

Notice of subsidiary establishment, business transfer to subsidiary, & formation of joint venture

JNC Corporation (hereinafter referred to as “JNC”), announces that its Board of Directors passed a resolution at a meeting held on November 24, 2020, concerning the establishment of a subsidiary for the development and sales of organic electroluminescent (EL) materials, JNC’s asset transfer to the subsidiary, and a contract on the formation of a joint venture (hereinafter referred to as “the Joint Venture Contract”) through investment by JNC and SK Materials Co., Ltd. (based in Gyeongsangbuk-do, South Korea; hereinafter referred to as “SKM”) for the sales of organic EL materials.

1. Objective of subsidiary establishment & reason for business transfer

JNC is developing blue dopant, on which it has a technological advantage, and its peripheral materials. In order to meet needs of the rapidly growing organic EL display market, JNC has decided to set up a subsidiary specialized in the organic EL material business for the purpose of accelerating decision-making and development of such materials, and expanding the organic EL material business, and to transfer JNC’s research and development division on organic EL materials to the subsidiary.

The subsidiary will go under the umbrella of a joint venture with SKM, as explained below, to strengthen response to requests from South Korean panel manufacturers.

2. Overview of subsidiary to be established (scheduled)

1) Trade name	SK JNC Japan Co., Ltd.
2) Contents of business	R&D on organic EL materials, their sales to clients in Japan
3) Head office	5-1 Goikaigan, Ichihara, Chiba Prefecture
4) Representative	Mitsuyoshi Kyo , Representative Director
5) Capital	500 thousand yen (scheduled)
6) Date of establishment	December 2020 (scheduled)
7) End of accounting year	December 31
8) Investment ratio	JNC: 100% *After joint venture procedures are completed, the company will become the joint venture’s 100% owned subsidiary, resulting in JNC possessing a 49% equity stake and SKM 51%.

3. Outline of business transfer

Contents of business to be transferred: JNC-owned patents and commercial rights related to organic EL material business

4. Objective of joint venture formation

All shares in SK JNC Japan Co., Ltd. (hereinafter referred to as “SJJ”) will be transferred to a new company to be established by SKM, which is to be known as SK JNC Co., Ltd. (hereinafter referred to as “SK JNC”). JNC and SKM will then combine their respective management resources regarding the organic EL material business, and launch the combined business as a joint venture for the purpose of using the two companies’ respective strengths in the display market and improving adaptability to expansion of business value and market changes, and response to clients.

JNC is scheduled to acquire 49% of all SK JNC shares in compensation for the transfer of SJJ shares.

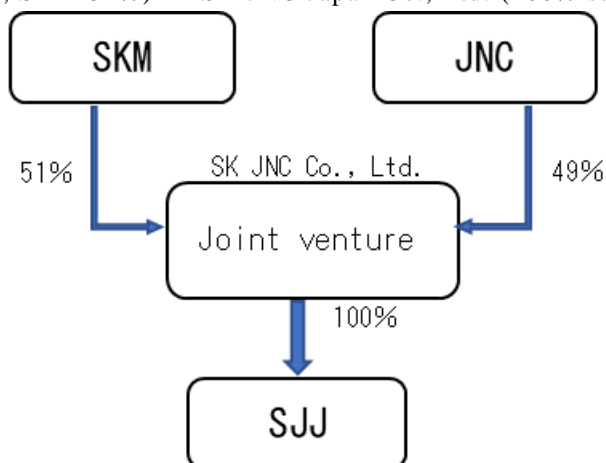
5. Overview of joint venture to be set up (scheduled)

(1) Outline

1) Trade name	SK JNC Co., Ltd.
2) Contents of business	R&D, manufacture, sales of organic EL materials
3) Head office	Hwaseong, Gyeonggi-do, South Korea
4) Representative	Kim Soohyun, Representative Director
5) Capital	479 million won
6) Date of establishment	January 2021 (scheduled)
7) End of accounting year	December 31
8) Investment ratio	JNC 49%, SKM 51%

(2) Chart of capital relationship over joint venture formation

Joint venture (JNC 49%, SKM 51%) --- SK JNC Japan Co., Ltd. (100% subsidiary of joint venture)



6. Overview of joint venture partner

1) Trade name	SK Materials Co., Ltd.	
2) Contents of business	Production & sales of core materials such as semiconductors, displays, photovoltaics	
3) Head office	59-33 Gaheunggongdan-ro, Yeongju-si, Gyeongsangbuk-do South Korea	
4) Representative	Lee Young Wook, President & CEO	
5) Capital	5,274 million won	
6) Date of establishment	November 10, 1982	
7) Listed stock exchange	KOSDAQ (listed in December 1999)	
8) Business results	Sales 772.2 billion won, net profit 143.3 billion won	
9) Relations, etc. with Chisso Corporation	Capital	None
	Personnel	None
	Transactions	None

7. Schedule

1) Date of Board resolution	November 24, 2020
2) Date of new company's establishment	December 2020 (scheduled)
3) Date of conclusion of Joint Venture Contract	November 24, 2020
4) Date of joint venture's establishment	January 2021 (scheduled)

8. Impact on business performance

Effects of the business transfer and joint venture formation on JNC's consolidated business performance in the year to March 2021 will be minor.

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