

Results of Operations

for the Third Quarter of the Fiscal Year Ending March 31, 2022

C. Uyemura & Co., Ltd.

Second Section of the Tokyo Stock Exchange (Stock Code : 4966)

February 14, 2022

Overview of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2022

Period under review

In Japan (2 companies): April–December / Overseas (10 companies): January–September

- **Surface finishing materials business**

- Sales of mainstay plating chemicals for printed wiring boards (PWBs) and package PWBs remained strong, thanks to increased demand in the high-speed communication, semiconductor and automatic driver assistance system (ADAS) markets.

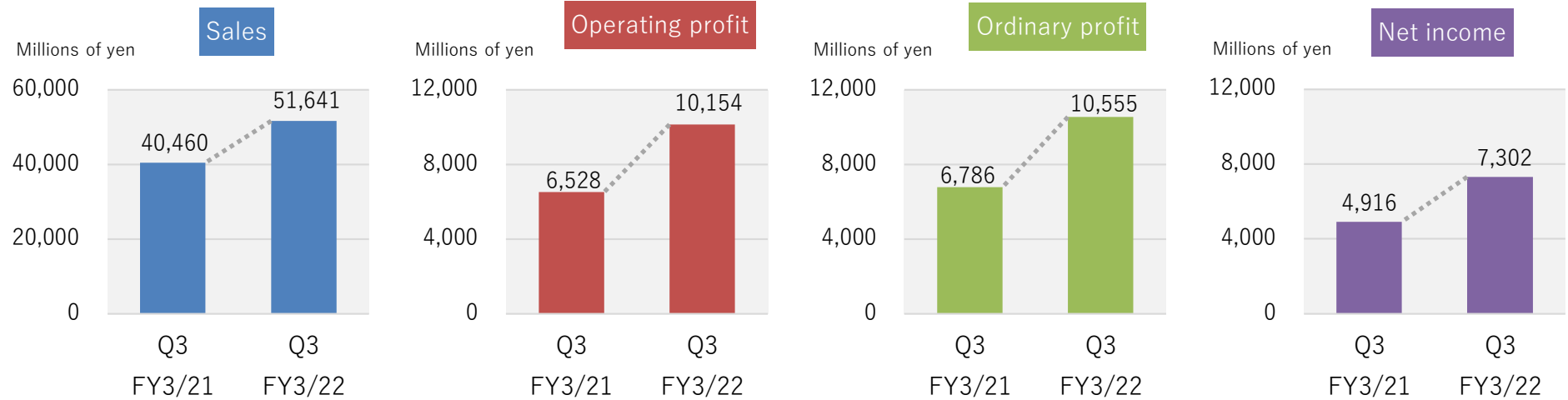
- **Surface finishing machinery business**

- Despite continued solid demand for plating systems for UBM (under-barrier metallization) package PWBs, automatic control and replenishment systems, and surface finishing equipment for components of EV, PHEV and HEV, sales and profit decreased year-over-year because of a shortage of materials and electronic components.

- **Plating job business**

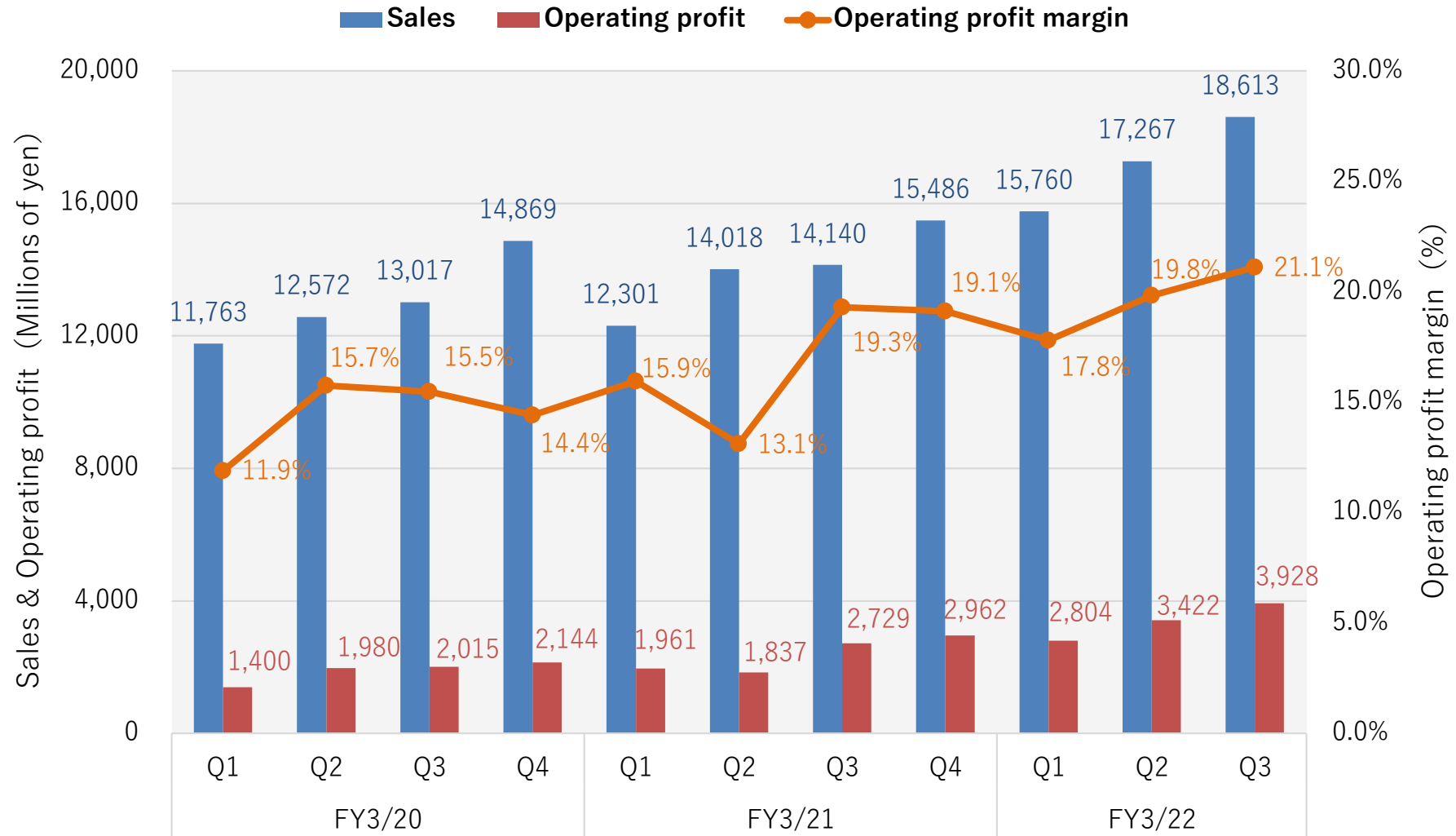
- The business environment remained challenging due to the factors including declining demand for surface finishing of plastics for automotive exterior caused by the emergence of EVs, the shortage of semiconductors, and the shutdown of automotive component factories forced by the COVID-19 pandemic.
- Plating job operations for PWBs in Taiwan continued to show solid performance as our strategy of specializing on the prototype manufacturing paid off.

Q3 FY3/22 Financial Results

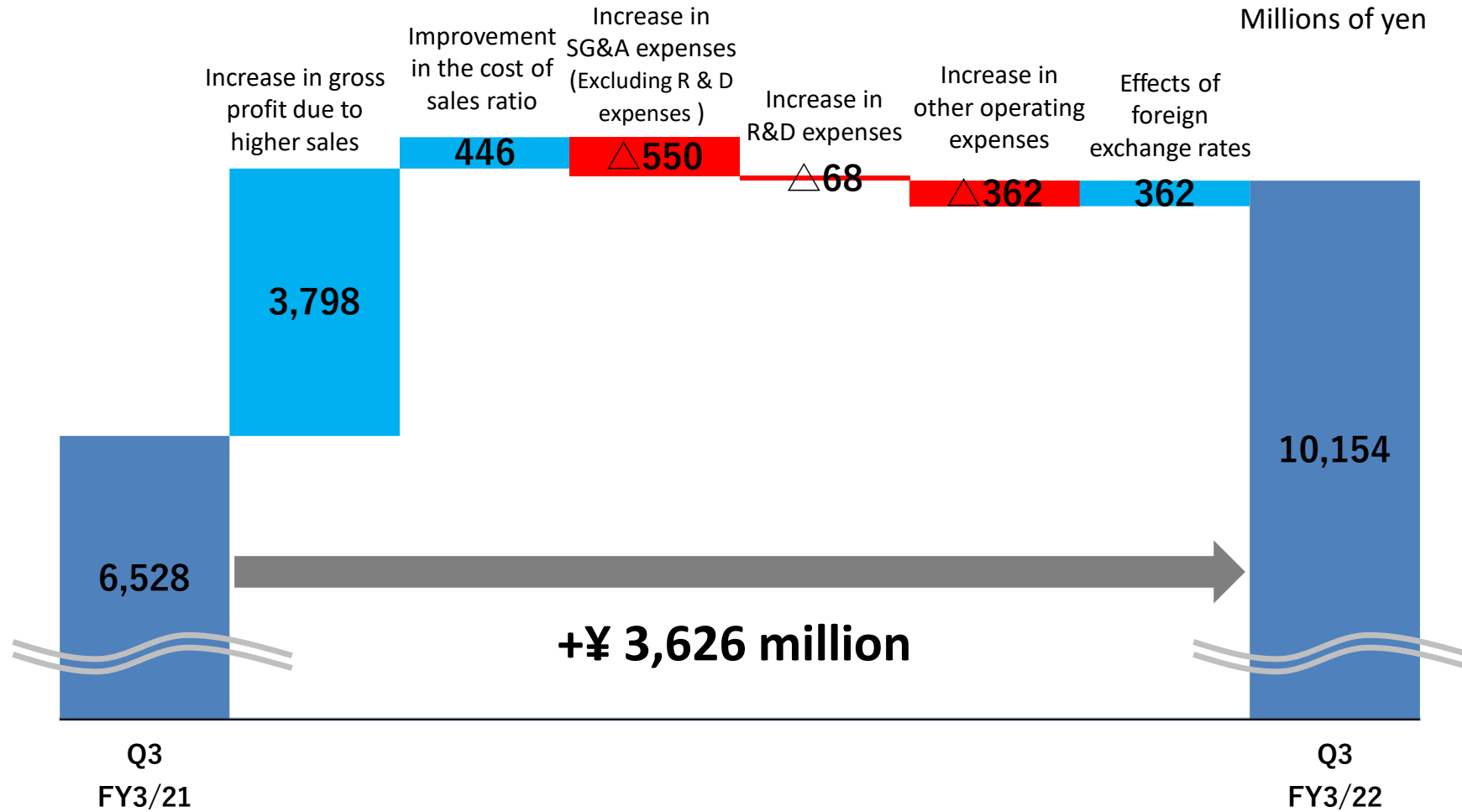


Millions of yen	Q3 FY3/21 Results	Q3 FY3/22 Results	Change	Percentage change
Sales	40,460	51,641	+11,181	+27.6%
Operating profit	6,528	10,154	+3,626	+55.5%
Ordinary profit	6,786	10,555	+3,769	+55.5%
Net income	4,916	7,302	+2,386	+48.5%
Exchange rate: \$US	107.55 yen	108.58 yen	-1.03 yen	

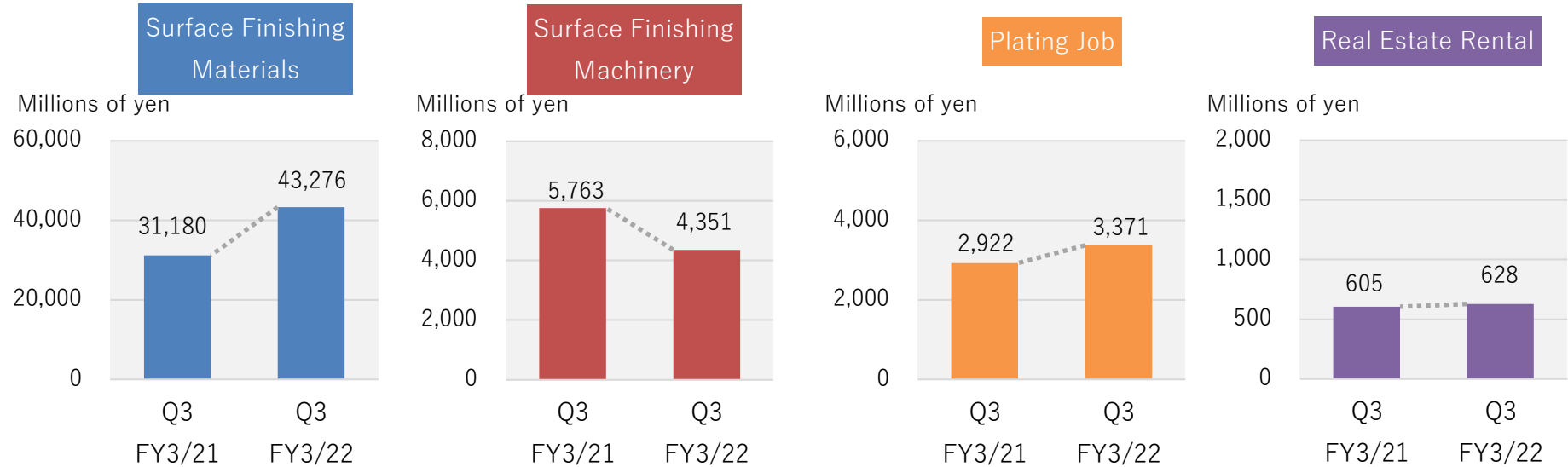
Quarterly Results



Changes in Operating profit

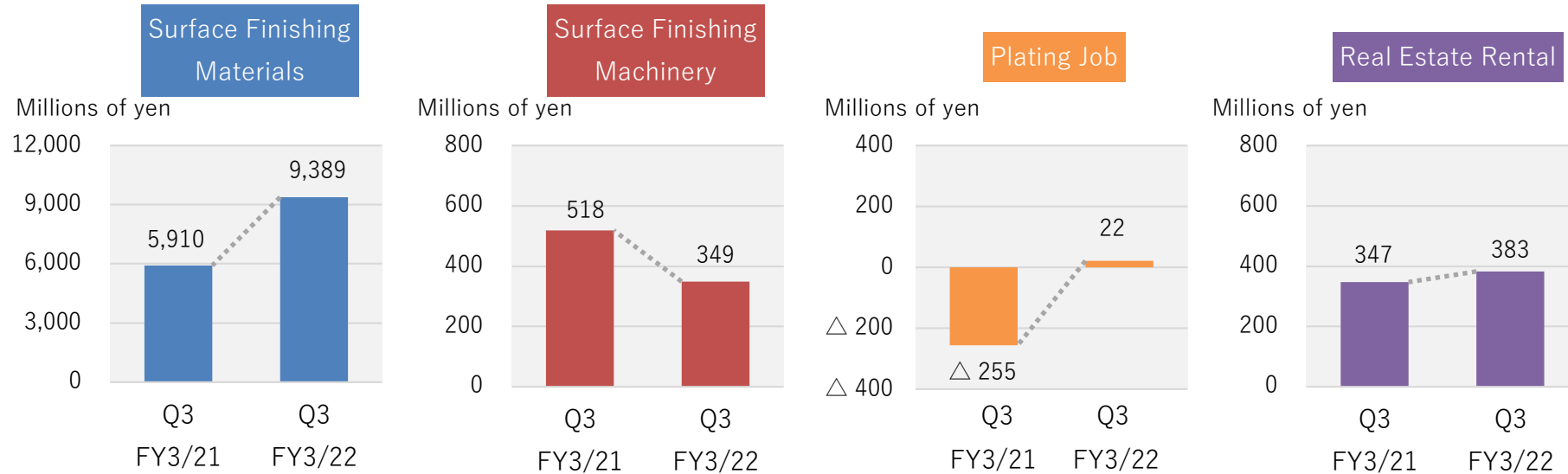


Sales by Business Segment



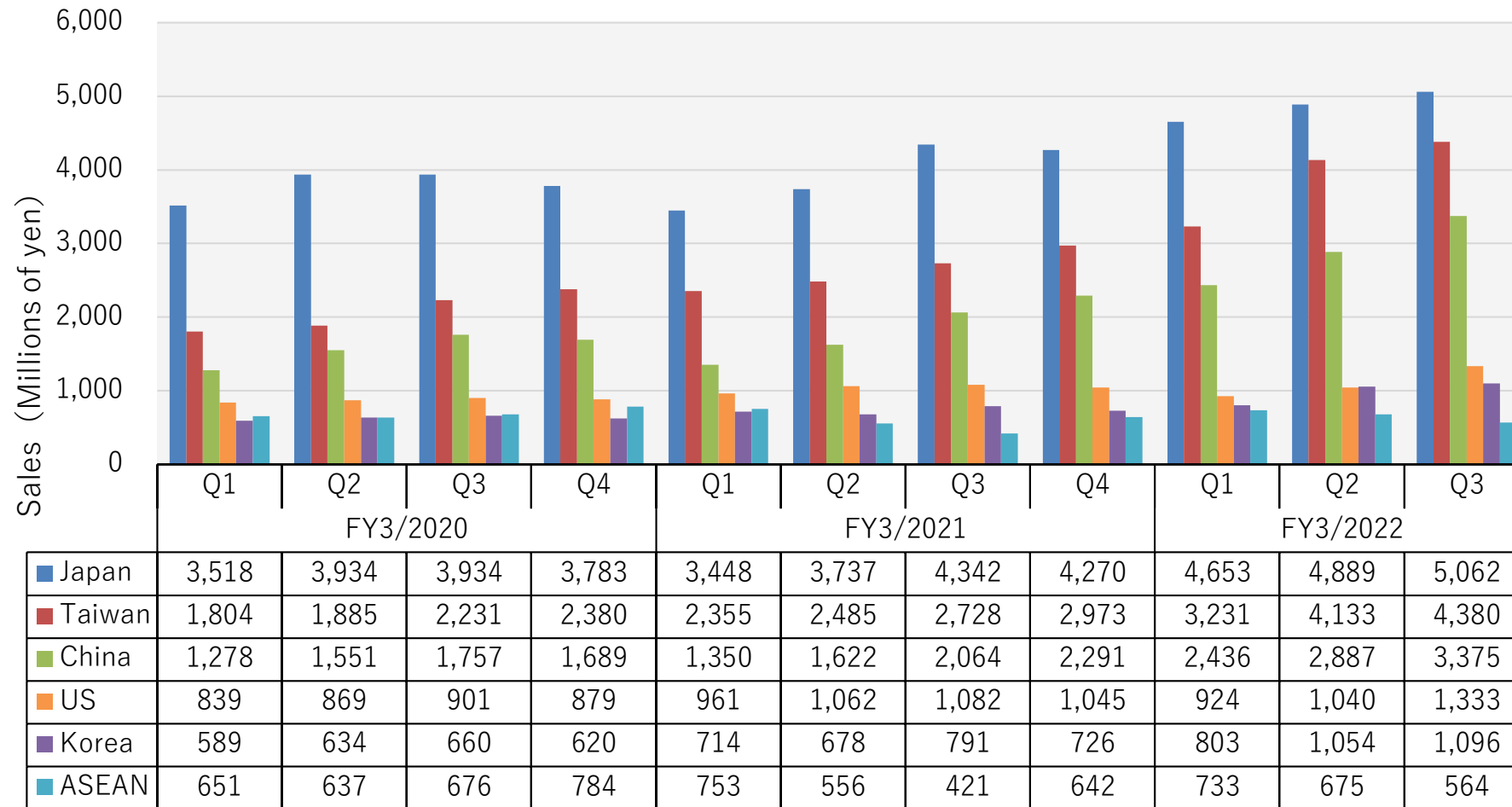
Millions of yen	Q3 FY3/21 Results	Q3 FY3/22 Results	Change	Percentage change
Surface Finishing Materials	31,180	43,276	+12,096	+38.8%
Surface Finishing Machinery	5,763	4,351	△ 1,412	△ 24.5%
Plating Job	2,922	3,371	+449	+15.4%
Real Estate Rental	605	628	+23	+3.8%

Operating Income by Business Segment

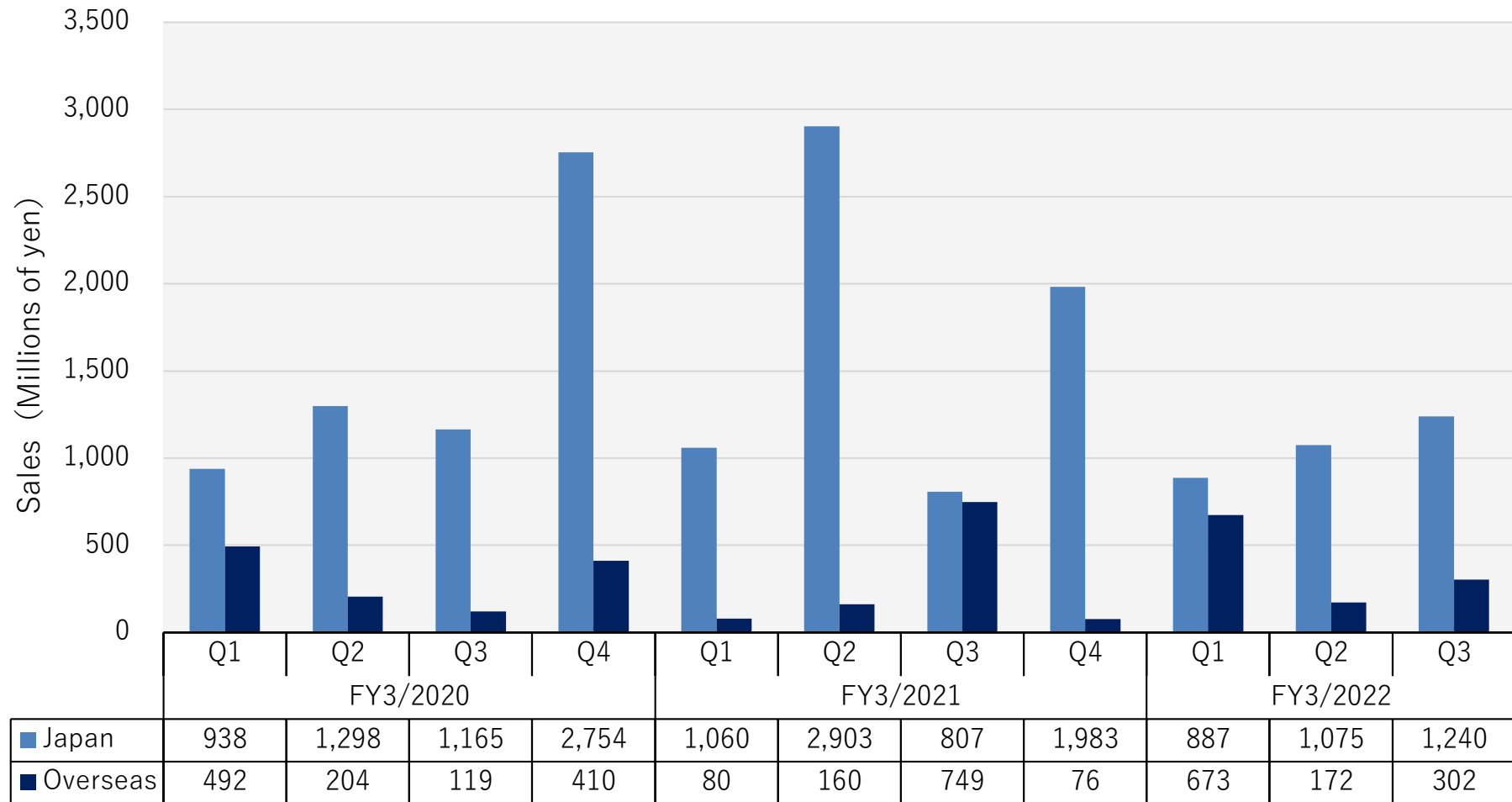


Millions of yen	Q3 FY3/21 Results	Q3 FY3/22 Results	Change	Percentage change
Surface Finishing Materials	5,910	9,389	+3,479	+58.9%
Surface Finishing Machinery	518	349	△ 169	△ 32.7%
Plating Job	△ 255	22	+277	-
Real Estate Rental	347	383	+36	+10.1%

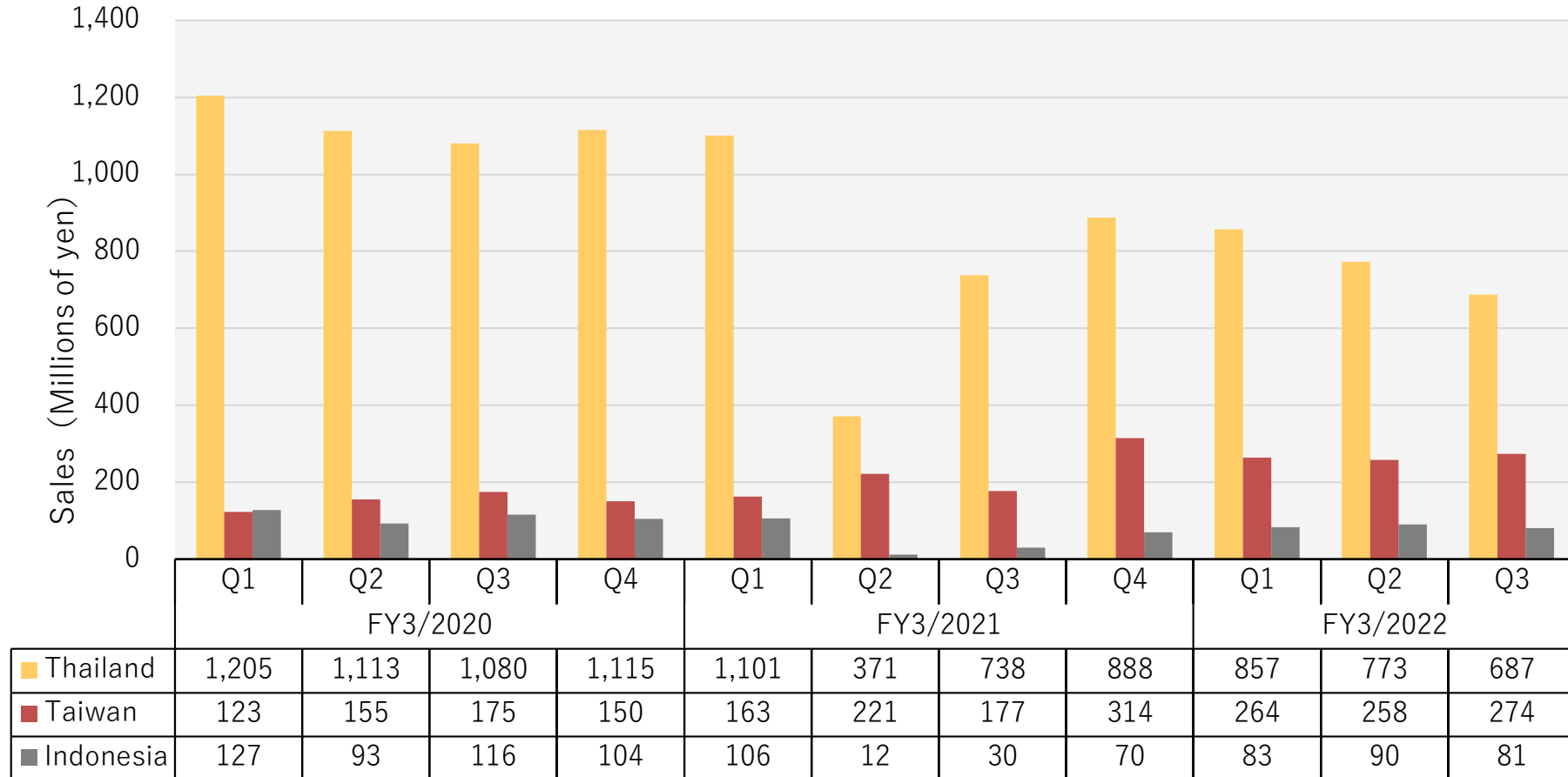
Surface Finishing Materials Business Sales



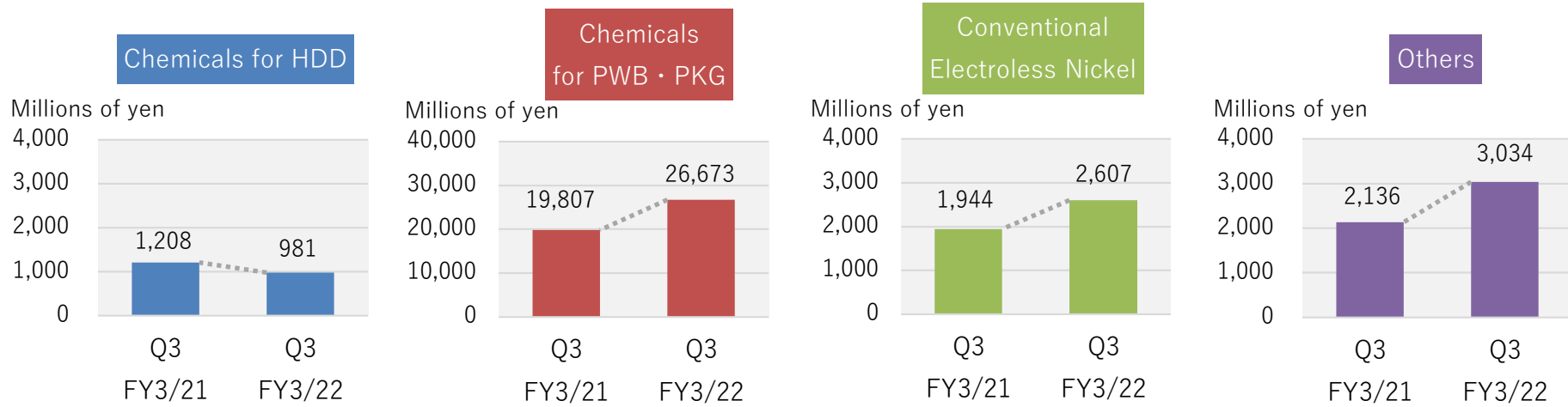
Surface Finishing Machinery Business Sales



Plating Job Business Sales



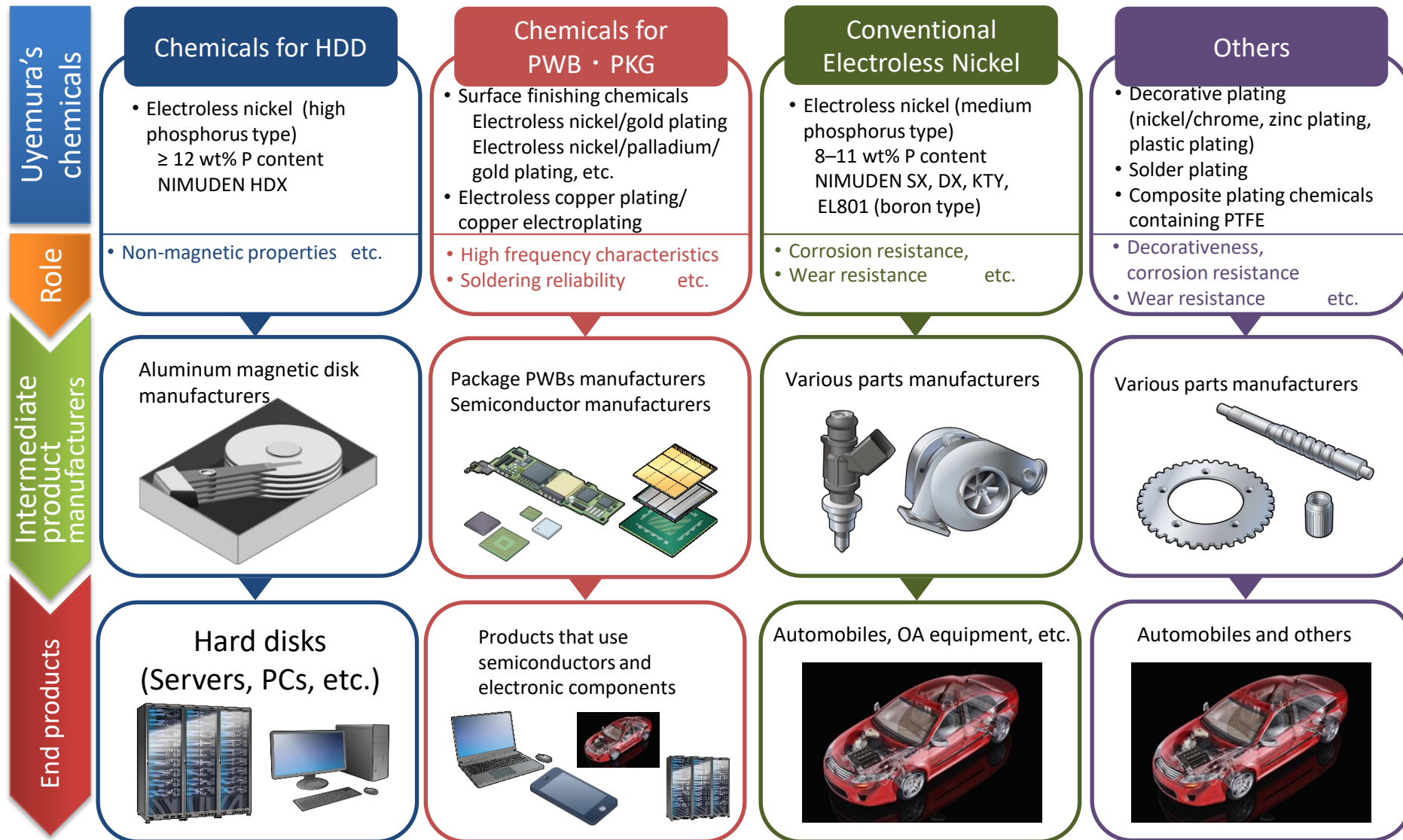
Sales by Chemicals Categories



Millions of yen	Q3 FY3/21 Results		Q3 FY3/22 Results		Change	Percentage change
		%		%		
Chemicals for HDD	1,208	4.8%	981	2.9%	△ 227	△ 18.8%
Chemicals for PWB · PKG	19,807	78.9%	26,673	80.1%	+6,865	+34.7%
Conventional Electroless Nickel	1,944	7.7%	2,607	7.8%	+663	+34.1%
Others	2,136	8.5%	3,034	9.1%	+898	+42.0%
Total	25,097	100.0%	33,297	100.0%	+8,199	+32.7%

Sales of chemicals are included in the surface finishing materials business. Chemicals do not include abrasive compounds, industrial chemicals, or metals and the like. *Intersegment sales are included.

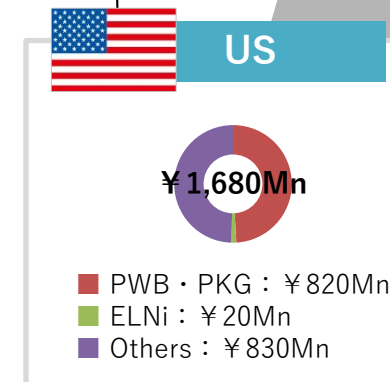
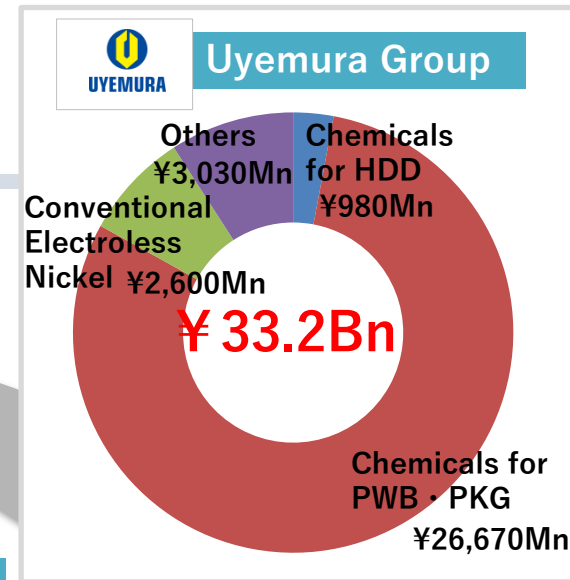
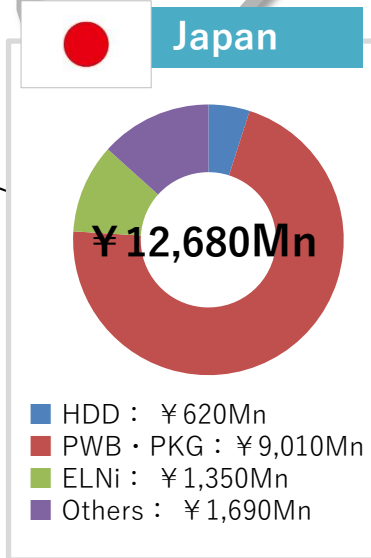
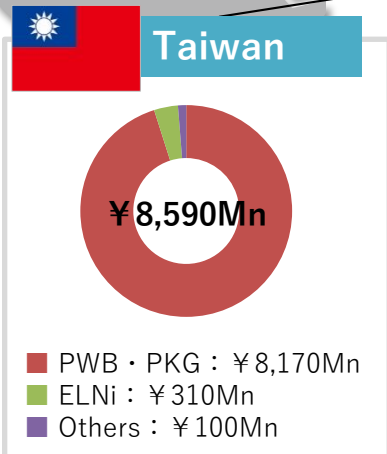
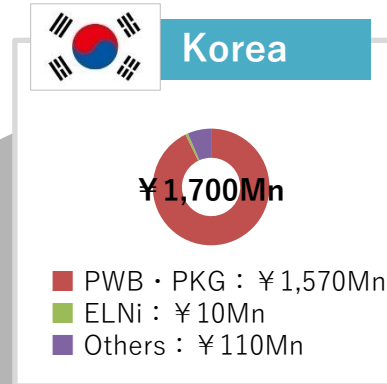
Chemicals Business – From Uyemura to End Users



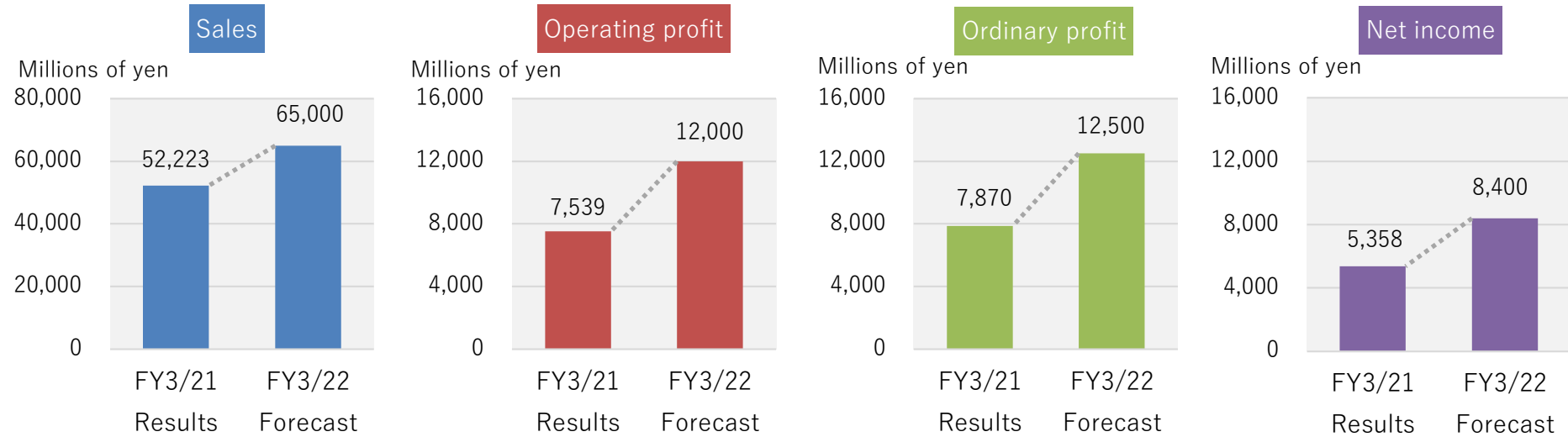
Chemical Sales by Region

Q3 FY3/22 Results

*Intersegment sales are included.



FY3/22 Consolidated Forecast



Millions of yen	FY3/21 Results (Full-year)	FY3/22 Forecast (Revised on Nov.11,2021) (Full-year)	Change	Percentage change
Sales	55,947	65,000	+9,052	+16.2%
Operating profit	9,490	12,000	+2,509	+26.4%
Ordinary profit	9,920	12,500	+2,579	+26.0%
Net income	7,128	8,400	+1,271	+17.8%
Exchange rate: \$US	106.76 yen	109.05 yen	-2.29 yen	

FY3/22 Consolidated Forecasts

● Sales & Operating profit by Business Segment

Millions of yen	Sales				Operating profit			
	FY3/21 Results	FY3/22 Forecast (Revised on Nov.11,2021)	Q3 FY3/22 Results	Progress against forecast	FY3/21 Results	FY3/22 Forecast (Revised on Nov.11,2021)	Q3 FY3/22 Results	Progress against forecast
Surface Finishing Materials	43,131	55,200	43,276	78.4%	8,330	11,220	9,389	83.7%
Surface Finishing Machinery	7,825	4,600	4,351	94.6%	916	380	349	91.8%
Plating Job	4,196	4,400	3,371	76.6%	△222	△80	22	-
Real Estate Rental	804	800	628	78.5%	454	480	383	79.8%

● Sales by Chemicals Categories

Millions of yen	FY3/21 Results	FY3/22 Forecast (Revised on Nov.11,2021)	Q3 FY3/22 Results	Progress against forecast
Chemicals for HDD	1,557	1,210	981	81.1%
Chemicals for PWB ・ PKG	27,233	33,900	26,673	78.7%
Conventional Electroless Nickel	2,659	3,220	2,607	81.0%
Others	3,051	3,330	3,034	91.1%
Total	34,501	41,660	33,297	79.9%

<Reference> Foreign exchange sensitivity

**Assumed rate for fiscal year ending March 31, 2022:
109.05 yen (JPY/USD)**

Impact on full-year results:

If the yen depreciates by 1 yen

- Sales: increase by approx. ¥450 million
- Operating profit: increase by approx. ¥50 million

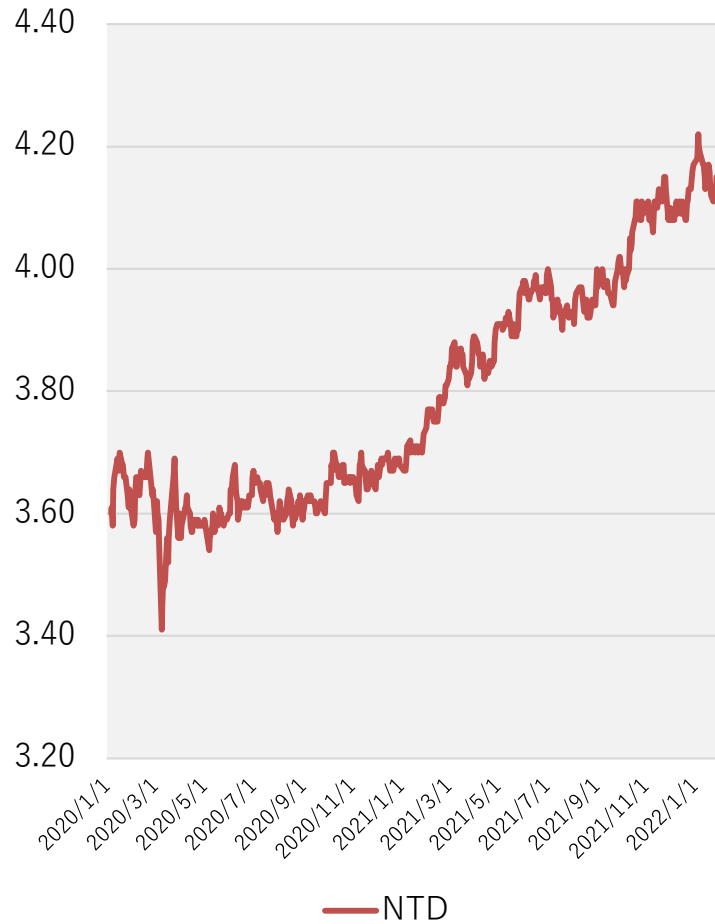
If the yen appreciates by 1 yen

- Sales: decrease by approx. ¥450 million
- Operating profit: decrease by approx. ¥50 million

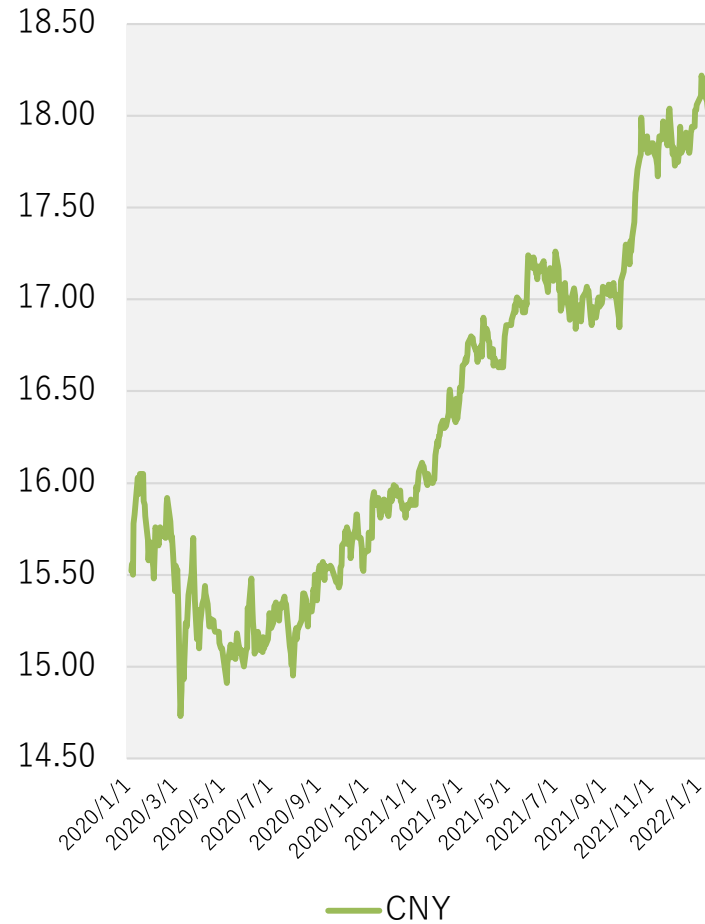
*It is assumed that other currencies move in tandem with the US dollar.

Exchange Rates

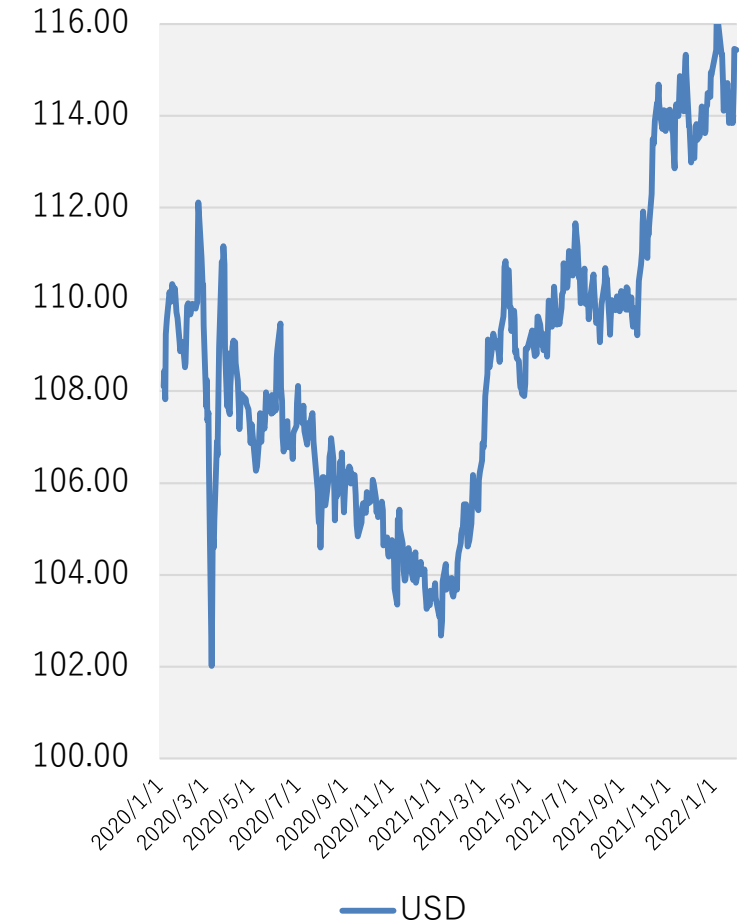
NTD



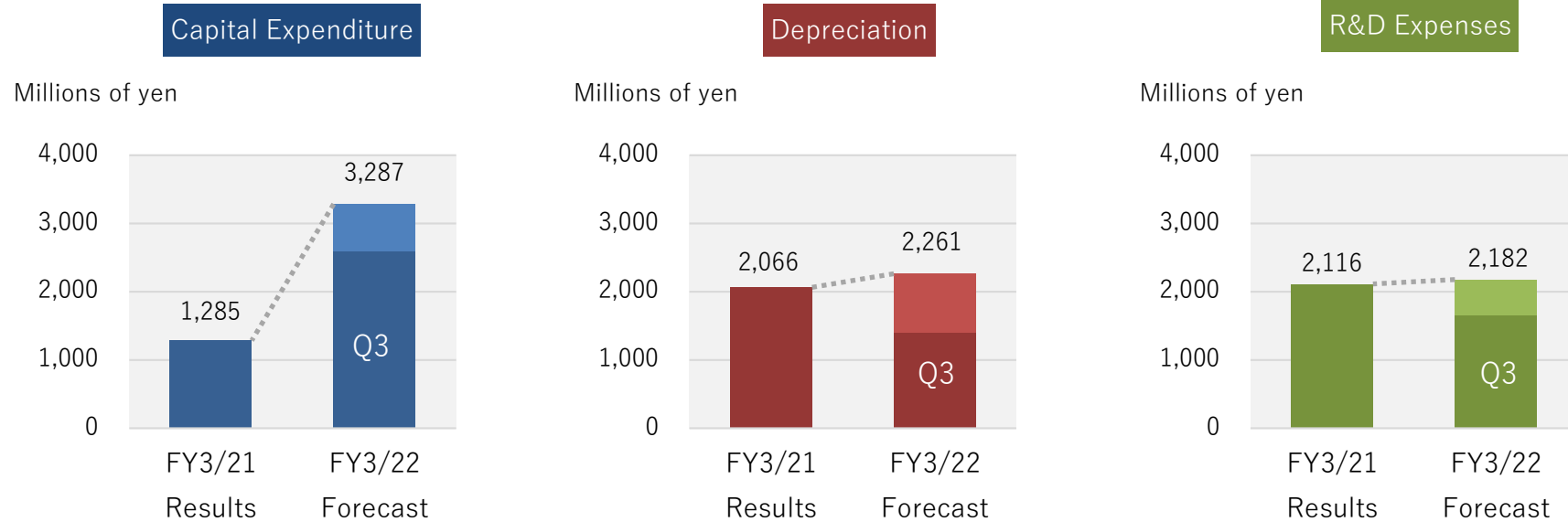
CNY



USD



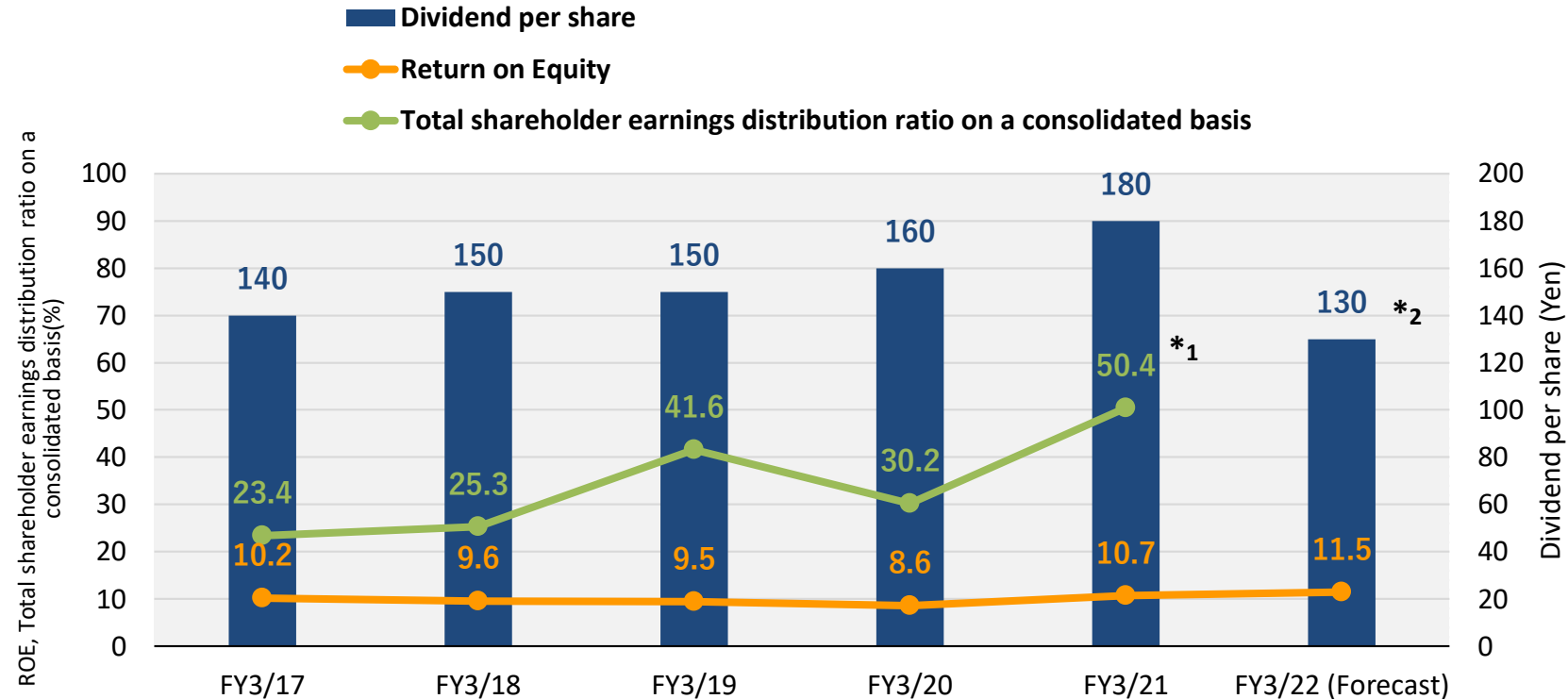
Capital Expenditure, Depreciation and R&D Expenses



Millions of yen	FY3/21 Results (Full-year)	Q3 FY3/22 Results	FY3/22 Forecast (Full-year)
Capital Expenditure	1,285	2,600	3,287
Depreciation	2,066	1,399	2,261
R&D Expenses	2,116	1,655	2,182

Capital Policy

Uyemura has a basic policy to maintain a sound foundation for business activities and improve the return on equity. We believe that the consistent payment of dividends in accordance with its operating results is necessary for return of earnings to shareholders. In accordance with this policy, we target 8.5% (10% over the medium and long term) for the return on equity and 30% for the total shareholder earnings distribution ratio on a consolidated basis.



^{* 1.} Uyemura has set a target of implementing a flexible share repurchase of 6 billion yen over the three-year period from the fiscal year ending March 2022 to the fiscal year ending March 2024, and has completed a share repurchase of 1,999,824,500 yen by the end of December 2021.

^{* 2.} Uyemura conducted a 2-for-1 stock split of common stock on July 1, 2021.

The actual amount of dividends before the stock split is shown for the fiscal years ended March 2017 through March 2021.

Reference

We aim for higher customer satisfaction
We are committed to action with sincerity

- Sales and development strategies that accelerate the growth of our share in markets where it is already high
- Sales and development strategies that increase our share in markets where it is still low
- Manufacturing strategy aligned with market trend
- Provision of total solutions including chemicals, machines and control systems

Business Overview

Total Solutions for Plating Technologies

Plating chemicals

Chemicals used to form a thin deposit of metal on the surface of a material, to give it various functions or decorativeness

Plating equipment

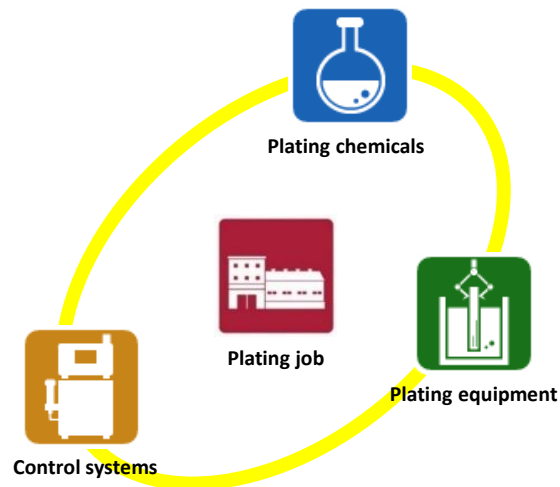
Equipment to efficiently advance the plating process on large amounts of material, or on materials that are difficult to plate on

Control systems

Systems to constantly analyze the state of the plating chemicals and perform the chemical replenishment

Plating job

Group companies' plating plants that use Uyemura products for plating chemicals, equipment and systems



► The scope of surface treatment business is broadly divided into the three areas of plating chemicals, plating equipment and control systems. Uyemura develops business in all three of these areas.

Our Group companies in Thailand, Taiwan and Indonesia engage in production at their plating plants, using plating chemicals, equipment and systems made by Uyemura. Serving as model plants using Uyemura products, our plating plants accumulate practical expertise on site and provide useful feedback for product development.

Industries Related to Uyemura

- **Electronic components / Semiconductors**

Automotive industry: As electrification and autonomous driving progress, more electronic components and semiconductors are used. Eco-friendly vehicles and those equipped with the automatic driver assistance system (ADAS) grew dramatically across the world. An increase in the number of eco-friendly vehicles, as well as those equipped with ADAS and EVs, will then lead to substantial demand for batteries, GPS units, assisted navigation systems, a range of sensors, on-board cameras, and motor control electronic components. To make Level 4 autonomous cars, even more electronic components will be needed.

Despite the temporary pause of the use of 5G devices near U.S. airports, such a situation will not last long and we foresee the accelerated development of even higher speed networks. Again, many electronic components used in the 5G market will require surface finishing.

Servers: Surface finishing is required by storage media for servers such as hard disks, and CPUs as key parts for controlling communications between servers and terminals. Furthermore, it is also required by electronic components that control real time transmission of geographic information for ADAS to a moving vehicle. As such, we can expect potential demand for surface finishing to be huge, given the situation where the development of IoT environment will be accelerated going forward.

- **Surface finishing equipment**

The surface finishing equipment business is expected to perform well for a while, given that customers continued aggressive capital investment to address the supply shortage of semiconductors and other electronic components as well as PKG PWBs.

Industries Related to Uyemura


- **Raw materials and logistics related to Uyemura**

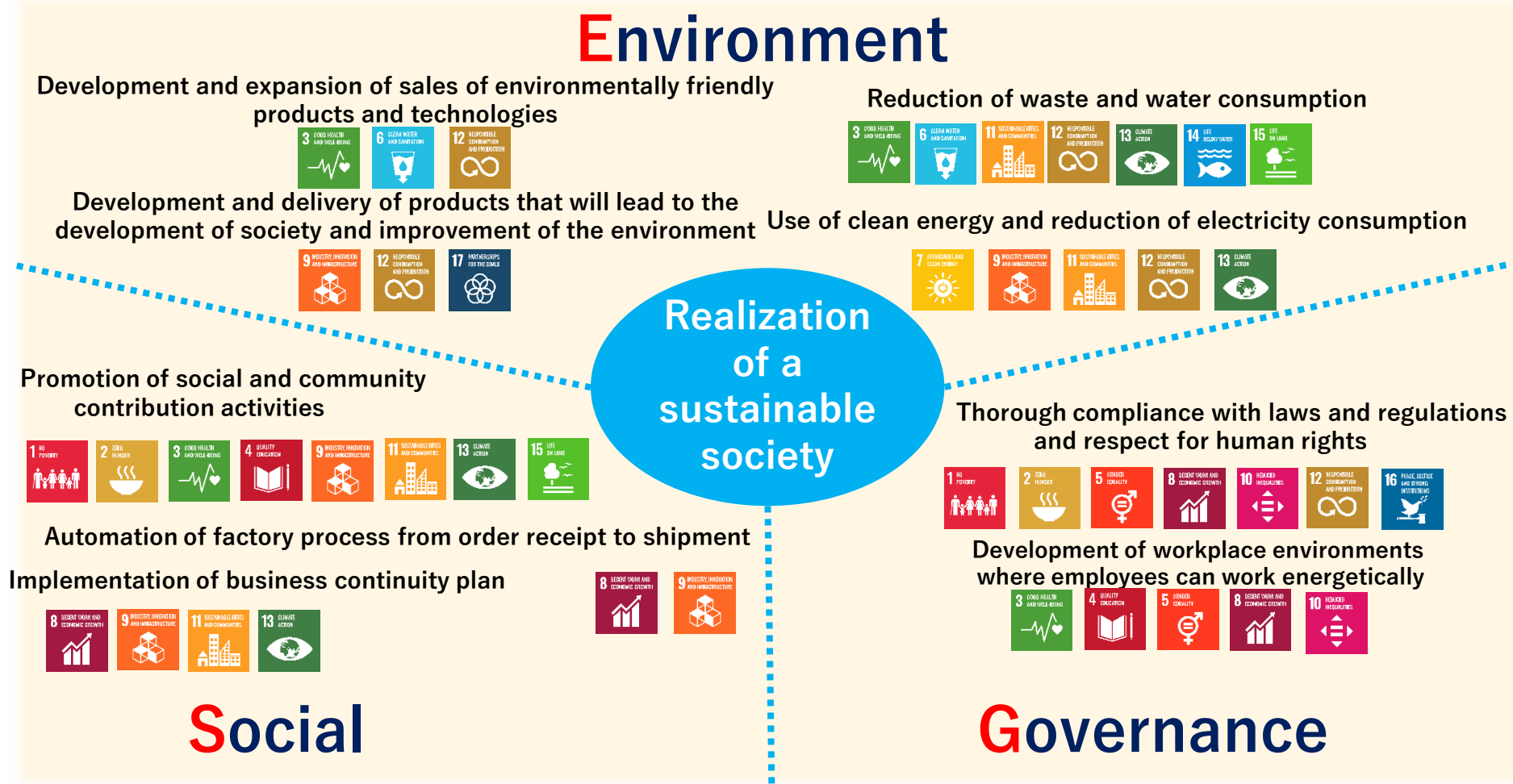
Transportation problem: Right now, timely transportation is not available. Until when will this situation last? Will the problem be solved in a year's time? Nobody has the answer. We anticipate that a prolonged transportation problem will become a major risk.

Shortage of machinery and electronic components: The COVID-19 pandemic has been forcing an increasing number of factories to shut down at a global scale, and the shutdown has made a situation even worse—a situation where we cannot deliver manufactured equipment to customers, who are nevertheless aggressive in capital investment. It remains to be seen when this chaotic situation will end.
































Sharp rise in the prices of raw materials and crude oil: The across-the-board rise in prices of raw materials and crude oil has made us unable to deal with new inquiries. Meanwhile, we are facing the situation where, even after receiving orders for equipment, we cannot tell customers an explicit delivery date. Such a situation does not seem to be unique to us but could be found in any company in any industry.

Initiatives related to ESG and SDGs

Under the Uyemura Group slogan “Growing together with  (:You),” our aims are to grow and prosper together with our stakeholders and to be a company that is able to contribute to society.



Uyemura Group Companies

Company name	Foundation	Location	Business
C.Uyemura & Co., Ltd.	1848 (Establishment) 1933 (Incorporated)	Japan	    
Sumix Corporation	1963	Japan	
Uyemura International Corporation	1985	US	  
Uyemura International (Hong Kong) Co., Ltd.	1986	China (Hong Kong)	
Taiwan Uyemura Co., Ltd.	1987	Taiwan	    
Sum Hitechs Co., Ltd.	1987	Thailand	   
Uyemura (Shenzhen) Co., Ltd.	1988	China (Shenzhen)	   
Uyemura International (Singapore) Pte Ltd	1992	Singapore	
Uyemura (Malaysia) Sdn. Bhd.	1996	Malaysia	 
Uyemura (Shanghai) Co., Ltd.	2002	China (Shanghai)	
Uyemura Korea Co., Ltd.	2010	Korea	 
PT.Uyemura Indonesia	2012	Indonesia	 

 **Sales**
 **R&D**
 **Chemical Production**
 **Machinery Production**
 **Plating Job**
 **Real Estate Rental**

As of December 31, 2021

Growing together with

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company, but are not promises by the Company regarding future performance. Actual results are affected by various factors and may differ substantially.

Uyemura Group Companies

- **Japan** C.Uyemura & Co., Ltd.
Sumix Corporation
- **USA** Uyemura International Corporation
- **Hong Kong** Uyemura International (Hong Kong) Co., Ltd.
- **Shenzhen** Uyemura (Shenzhen) Co., Ltd.
- **Shanghai** Uyemura (Shanghai) Co., Ltd.
- **Taiwan** Taiwan Uyemura Co., Ltd.
- **Korea** Uyemura Korea Co., Ltd.
- **Singapore** Uyemura International (Singapore) Pte., Ltd.
- **Malaysia** Uyemura (Malaysia) Sdn. Bhd.
- **Thailand** Sum Hitechs Co., Ltd.
- **Indonesia** PT.Uyemura Indonesia

