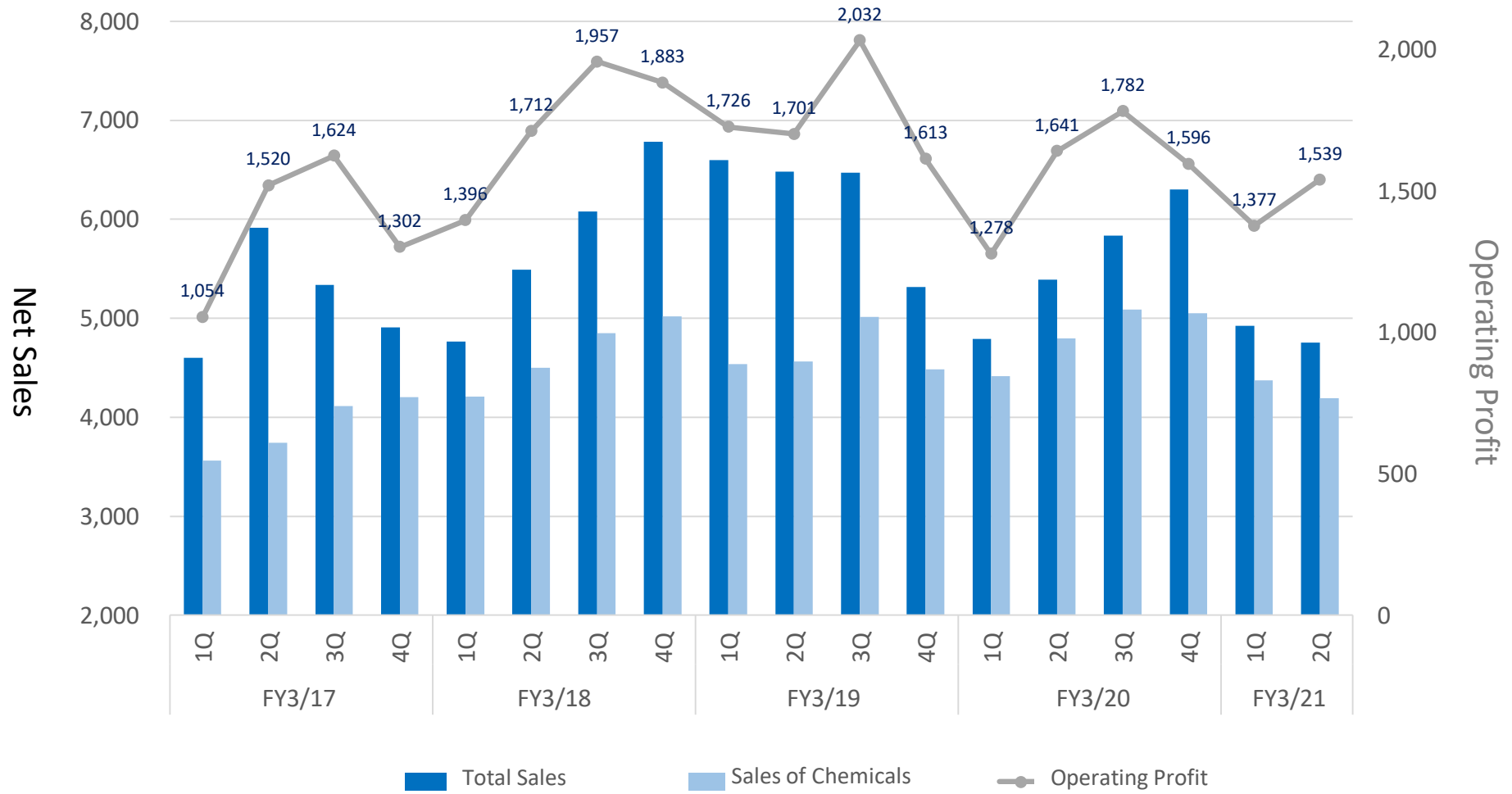
(Millions of yen)

(YoY change)
(2)

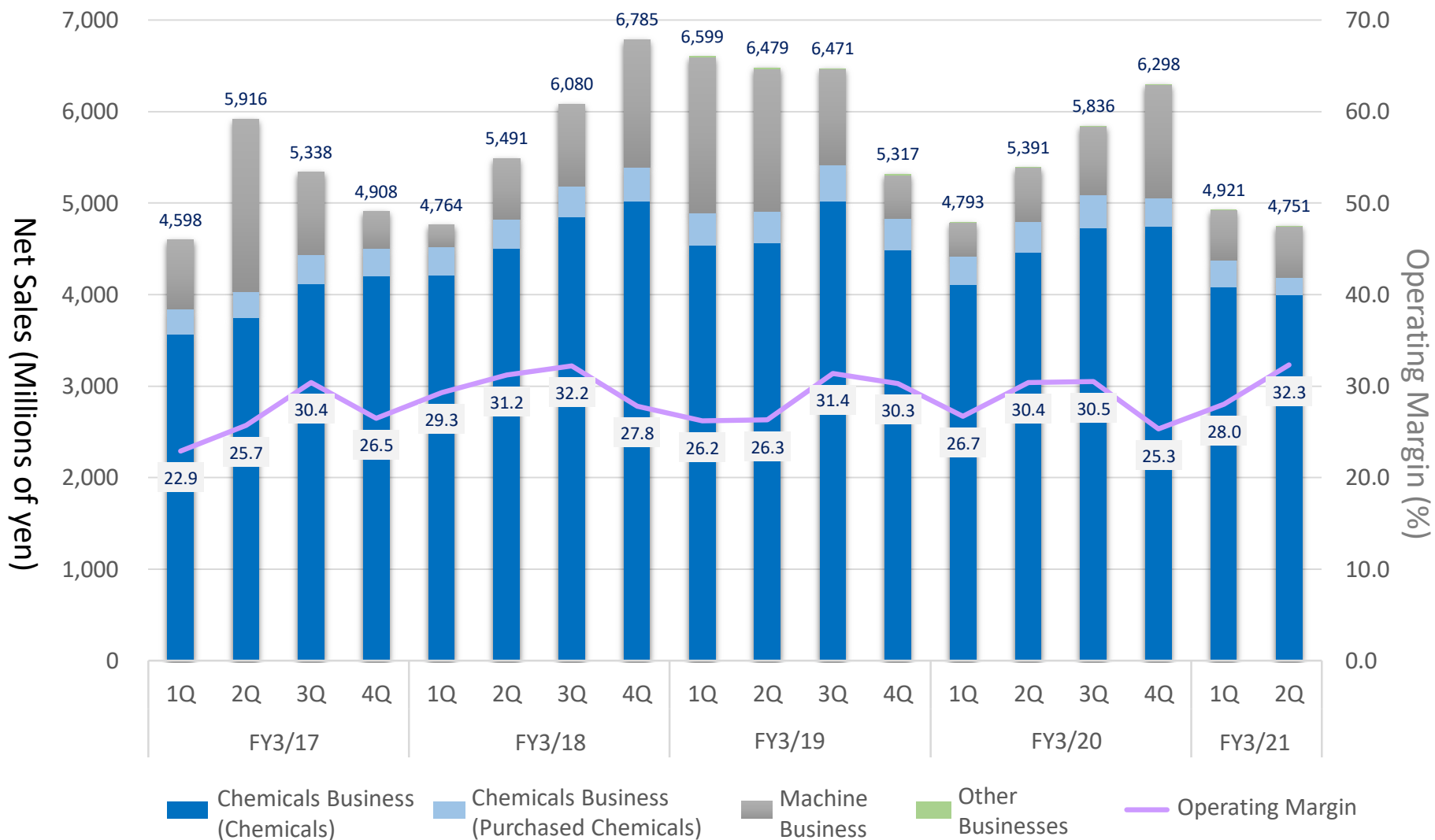


Quarterly Consolidated Financial Results

(Millions of yen)

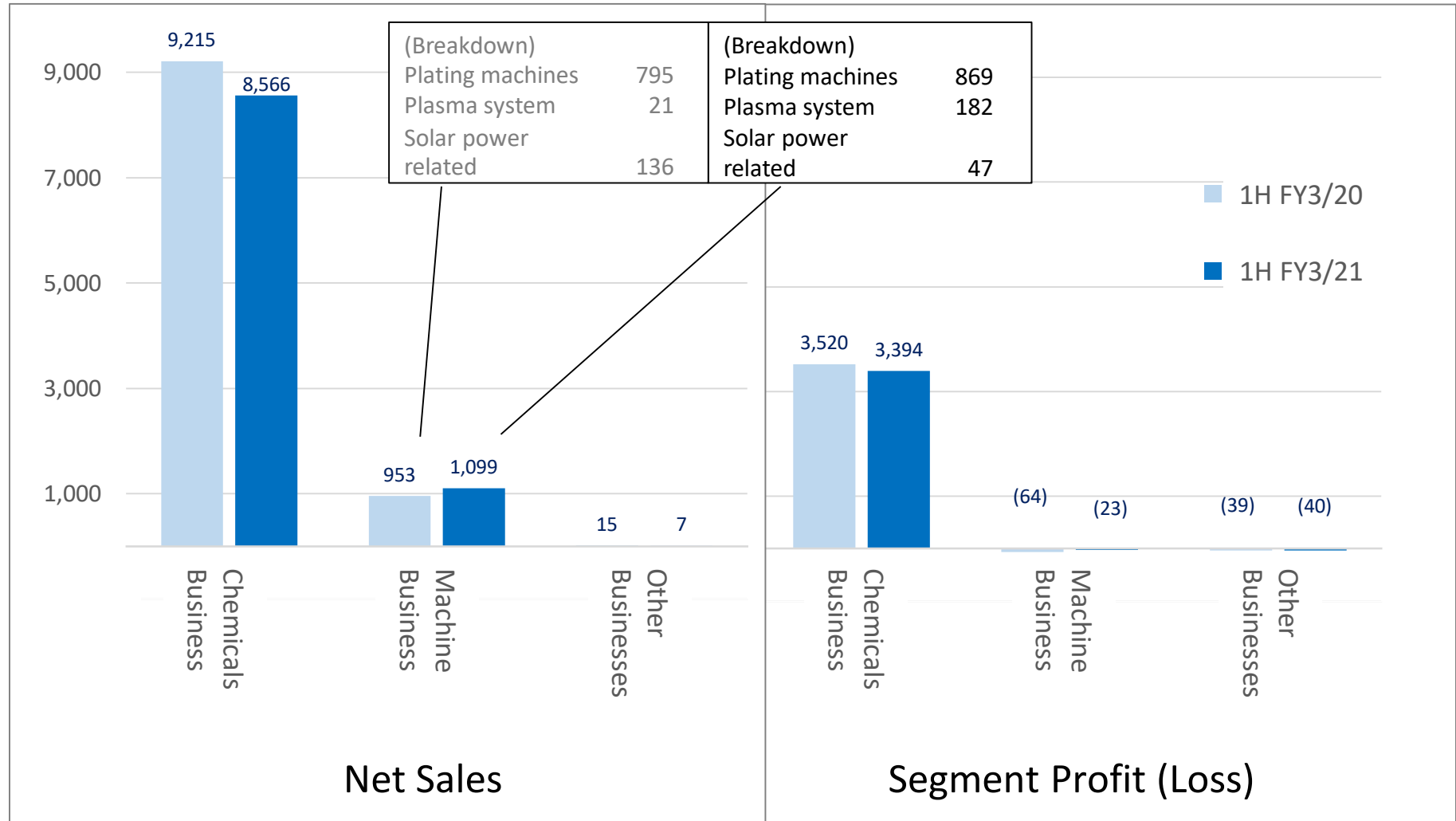


Quarterly Consolidated Financial Results (By Segment)



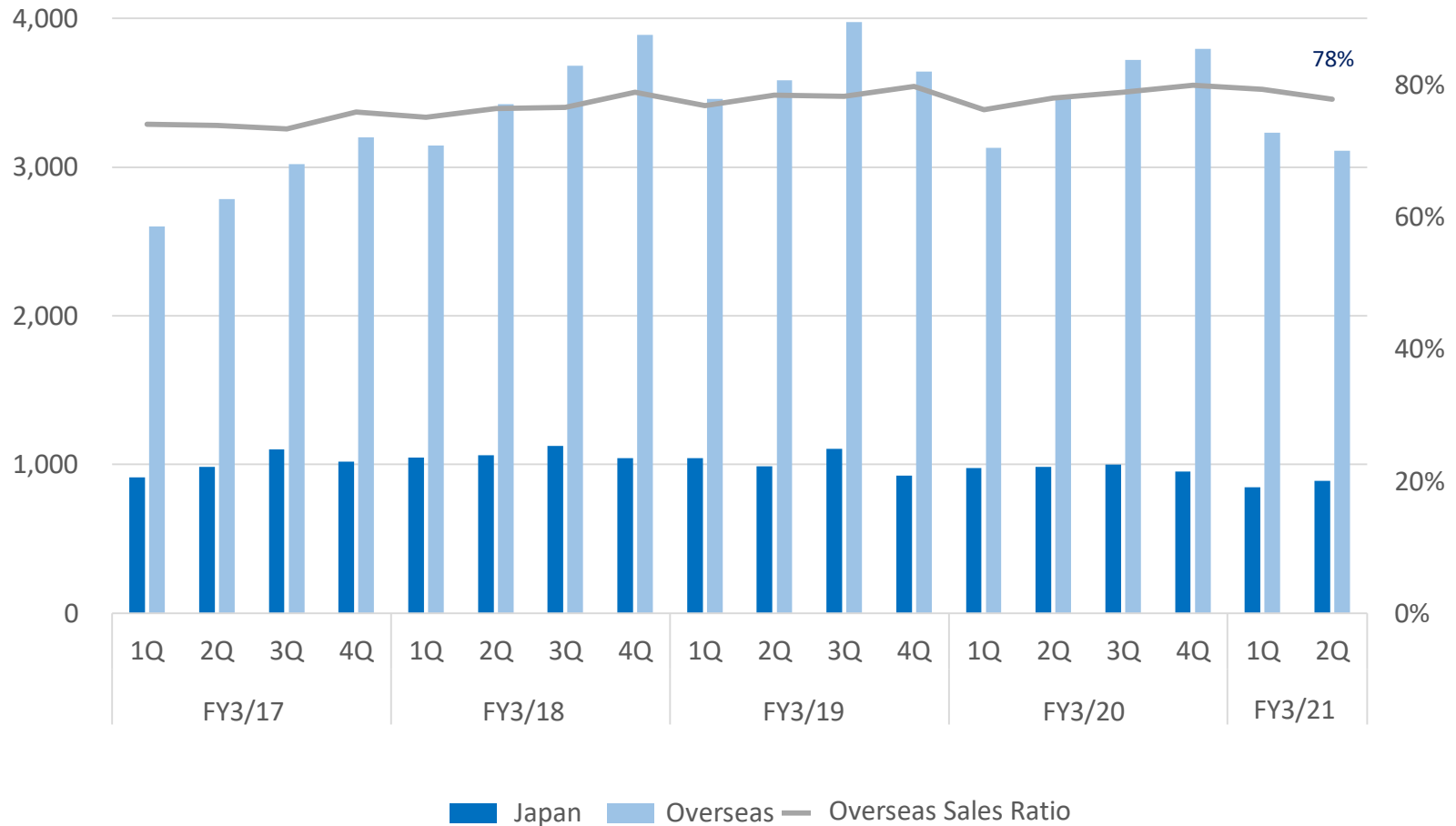
Consolidated Segment Results for 1H FY3/21

(Millions of yen)



Quarterly Sales of Chemicals in Japan and Overseas

(Millions of yen)

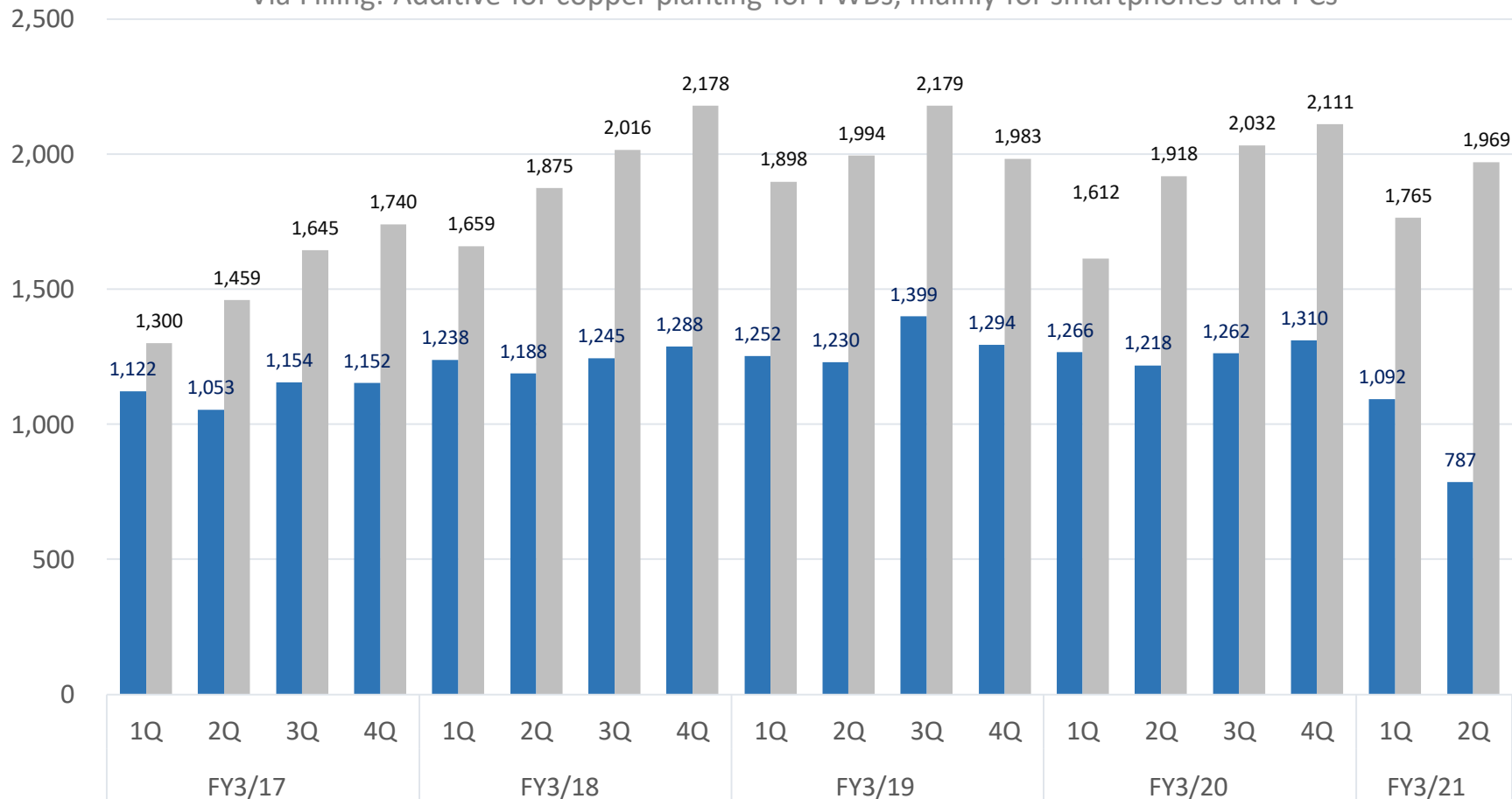


Quarterly Sales of Chemicals for POP and Via Filling

POP: Planting on Plastics, mainly for automotive components

Via Filling: Additive for copper planting for PWBs, mainly for smartphones and PCs

(Millions of yen)

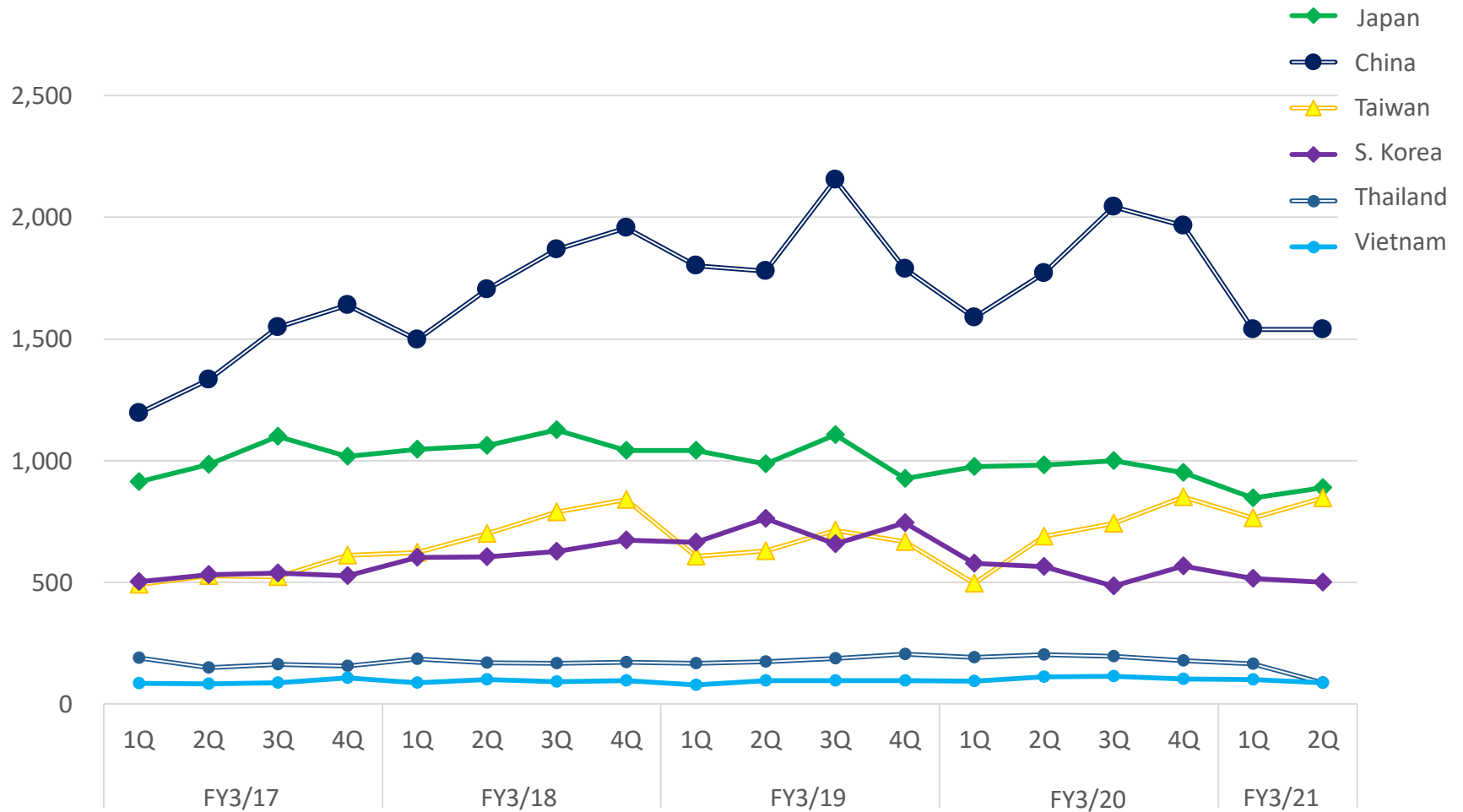


POP

Via Filling

Quarterly Sales of Chemicals by Region

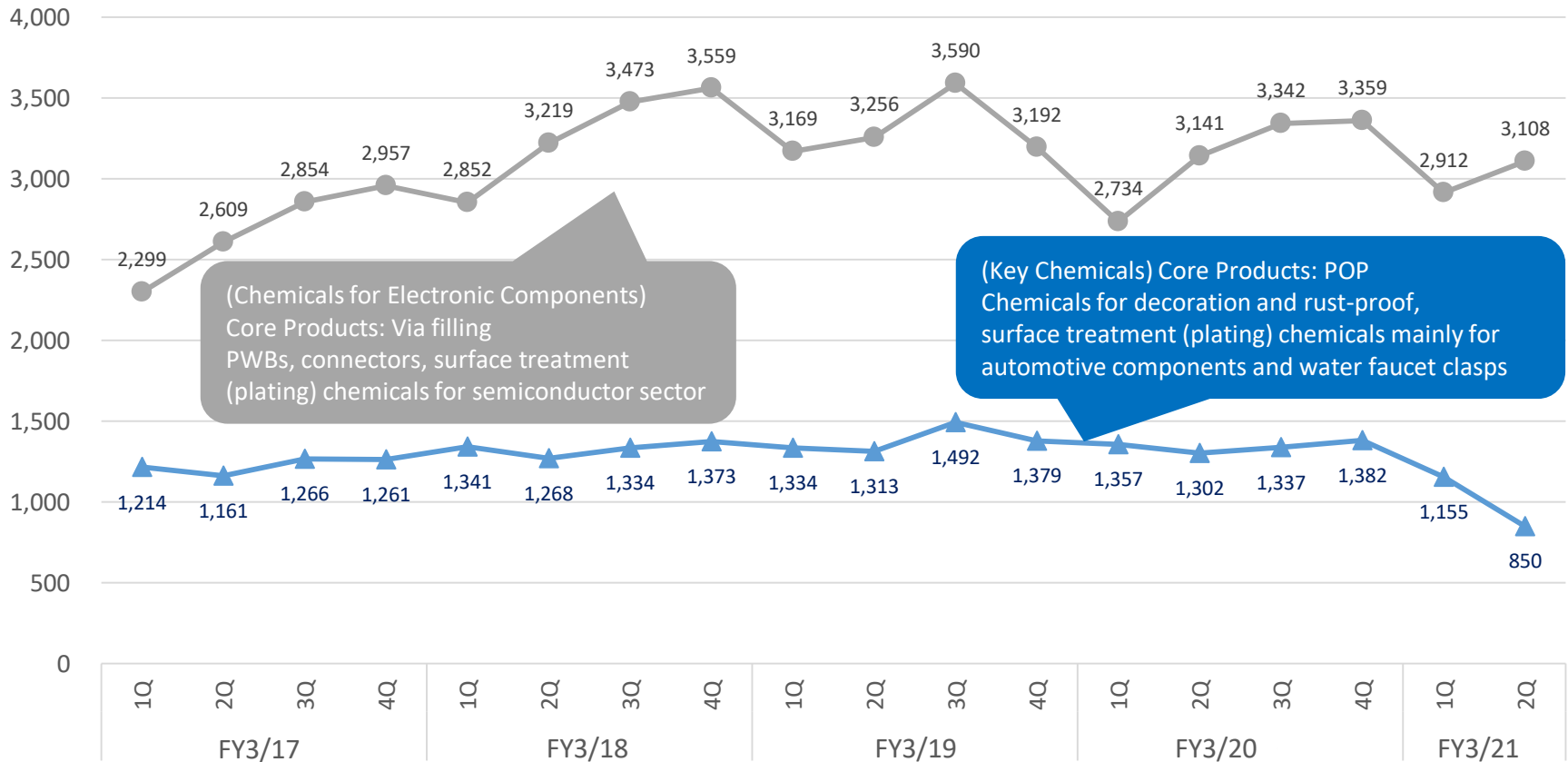
(Millions of yen)



Quarterly Sales of Chemicals by Category

(Millions of yen)

Consolidated



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

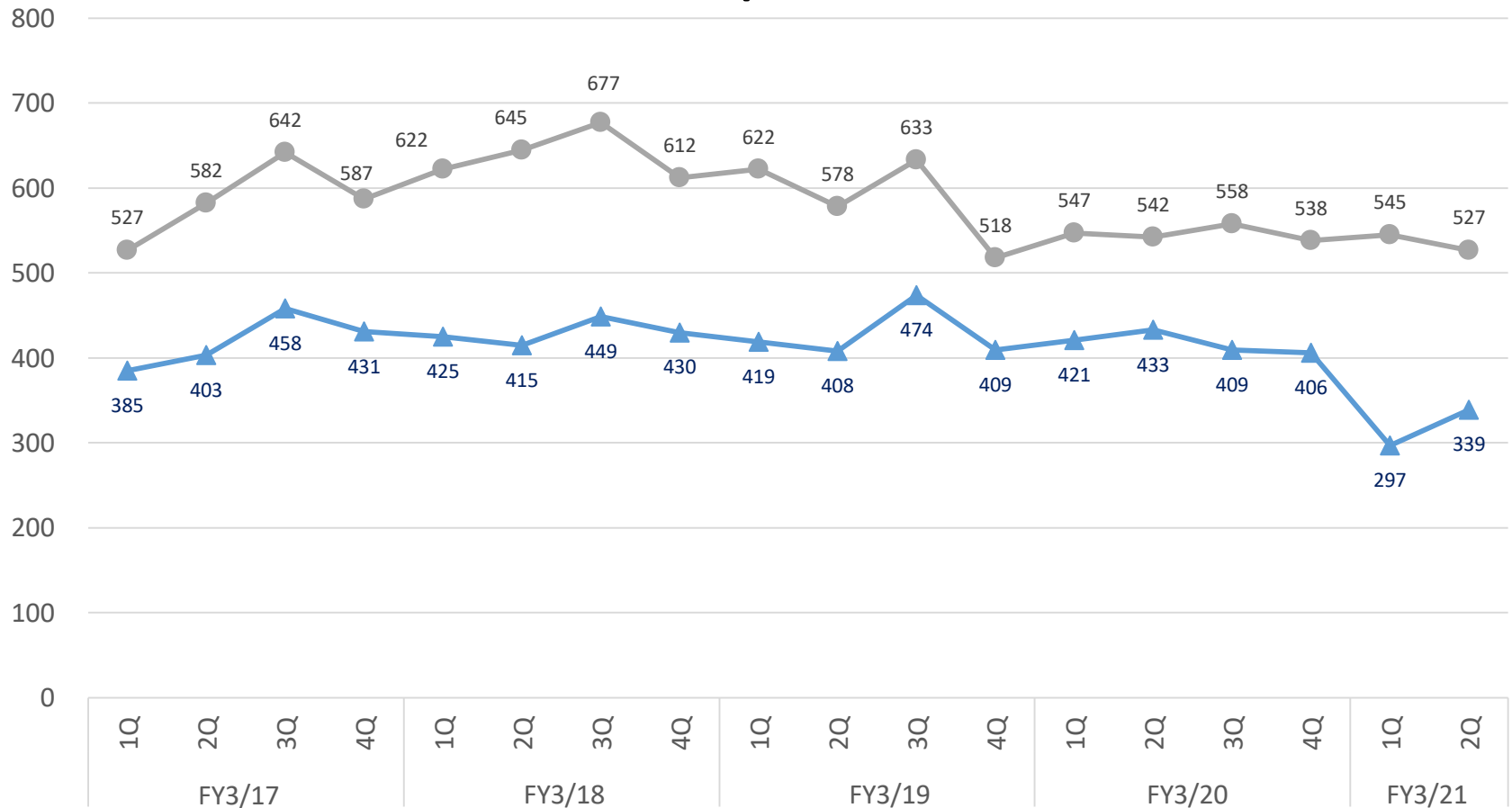
(Key Chemicals) Core Products: POP
Chemicals for decoration and rust-proof,
surface treatment (plating) chemicals mainly for
automotive components and water faucet clasps

▲ Key Chemicals ● Chemicals for Electronic Components

Quarterly Sales of Chemicals by Region

(Millions of yen)

Japan

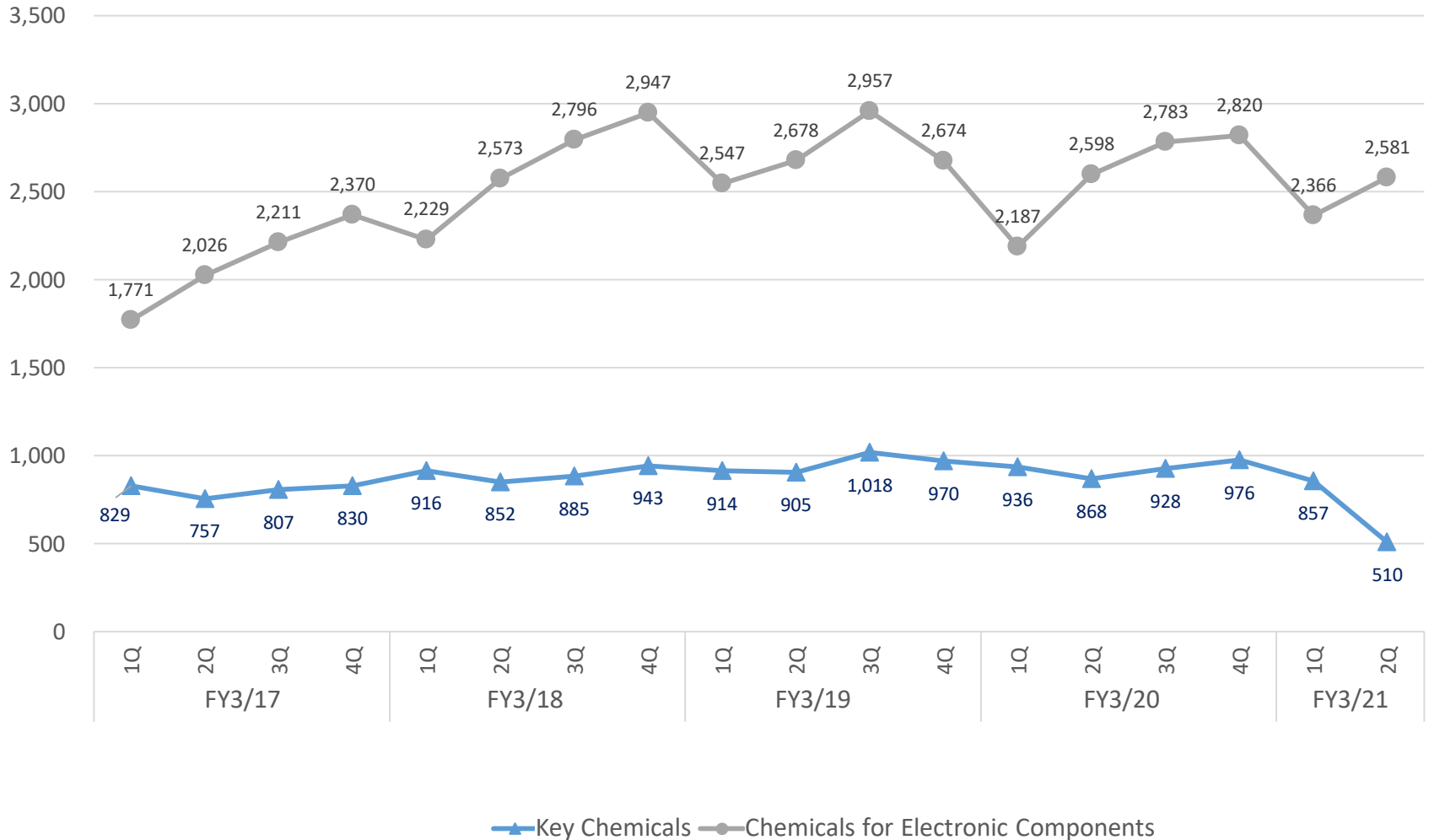


▲ Key Chemicals ● Chemicals for Electronic Components

Quarterly Sales of Chemicals by Region

(Millions of yen)

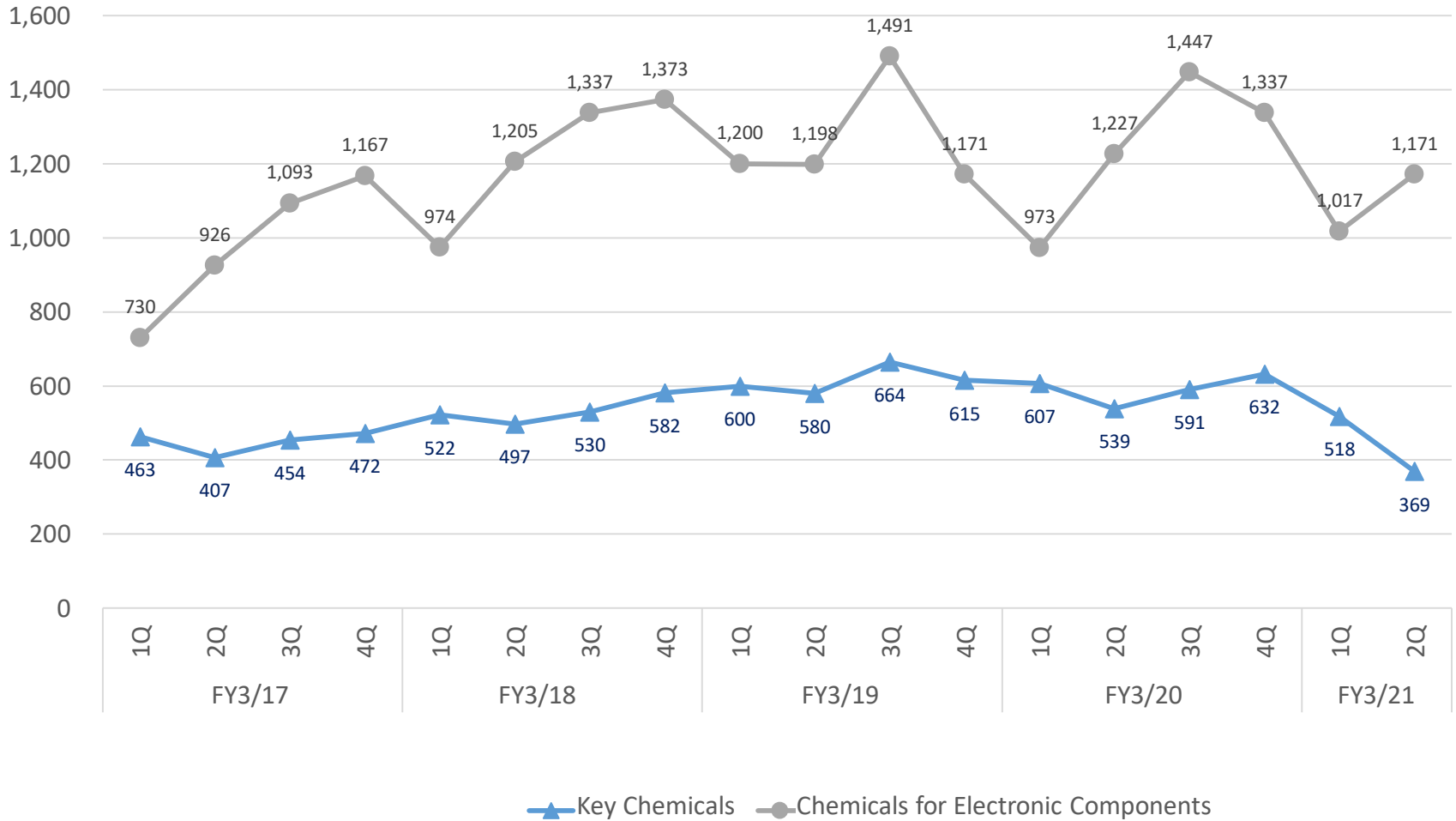
Overseas



Quarterly Sales of Chemicals by Region

(Millions of yen)

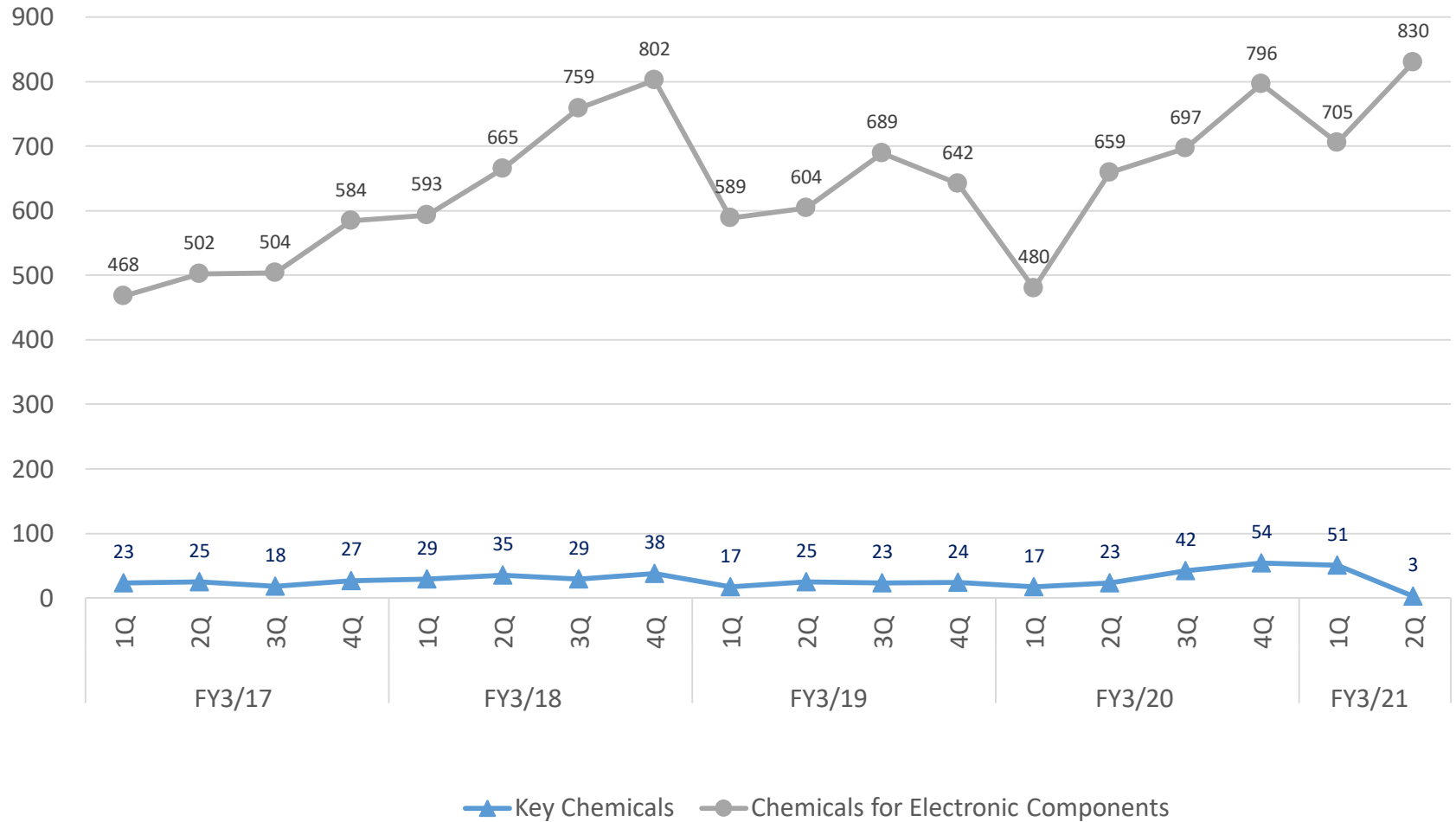
China



Quarterly Sales of Chemicals by Region

(Millions of yen)

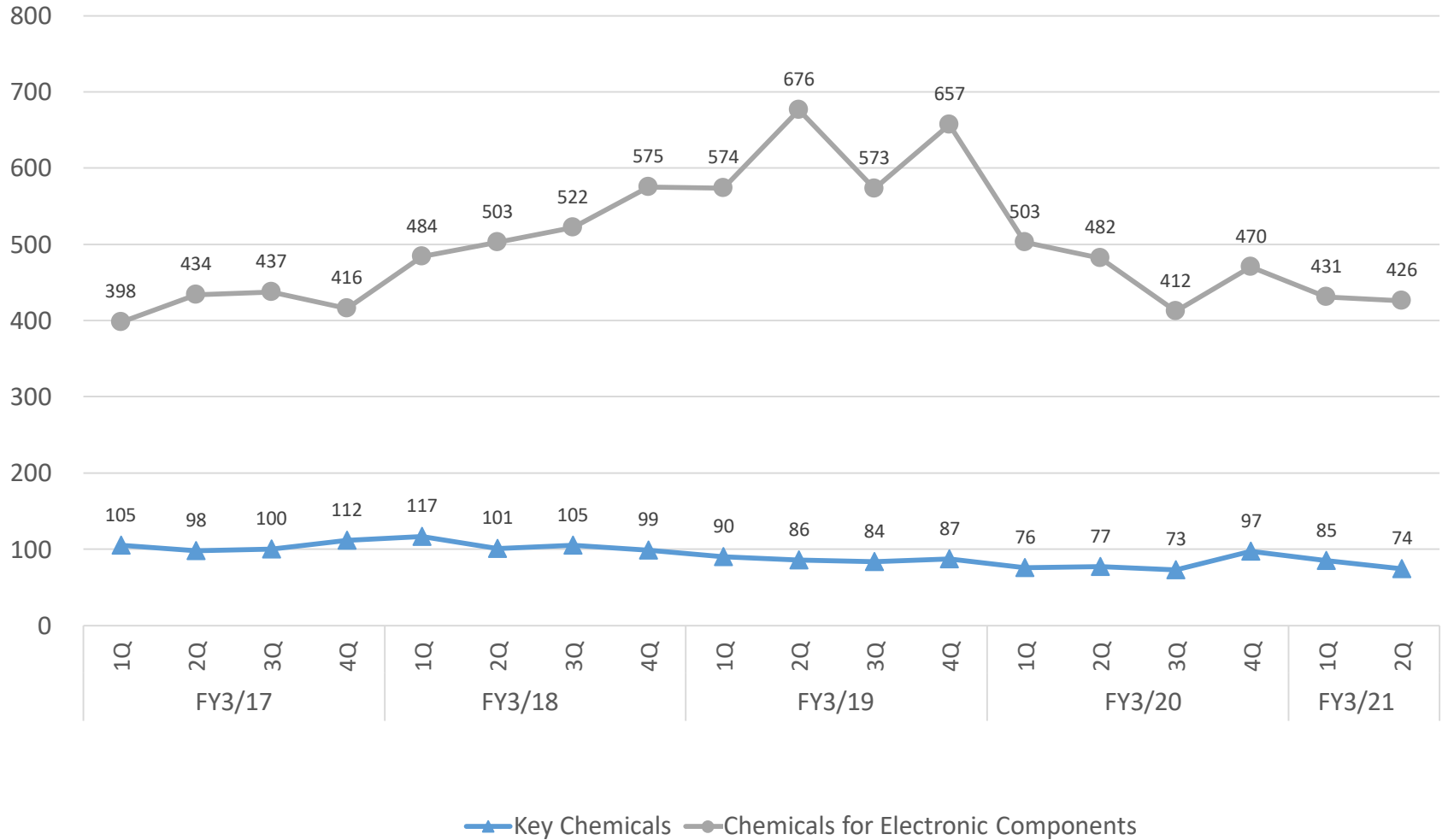
Taiwan



Quarterly Sales of Chemicals by Region

(Millions of yen)

South Korea



Forecasts for FY3/21

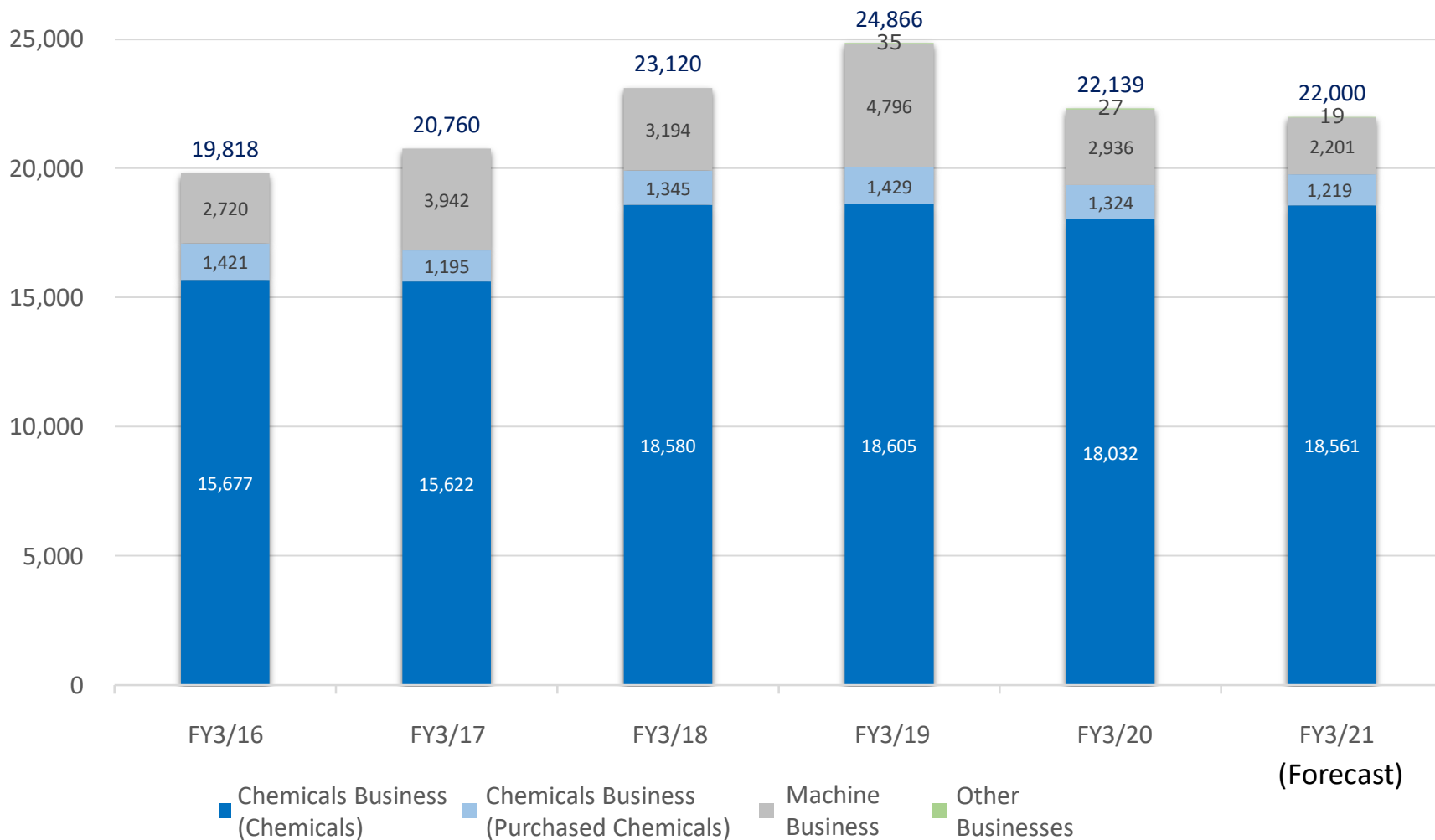
(Millions of yen)

	FY3/20 Results	1H FY3/21 Results	FY3/21 Forecasts	Progress rate against full- year forecast
Net sales	22,139	9,673	22,000	43.9%
Operating profit	6,297	2,917	6,400	45.5%
Ordinary profit	6,240	2,953	6,500	45.4%
Profit attributable to owners of parent	4,416	2,012	4,450	45.2%
Net income per share	163.97 yen	75.88 yen	167.68 yen	-

Although the global spread of the COVID-19 infections, which is not contained yet, will continue to affect the business activities and the performance of the Company, we have left the FY3/21 forecasts unchanged from the forecasts announced at the beginning of FY3/21.

Annual Sales by Business (incl. Forecast)

(Millions of yen)



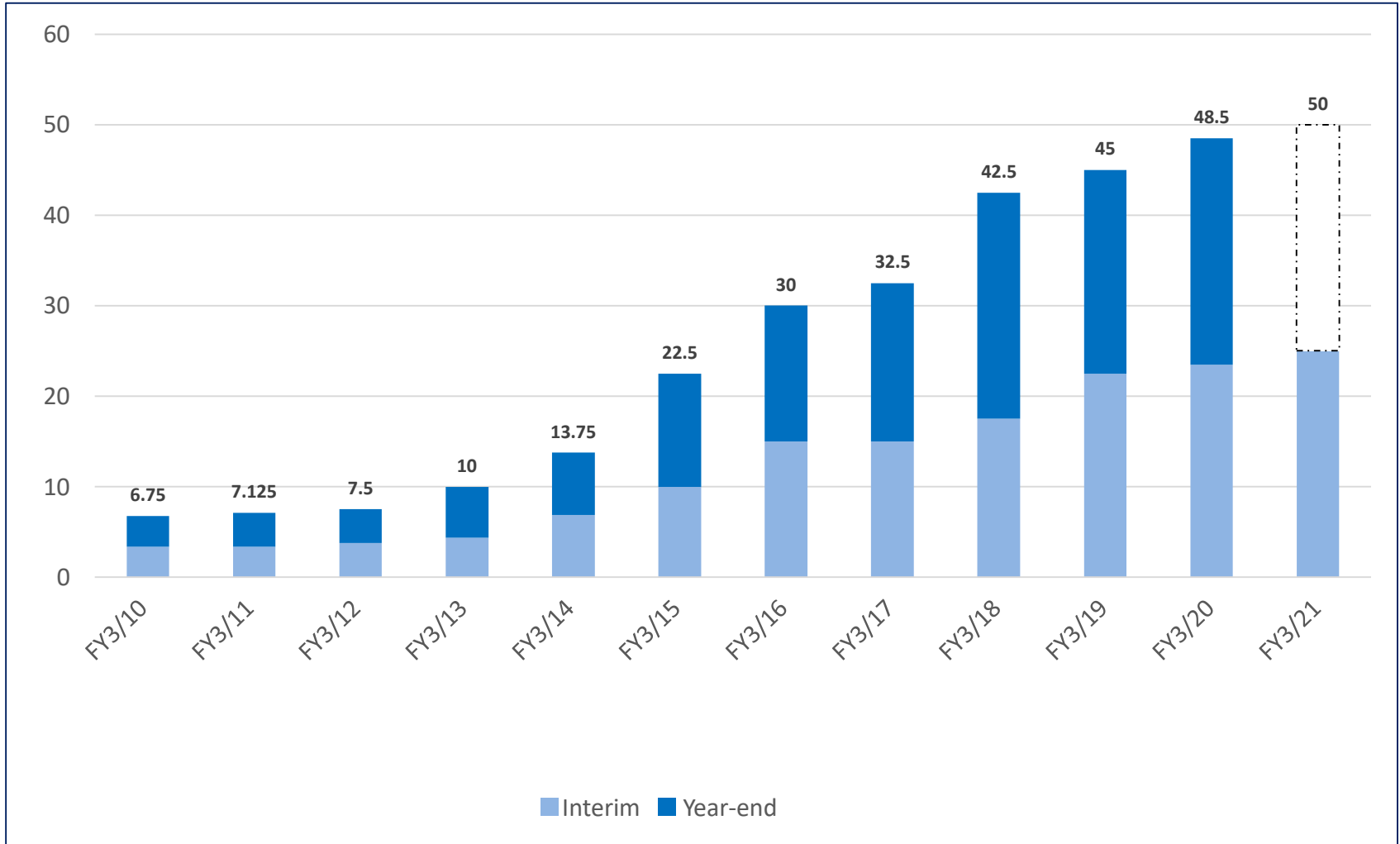
Dividend Forecast

		FY3/19	FY3/20	FY3/21 (Forecasts)
Dividends per share	Interim	22.5 yen	23.5 yen	25.0 yen (an increase of 1.5 yen per share)
	Year-end	22.5 yen	25.0 yen	25.0 yen
	Annual	45 yen	48.5 yen	50.0 yen (an increase of 1.5 yen per share)

We will continue to make investments for sustainable growth while securing liquidity on hand and maintaining stable financial base. Our basic policy is to pay dividends with a target payout ratio of 25% with an aim for stable dividend growth.

Dividends

(Yen)



Reference

- Company Profile
- Major Distribution Channels
- Major Products

Company Profile

Founded in : December 1957

Established on : April 1, 1968

Capital stock : 1,220 million yen

Annual sales : Non-consolidated: 12.2 billion yen / Consolidated: 22.3 billion yen
(For the fiscal year ended March 31, 2020)

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 : Keiji Ozawa, Chairman and CEO
Masashi Kimura, President and COO

Employees : Non-consolidated: 257 / Consolidated: 580
(As of the end of the fiscal year ended March 31, 2020)

ISO Certificates

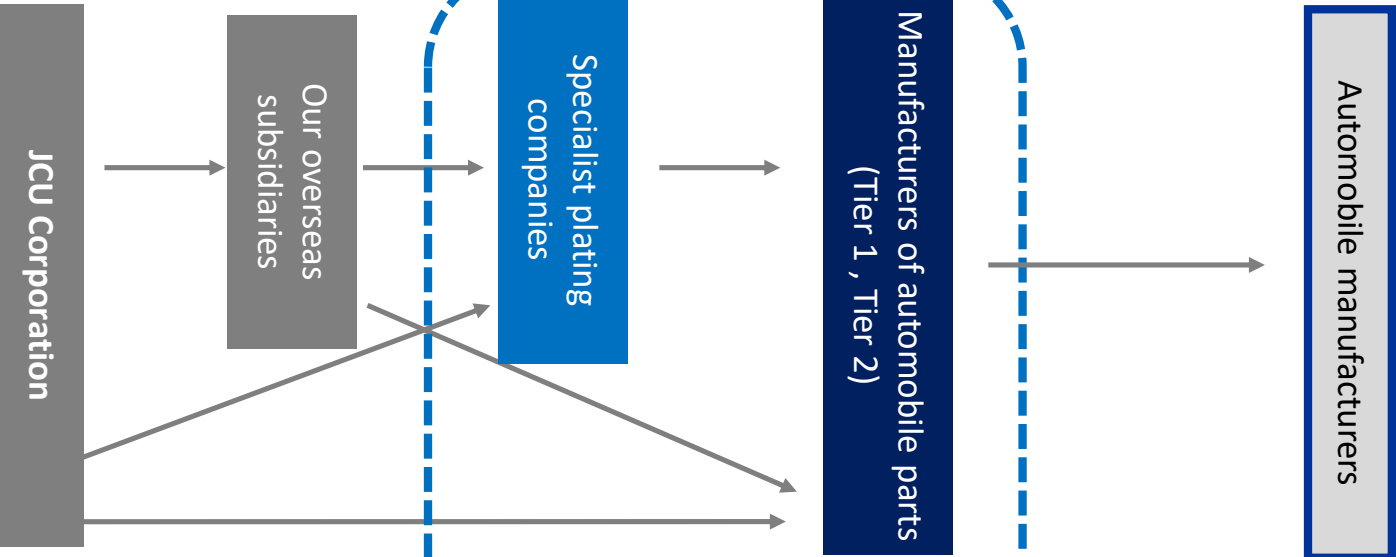
ISO9001 Production Headquarters, Head Office Sales and Marketing Department, and R&D Center (JCQA-0281)

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

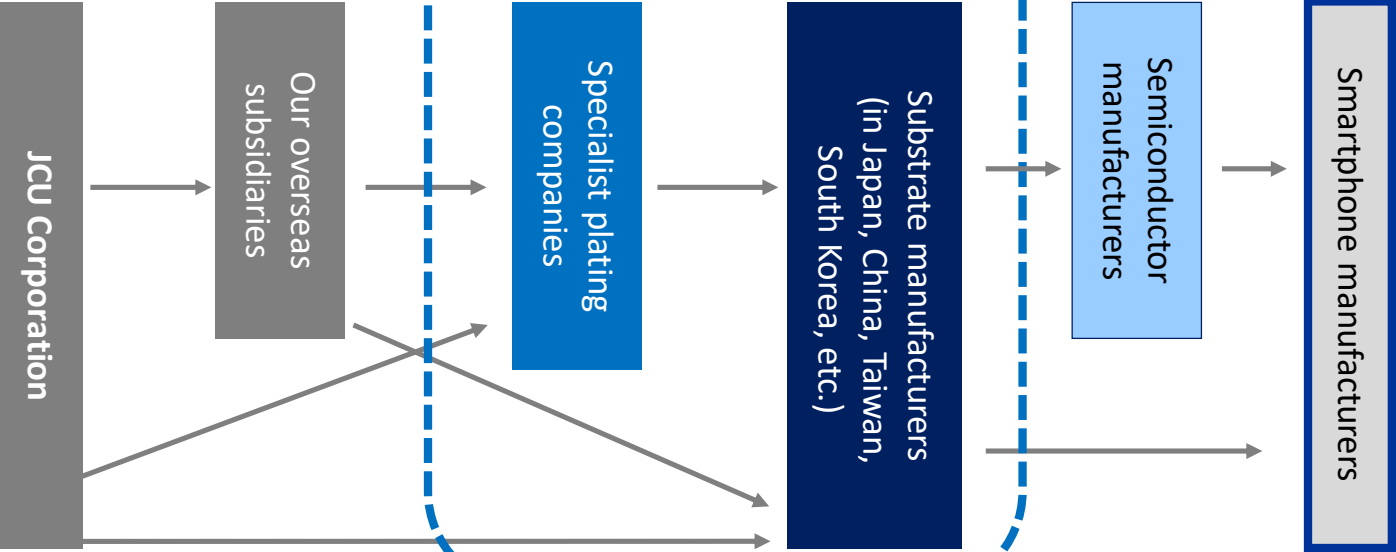
Major Distribution Channels

Customers (sold-to)

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)

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.



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