



JCU CORPORATION

Financial Results Briefing Material

for the First Half of the Fiscal Year
Ending March 2024

JCU CORPORATION

TSE Prime (Stock Code: 4975)

November 7, 2023

Summary of Consolidated Financial Results for 1H FY3/24



Accounting Period of 1H FY3/24

JCU (non-consolidated): April 1 to September 30, 2023

Overseas subsidiaries: January 1 to June 30, 2023

Chemicals Business

For electronic components

- China: Despite a recovery trend in some PWB manufacturers, demand for high-performance electronic devices including smartphones decreased. As a result, sales of chemicals decreased.
- Taiwan: Due to a decrease in demand for servers and semiconductor package substrates for high-performance electronic devices, sales of chemicals decreased.
- South Korea: Due to the semiconductor market remaining sluggish, demand for semiconductor package substrates decreased. As a result, sales of chemicals decreased.

For automotive components

- Japan: The shortages of semiconductors and parts were alleviated, resulting in a recovery trend in automobile production. However, sales of chemicals stayed flat.
- China: Despite increases in automobile production and sales volume due to an improvement in shortages of semiconductors and parts, demand for automobile parts which is subject to our business decreased. As a result, sales of chemicals decreased.

Machine Business

- Net sales increased and order backlog increased substantially thanks to the resumption of the projects that had been postponed due to the pandemic and the increasing demand for new investment.

Summary of Financial Results for 1H FY3/24



(Millions of yen)

	1H FY3/22	1H FY3/23	1H FY3/24		
	Results	Results	Forecasts	Results	YoY % Change
Net sales	11,654	13,117	10,700	10,864	(17.2)%
Operating profit	4,350	4,680	2,590	3,095	(33.9)%
Ordinary profit	4,430	4,720	2,590	3,202	(32.2)%
Profit attributable to owners of parent	3,078	3,326	1,750	2,177	(34.5)%
Net income per share	117.30 yen	128.26 yen	68.29 yen	85.04 yen	-

Foreign Exchange Rates



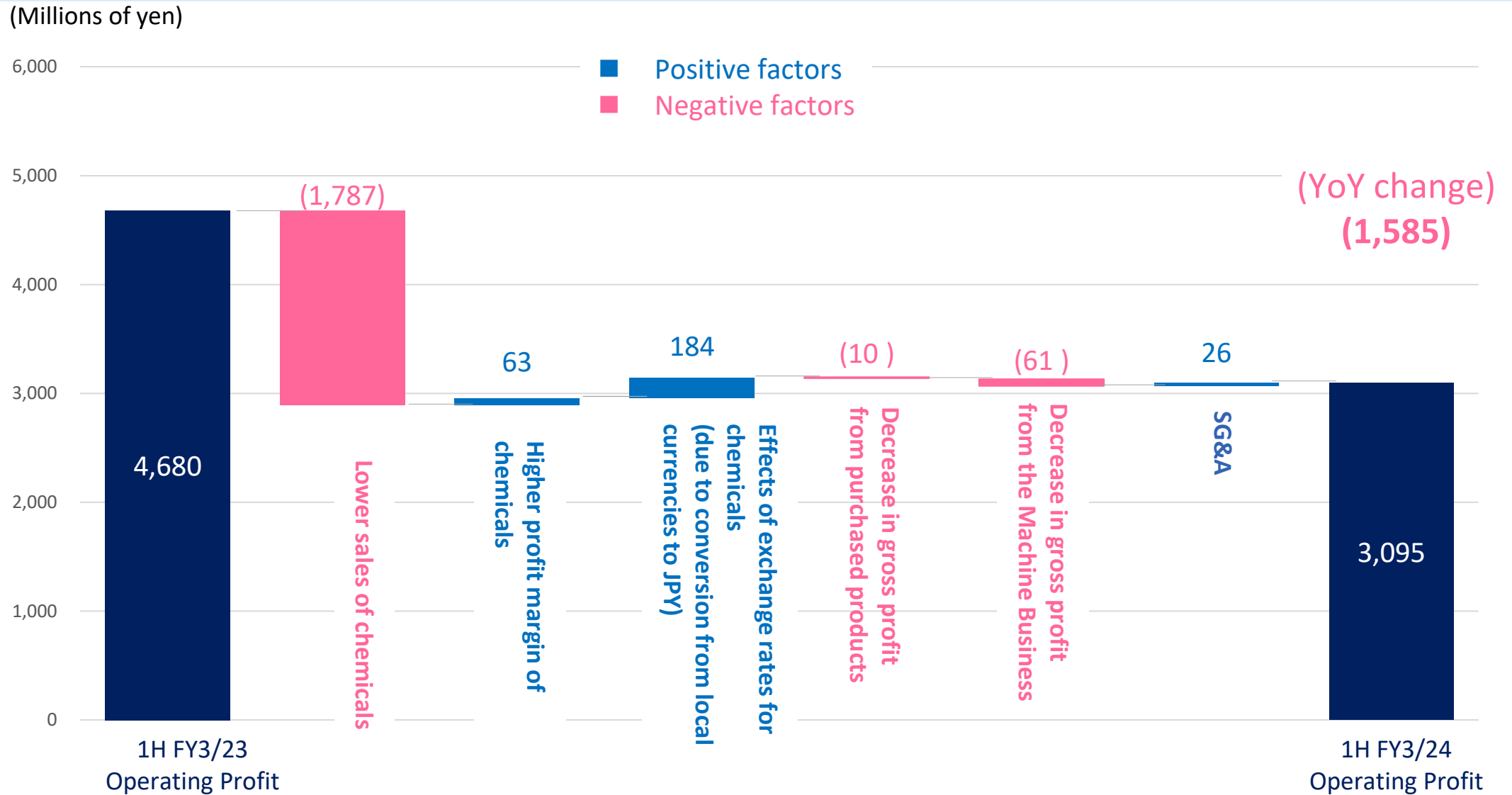
Foreign exchange sensitivity (as at the consolidated year): Changes of about 105 million yen in consolidated operating profit with 1% change in major currency rates listed below

(Yen)

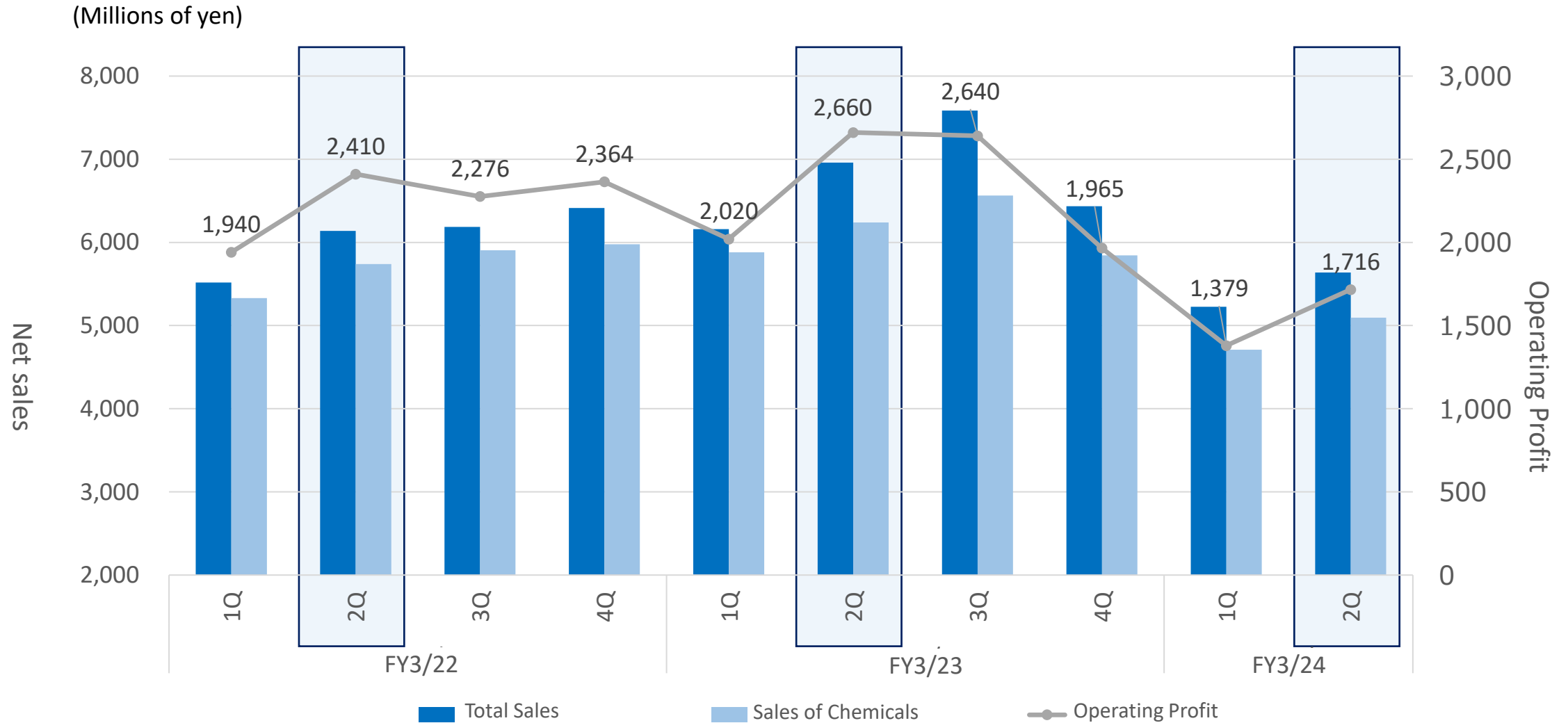
	FY3/23				FY3/24	
	1Q	2Q	3Q	4Q	1Q (Initial forecast)	2Q
Chinese yuan (CNY)	18.29	18.93	19.35	19.48	19.34	19.45
Taiwan dollar (TWD)	4.15	4.28	4.37	4.41	4.36	4.42
Korean won (KRW)	0.0964	0.0996	0.1008	0.1017	0.1039	0.1042

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.

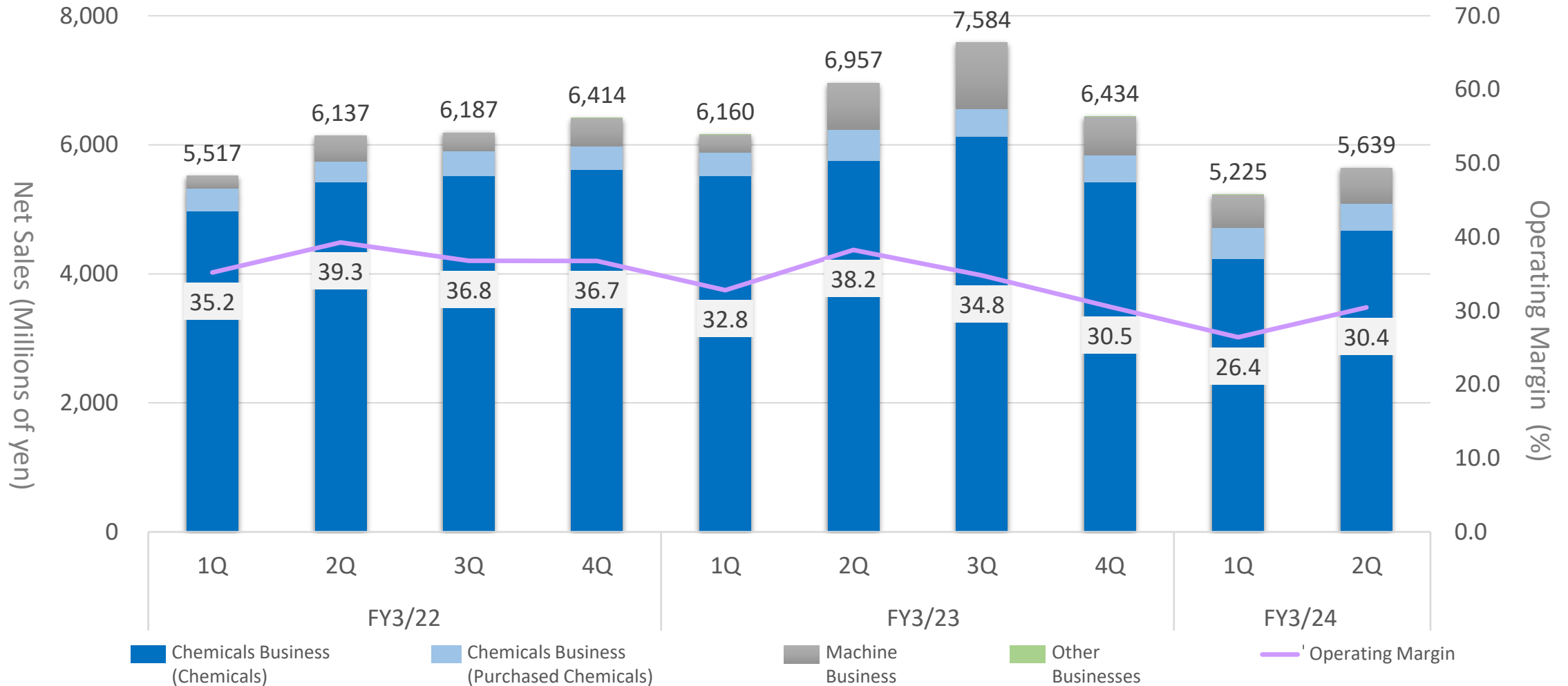
Changes in Consolidated Operating Profit for 1H FY3/24



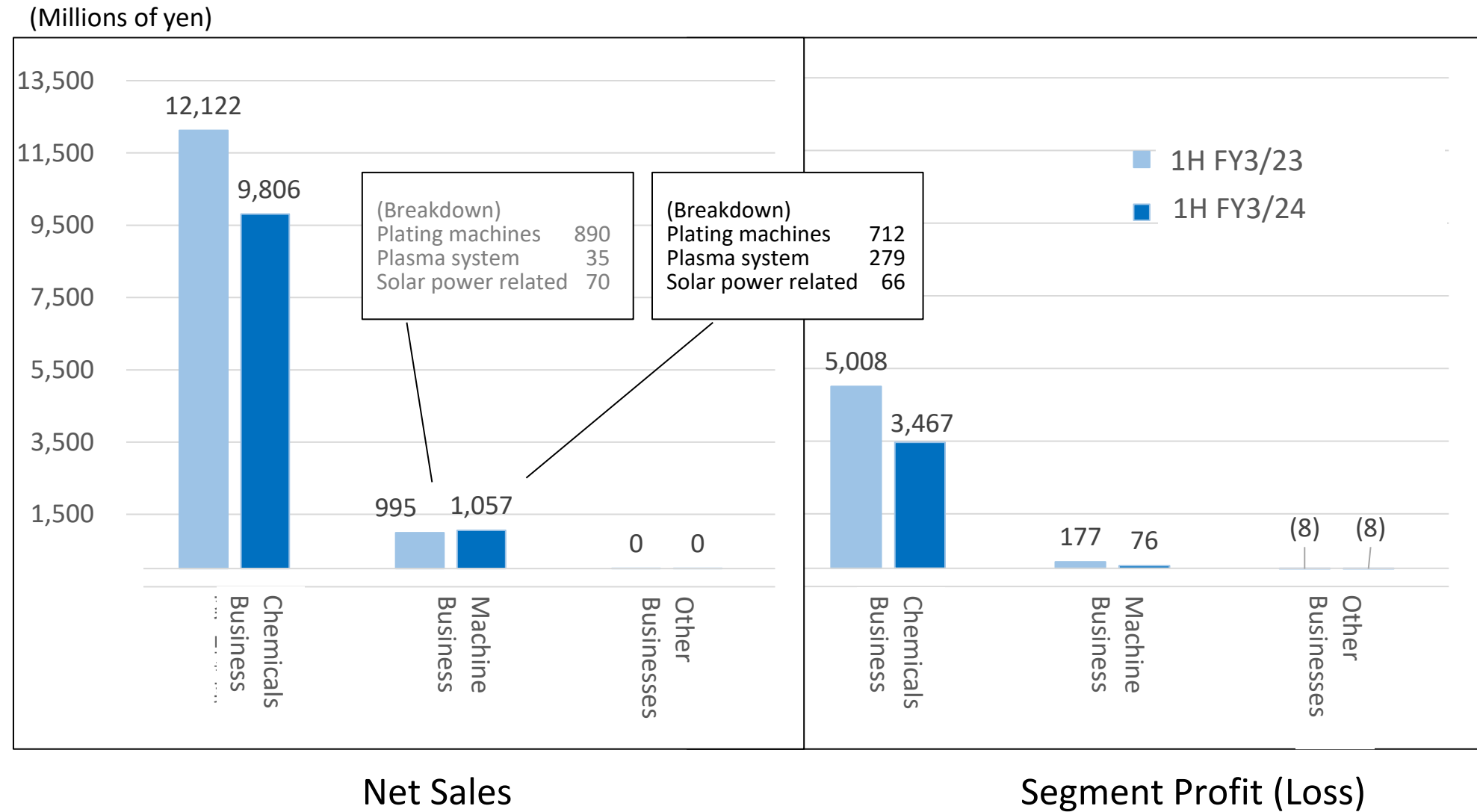
Quarterly Consolidated Financial Results



Quarterly Consolidated Financial Results (By Segment)



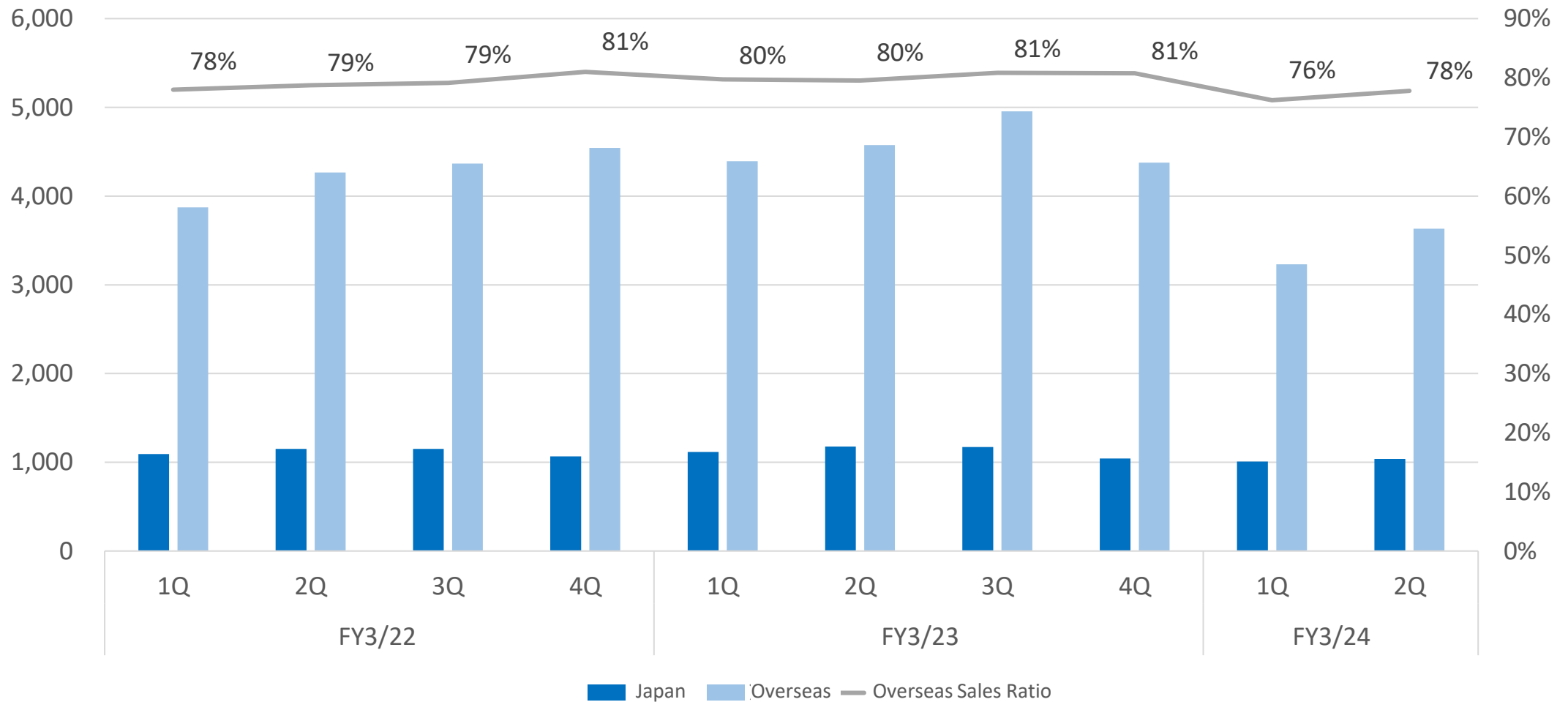
Consolidated Segment Results for 1H FY3/24



Quarterly Sales of Chemicals in Japan and Overseas



(Millions of yen)



Chemicals, POP, Via Filling and Etching | Quarterly Sales



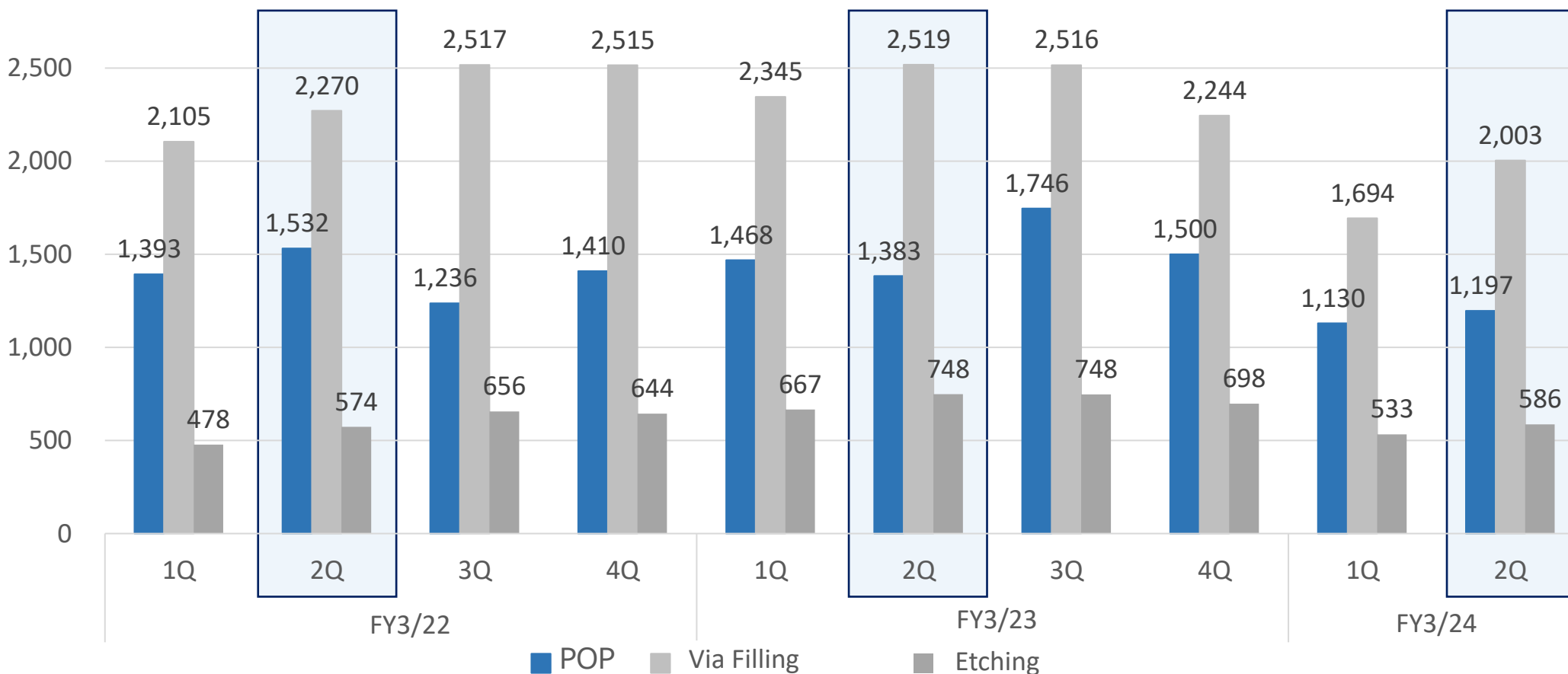
POP: Planting on Plastics, mainly for automotive components

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

(Millions of yen)

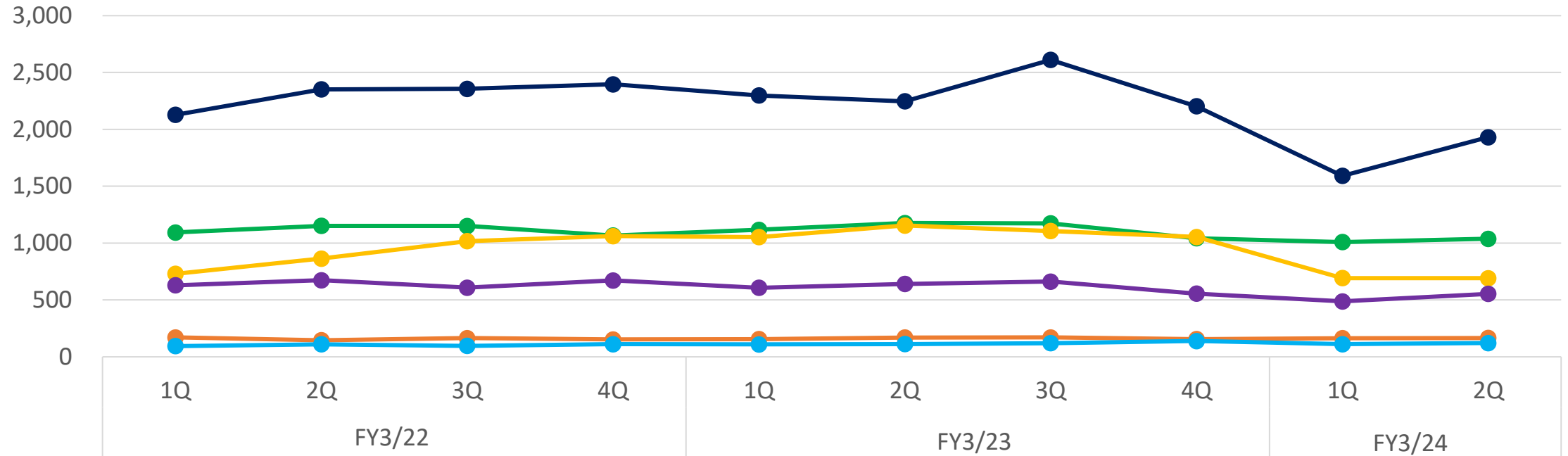
3,000



Quarterly Sales of Chemicals by Region



(Millions of yen)



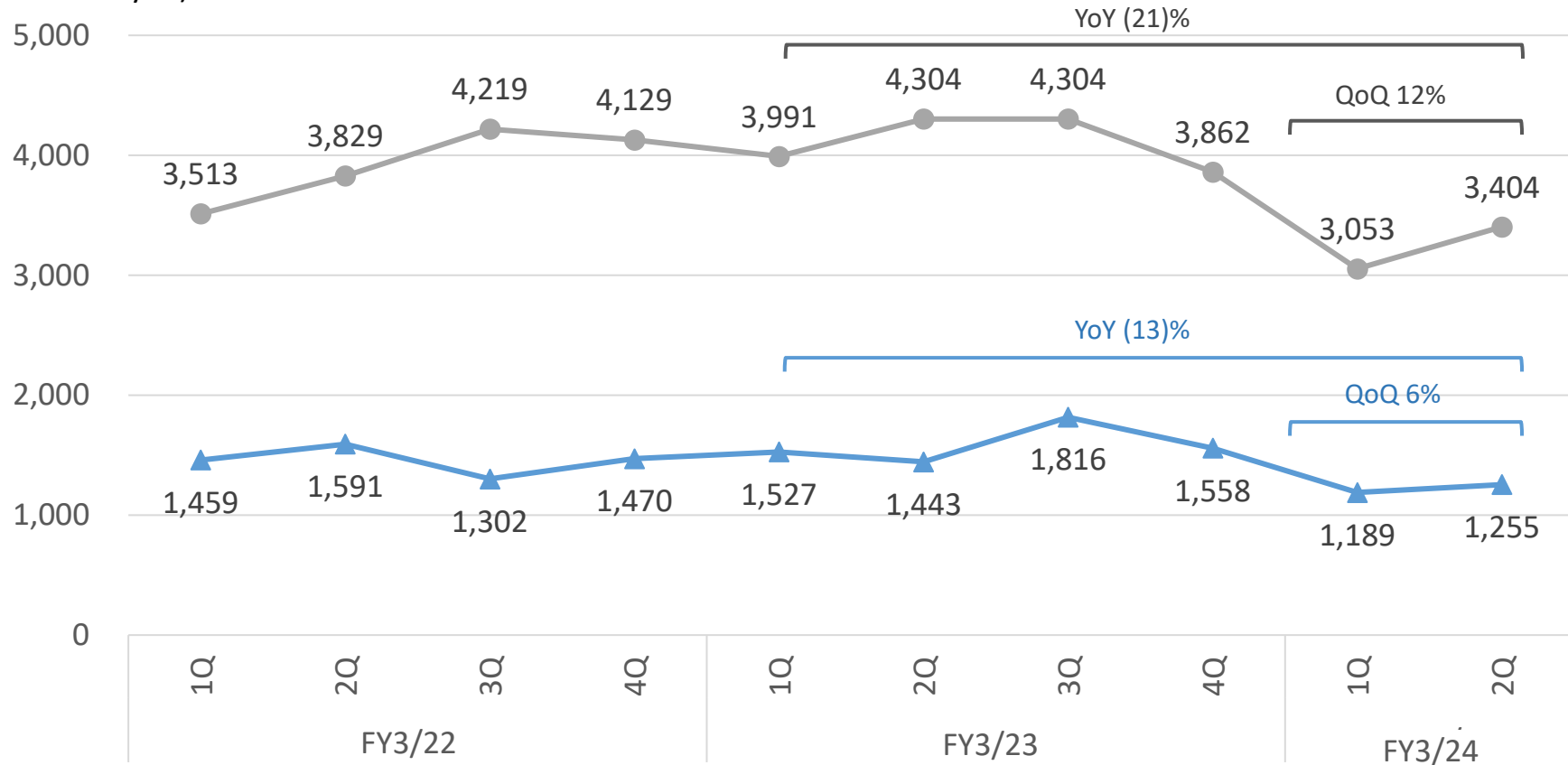
● Japan	1,092	1,152	1,150	1,166	1,117	1,177	1,173	1,043	1,009	1,038
● China	2,133	2,353	2,359	2,391	2,307	2,247	2,612	2,203	1,591	1,931
● Taiwan	732	864	1,018	1,060	1,052	1,155	1,106	1,054	692	691
● S. Korea	629	673	608	672	607	641	662	556	488	553
● Thailand	170	145	164	152	156	170	170	155	164	166
● Vietnam	94	111	97	112	109	112	120	139	111	121

Quarterly Sales of Chemicals by Category



Consolidated

(Millions of yen)

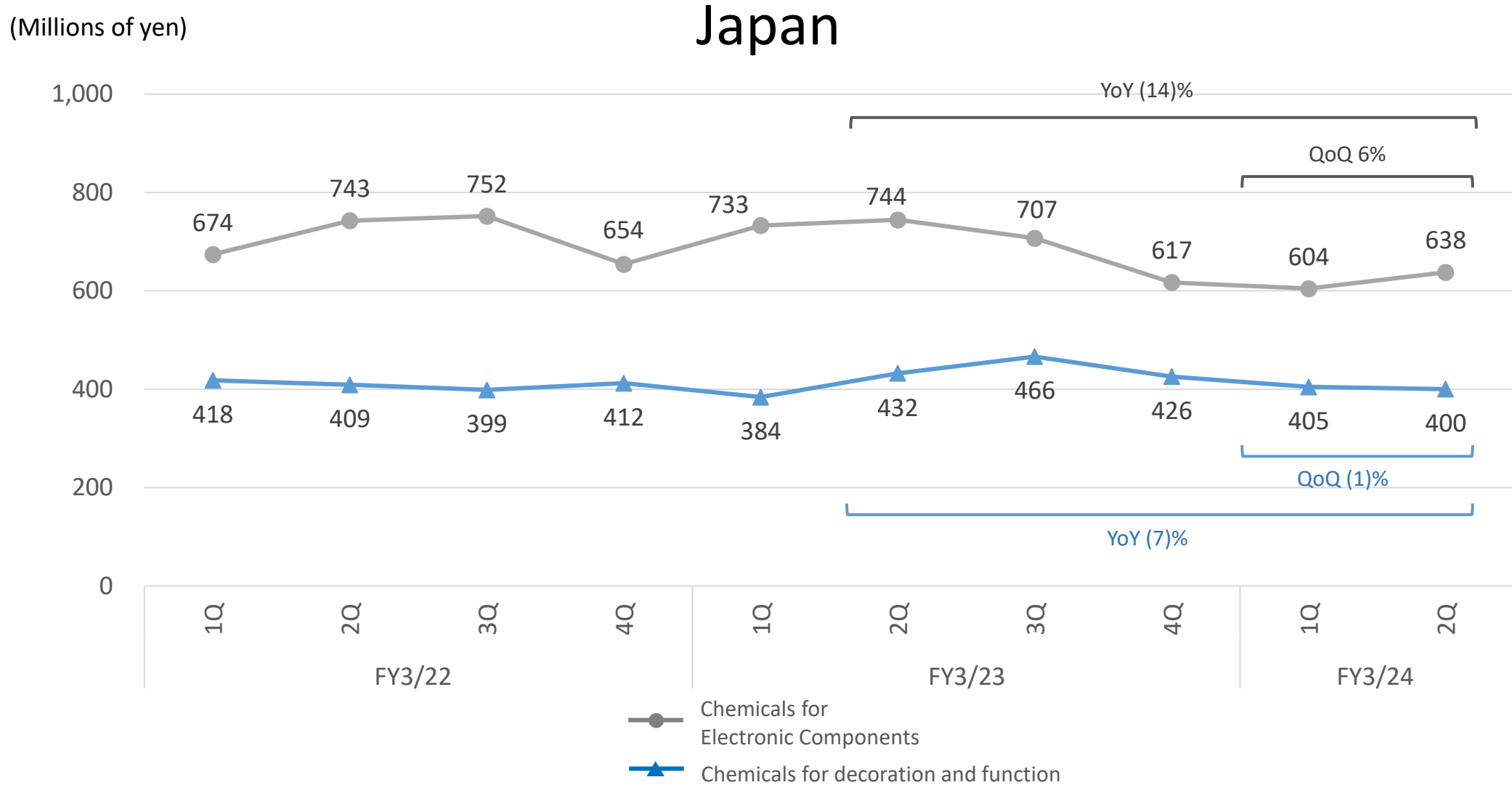


(Chemicals for Electronic Components) Core Products: Via filling PWBs, connectors, surface treatment (plating) chemicals for semiconductor sector

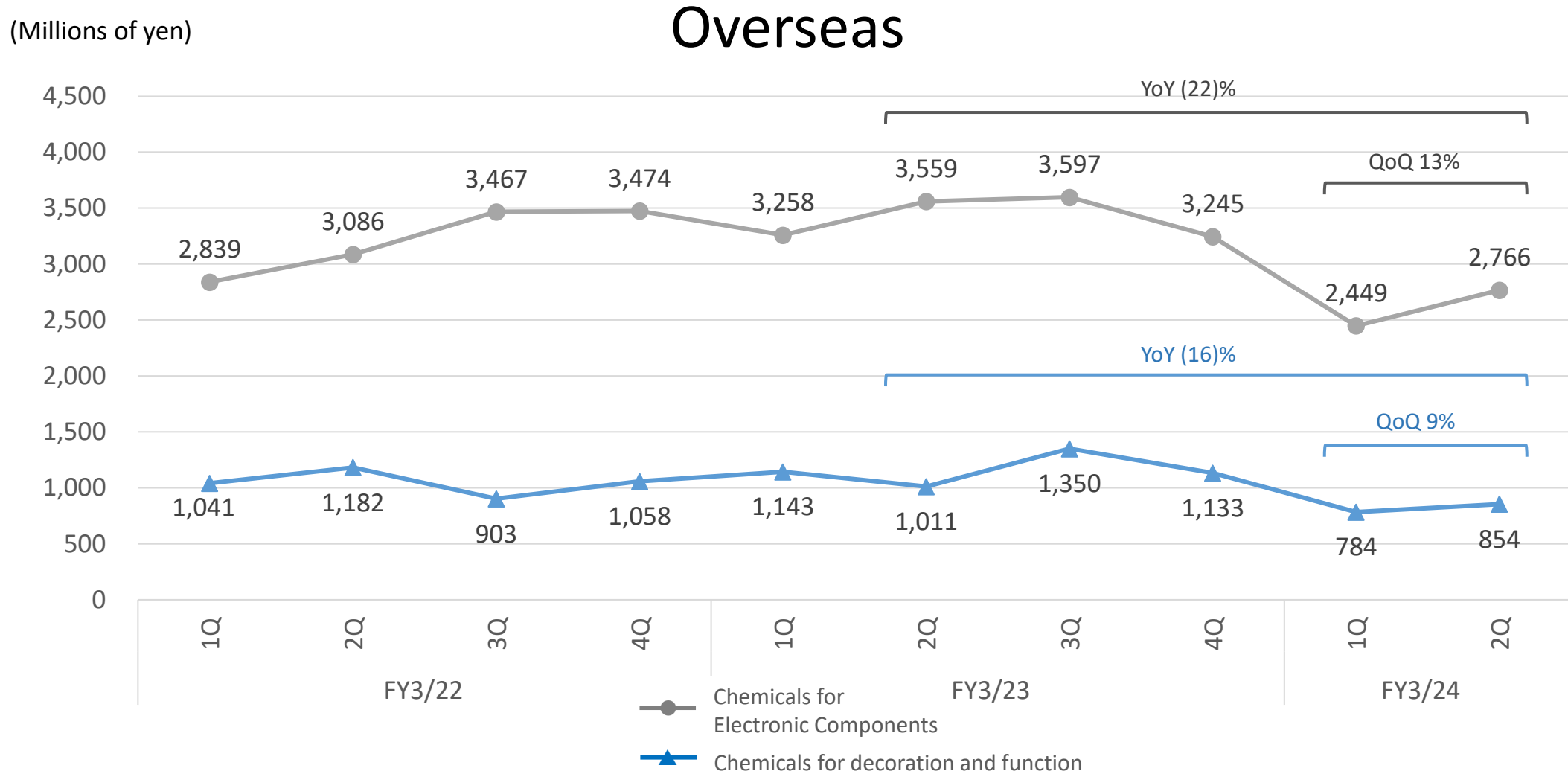
(Chemicals for decoration and function) Core Products: POP Chemicals for decoration and rust-proofing surface treatment (plating) chemicals mainly for automotive components and water faucet clasps

- Chemicals for Electronic Components
- ▲ Chemicals for decoration and function

Quarterly Sales of Chemicals by Region



Quarterly Sales of Chemicals by Region

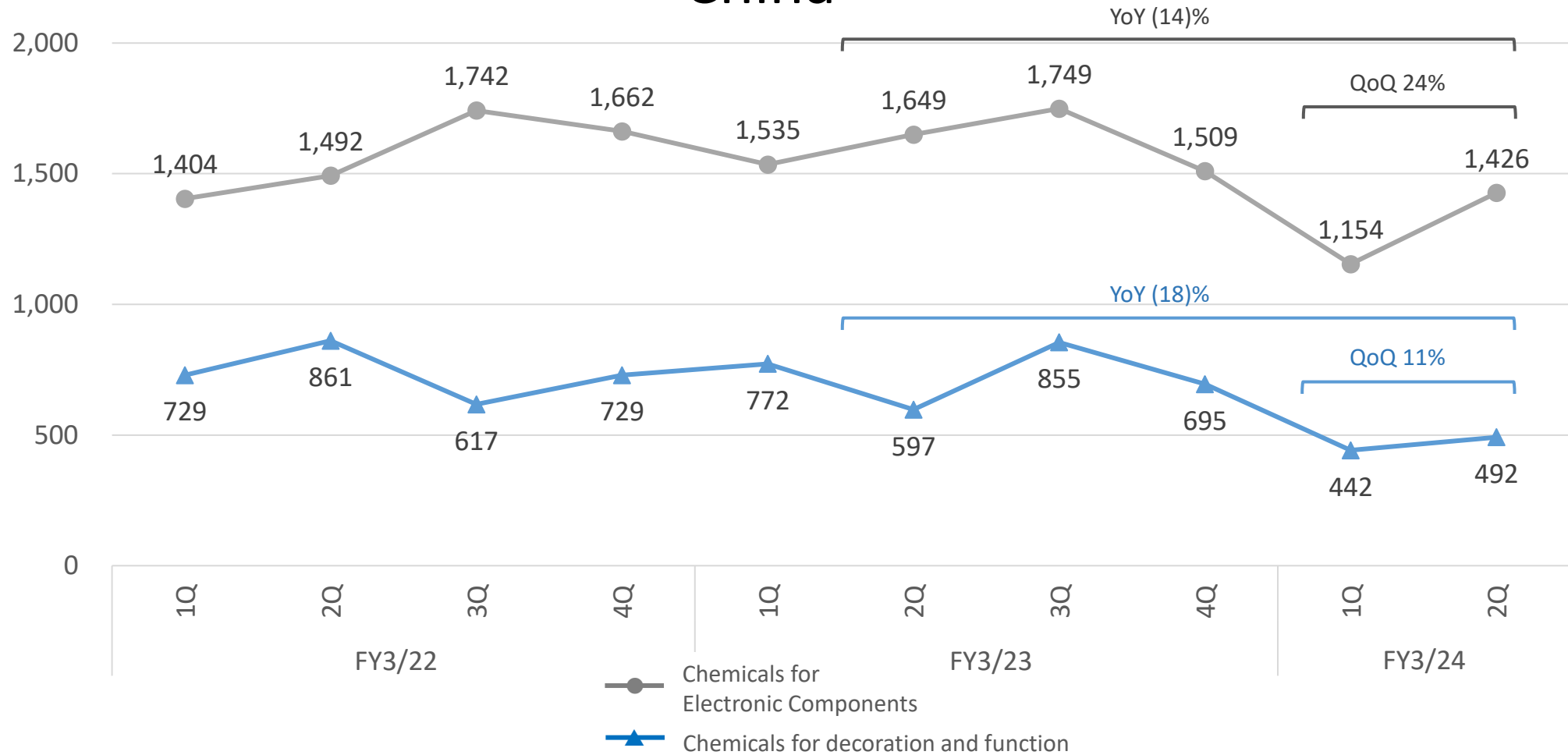


Quarterly Sales of Chemicals by Region

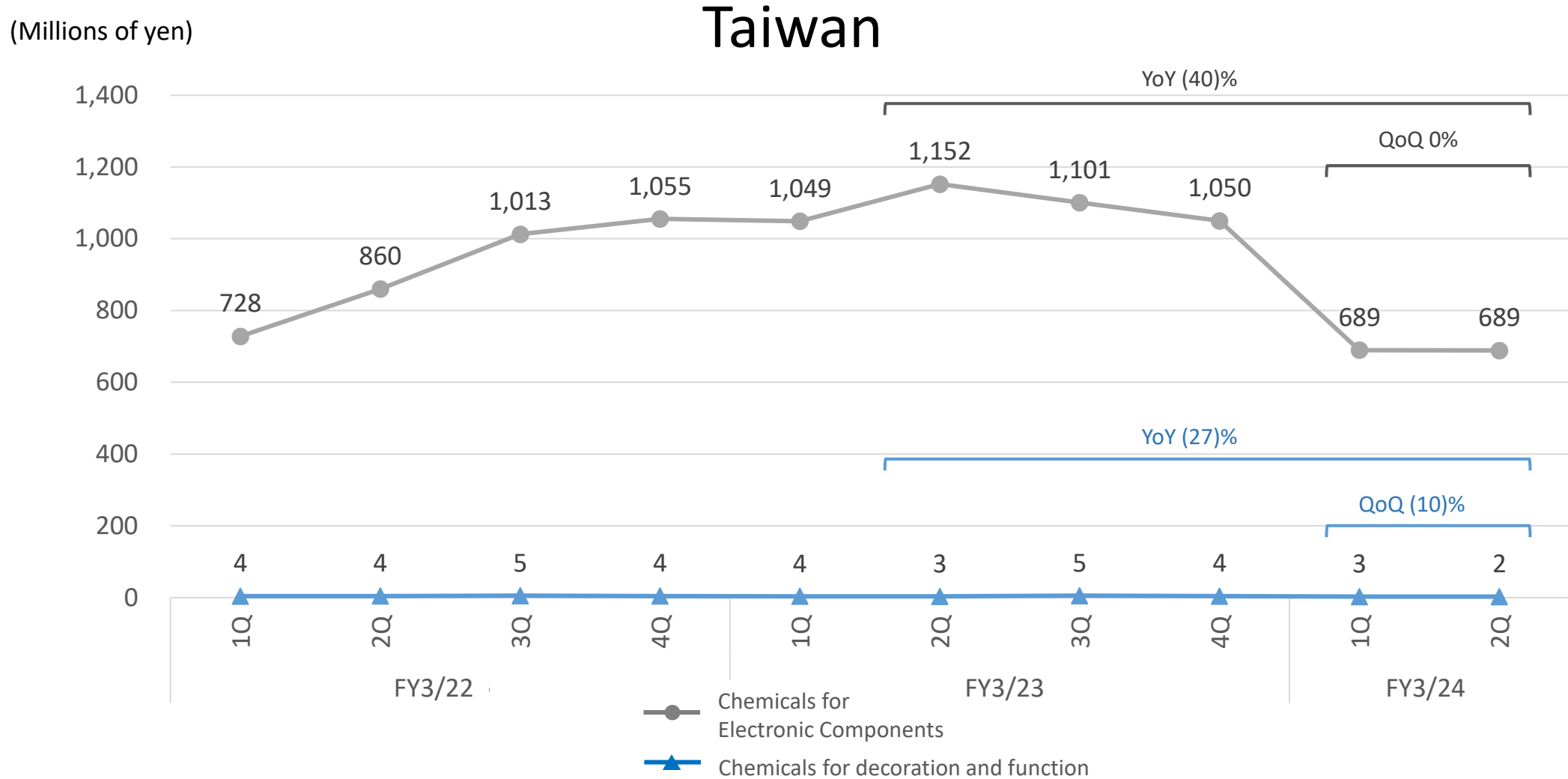


(Millions of yen)

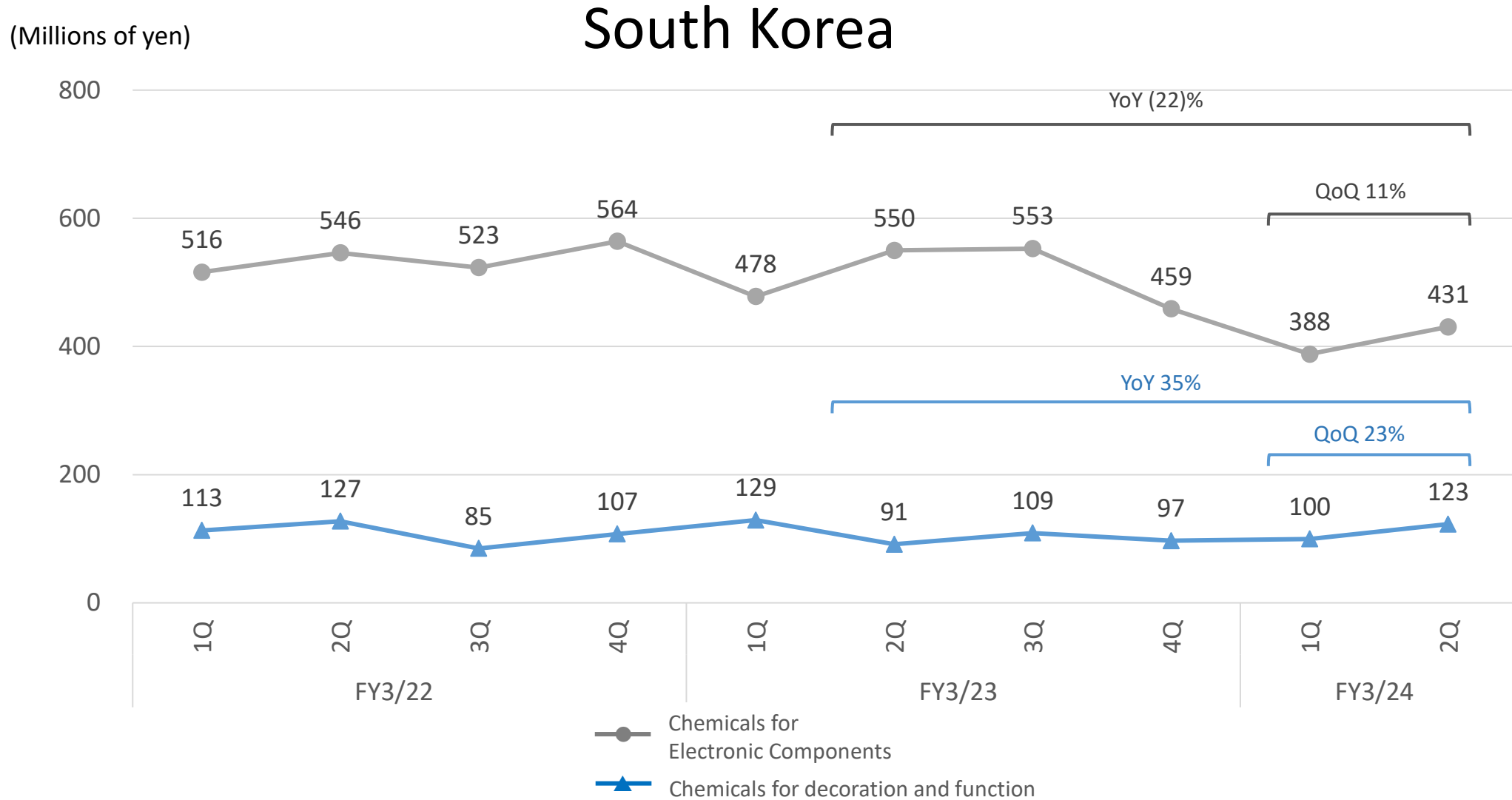
China



Quarterly Sales of Chemicals by Region



Quarterly Sales of Chemicals by Region



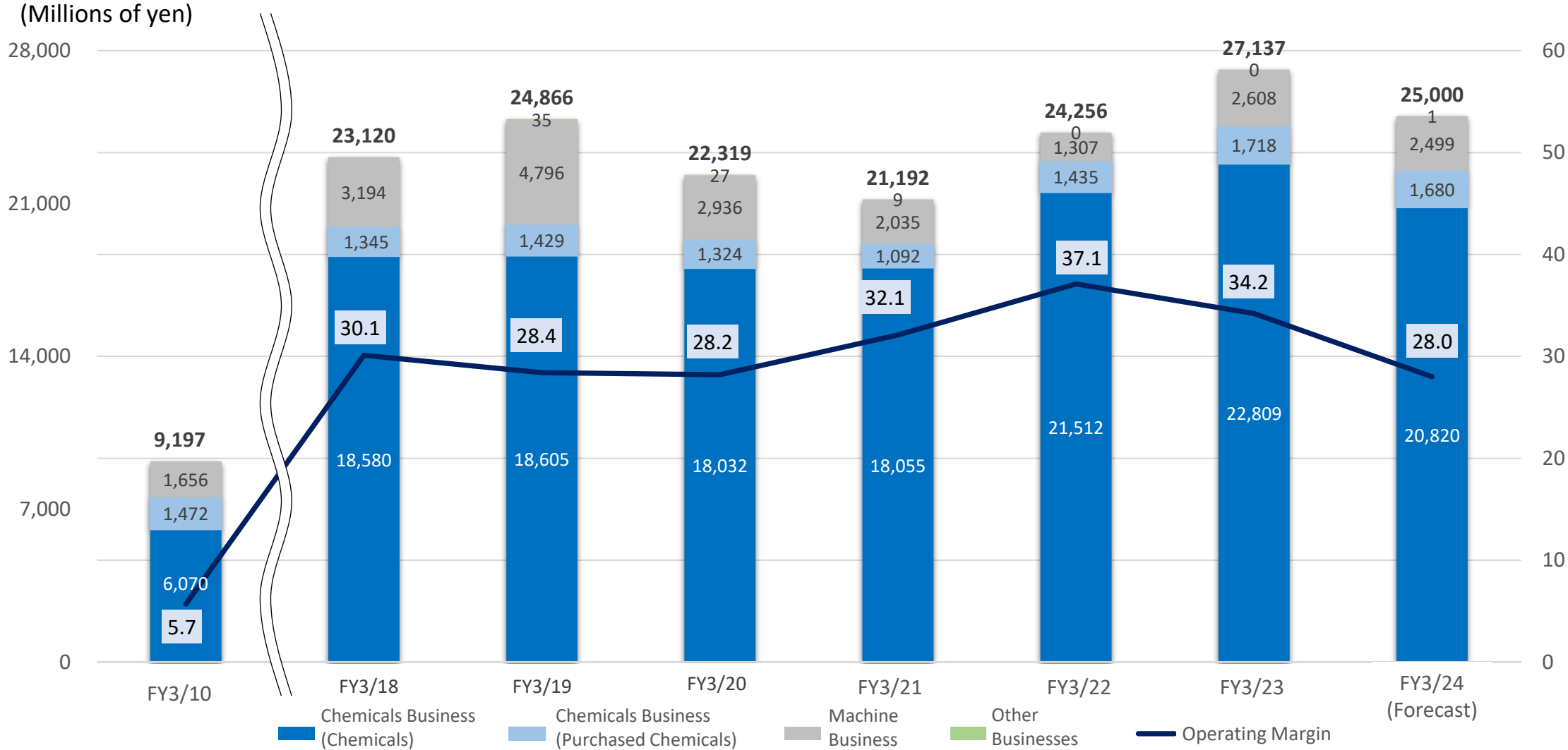
Forecasts for FY3/24



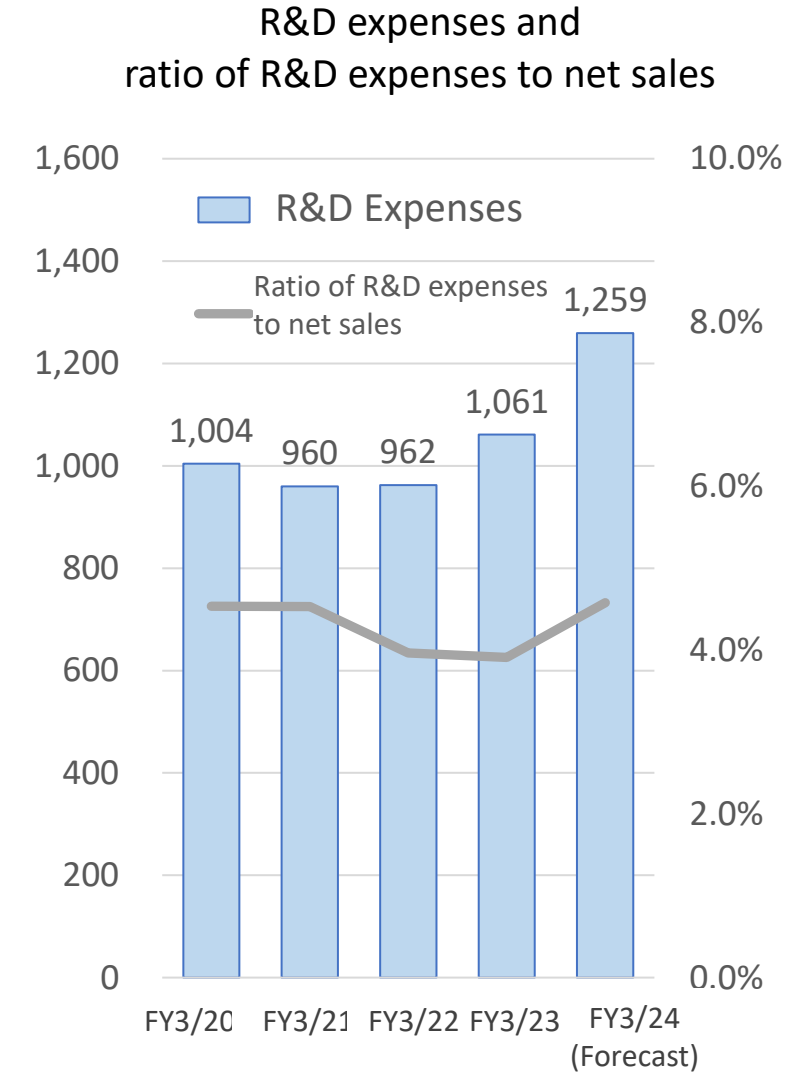
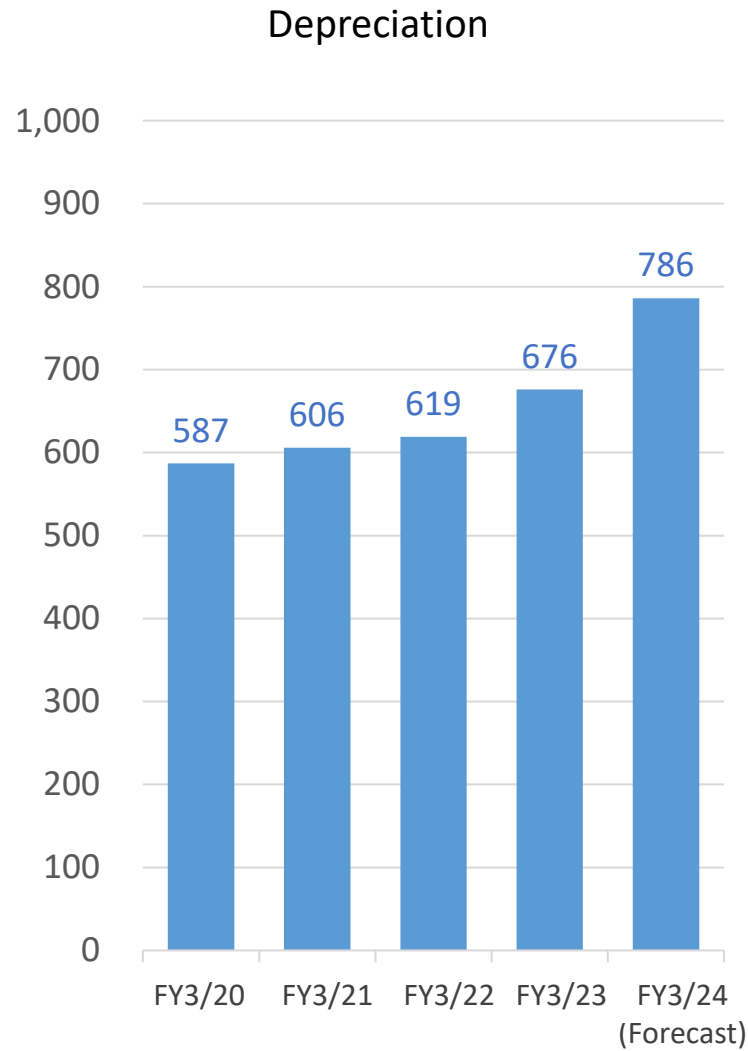
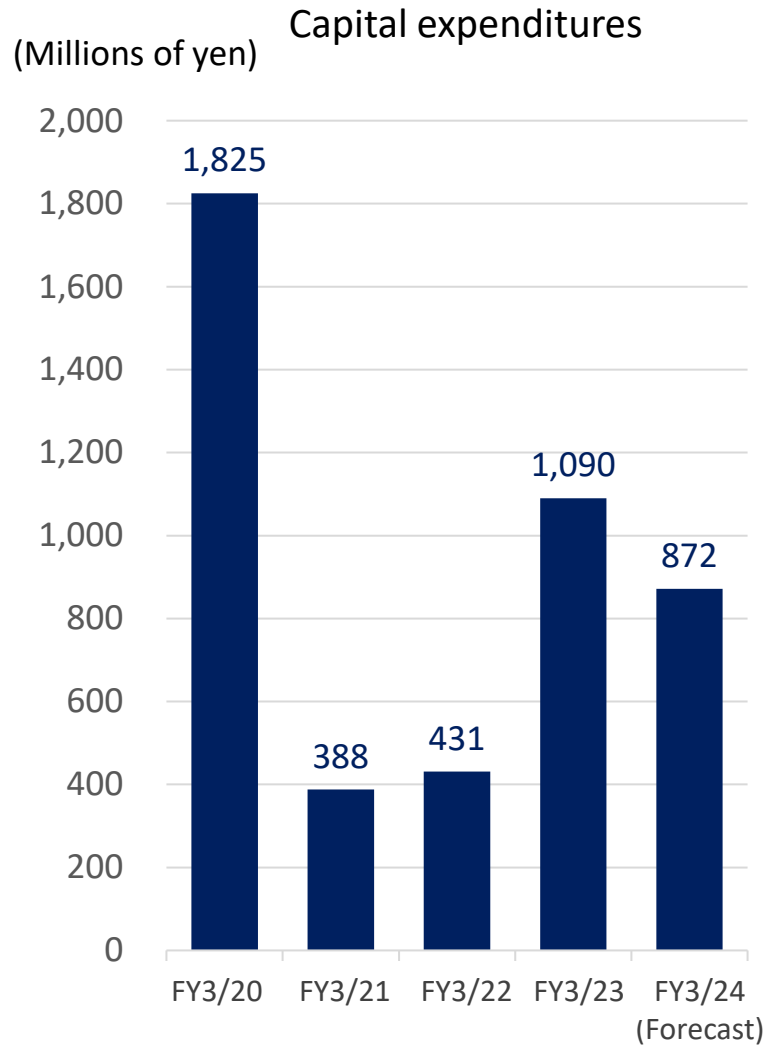
(Millions of yen)

	FY3/23 Full year Results	FY3/24 1H Results	FY3/24 Full year Forecasts	Progress rate against full- year forecast
Net sales	27,137	10,864	25,000	43.5%
Operating profit	9,285	3,095	7,000	44.2%
Ordinary profit	9,369	3,202	7,000	45.7%
Profit attributable to owners of parent	6,103	2,177	4,800	45.4%
Net income per share	232.62 yen	85.04 yen	187.81 yen	-

Annual Sales by Business (incl. Forecast)



Capital Expenditures, Depreciation and R&D Expenses



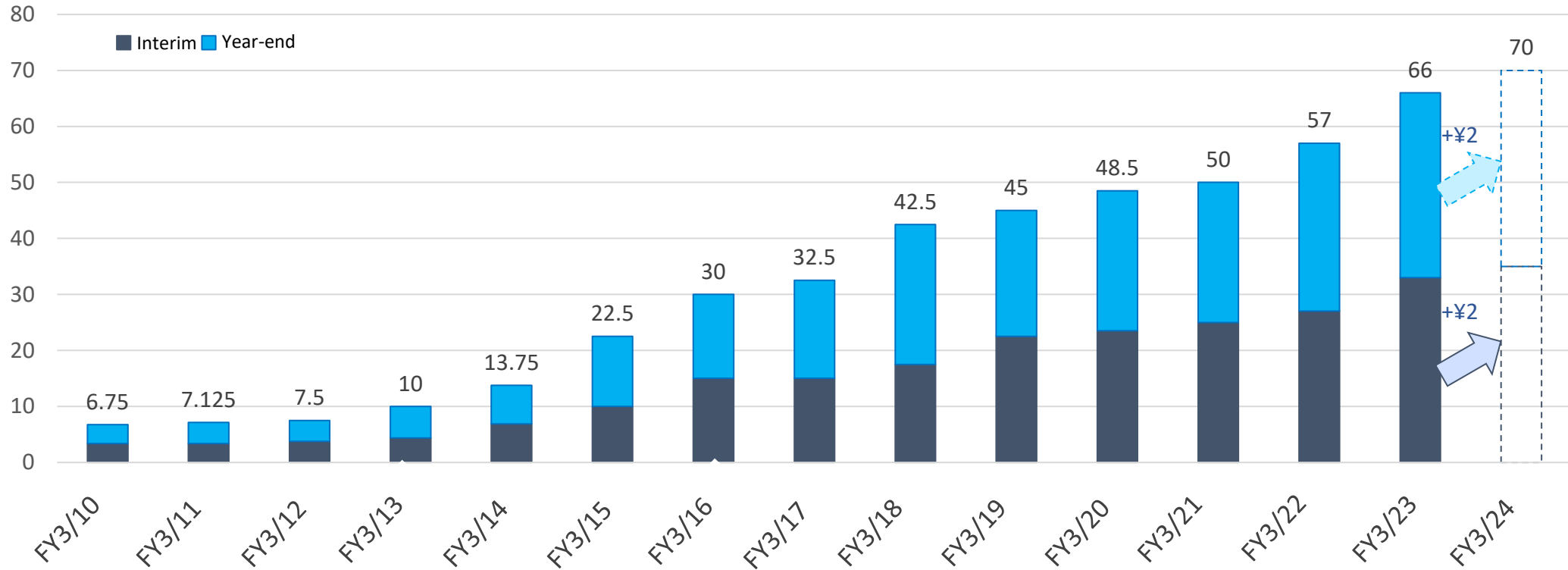
FY3/24 Dividend Forecast



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)

- 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

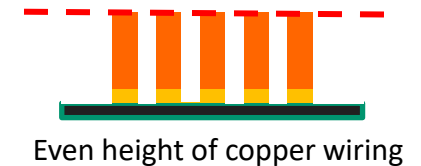
Etching

(1) Improve within wafer non-uniformity

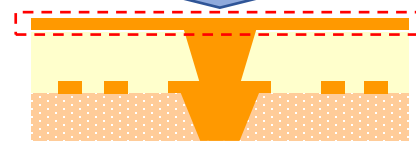
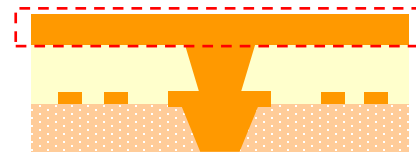
Current



Future

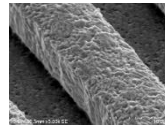


(2) Improve via filling for thin-film layer



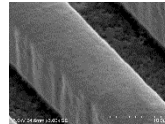
(3) Maintain squareness and improve smoothness

Current



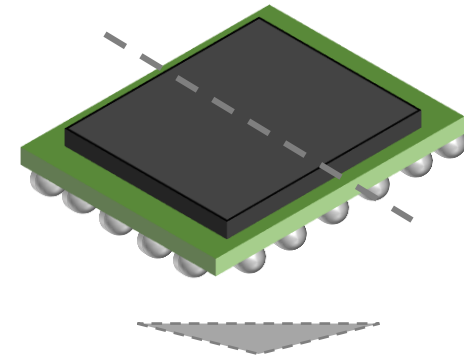
Surface of copper wiring becomes rough after etching

Future

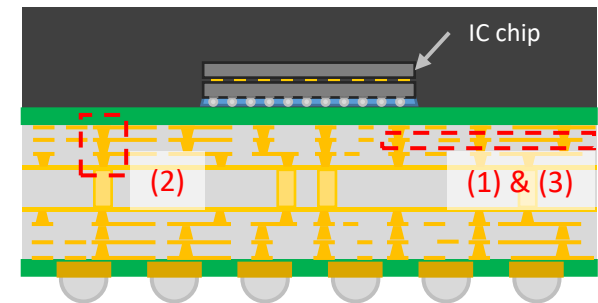


Surface is kept smooth even after etching

Schematic diagram of semiconductor package board



Sectional view of semiconductor package board



Surface Treatment Technology in Future — Decoration & Function—

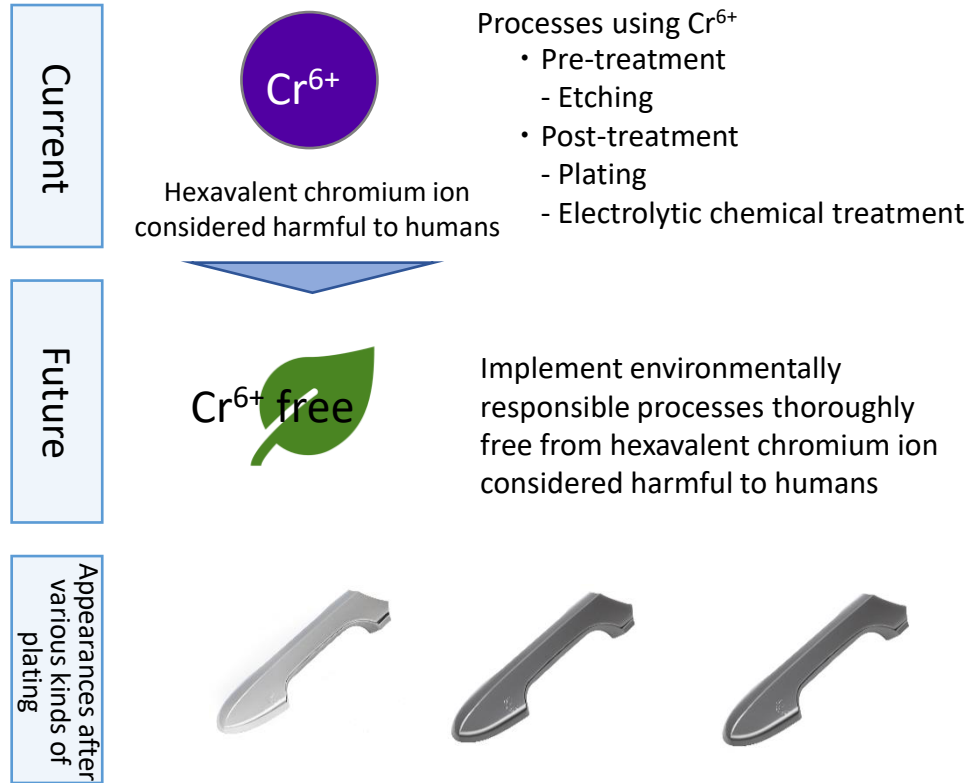
Target technology

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

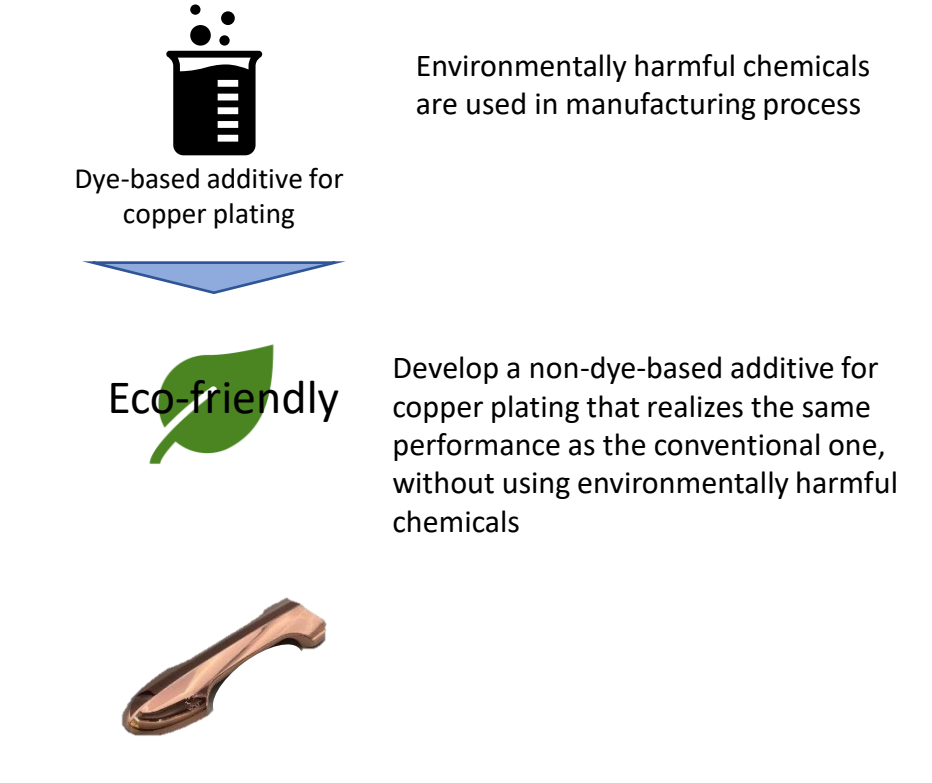
Surface treatment technology to be focused on

Eco-friendly surface treatment technology

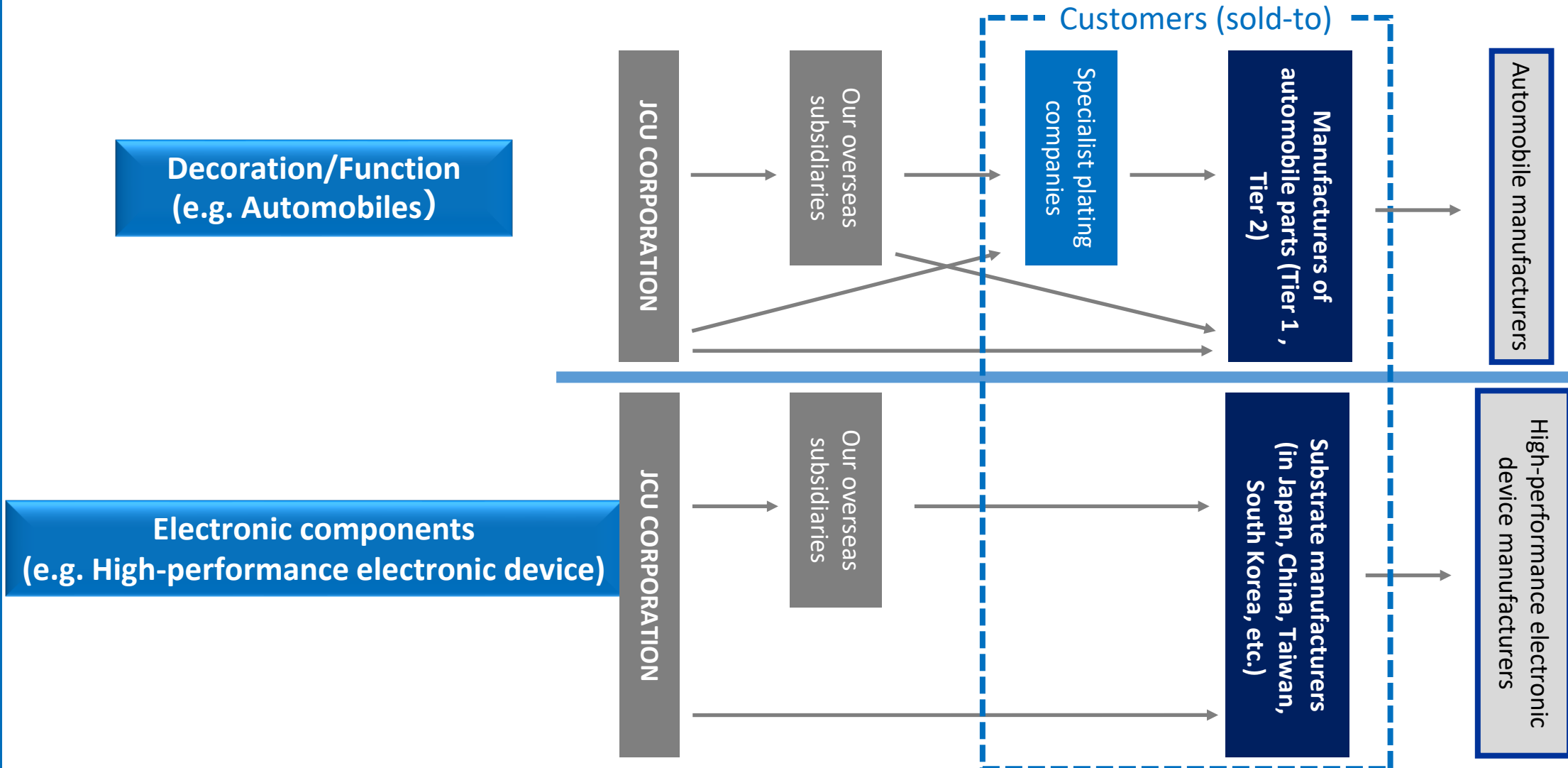
(1) Restricted substance-free alternatives



(2) Eco-friendly decorative copper plating process



Major Distribution Channels





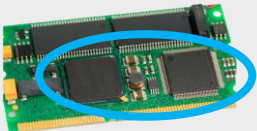
Major Products



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.
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.
Other	Plating chemicals for connectors and lead frames, etching chemicals for scraping unnecessary copper when formulating interconnection onto motherboards or semiconductor packages boards	(High-performance electronic devices) Smartphones, PCs, tablets, game consoles, etc.

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
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