

Fiscal Years 3/2022-3/2024

Mid-Term Business Plan

C. Uyemura & Co., Ltd.

May 14, 2021

(Updated on May 12, 2023)

Basic Policy

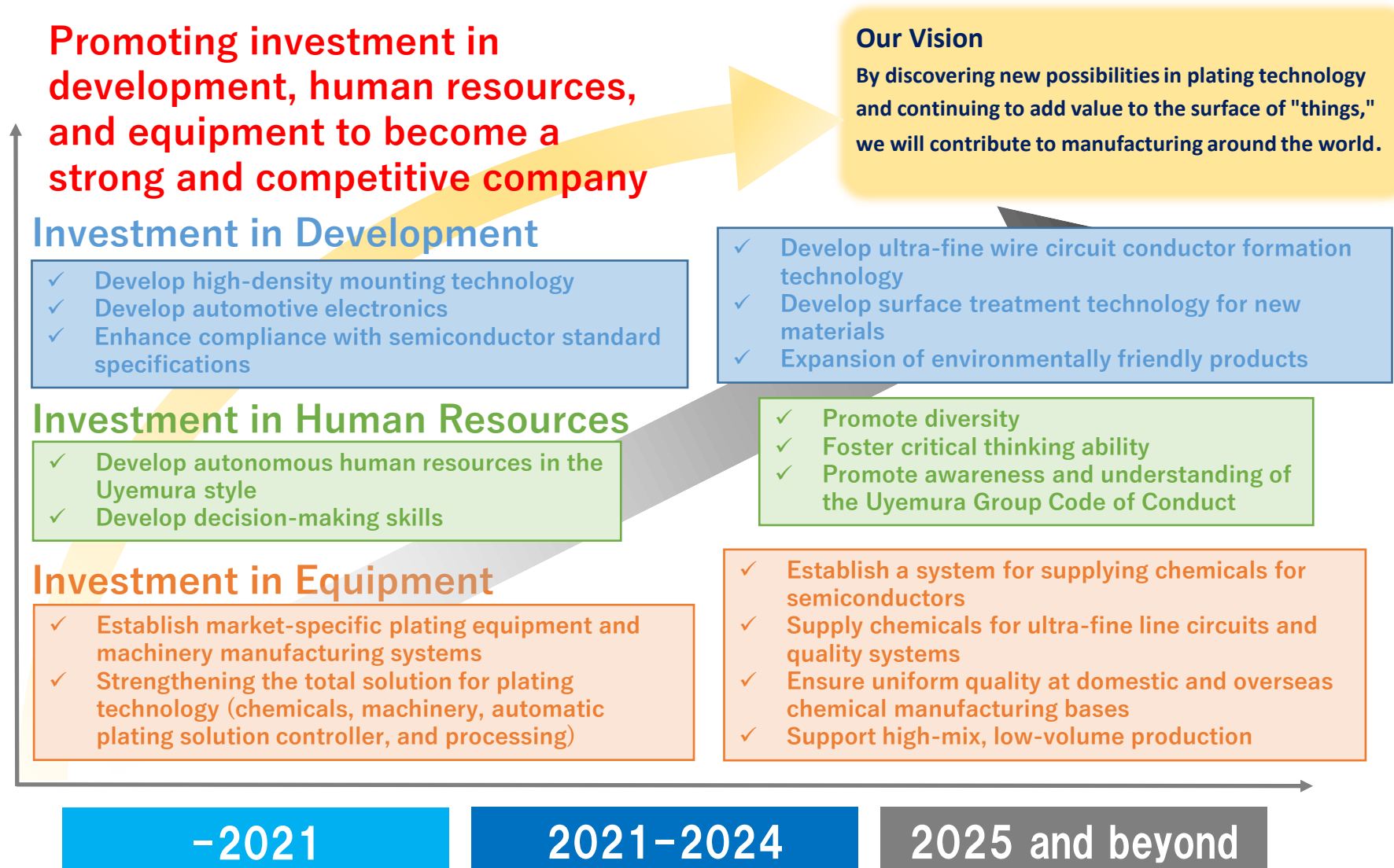
- Our management philosophy has remained unchanged since our founding in 1848.

“We are committed to action with sincerity”

- **Management Policies**

1. SDGs (Sustainable Development Goals) • ESG (Environment, Social, Governance) • promotion of safety enhancement
2. Ensure thorough compliance
3. Promotion of environmental improvement and acceleration of research and development
4. Promotion of long-term business in view of the next 10 to 20 years
5. Establish a total solutions business models
6. Increase synergies among group companies and divisions
7. Explore and examine new overseas manufacturing and sales bases with an eye to the future
8. Ensure a quick response to changes in the business environment

Our Vision and Mid-Term Business Plan Concept



Three-Year Performance Targets

Updated on May 12, 2023

Results for Fiscal Year 3/2021

Plan for Fiscal Year 3/2024

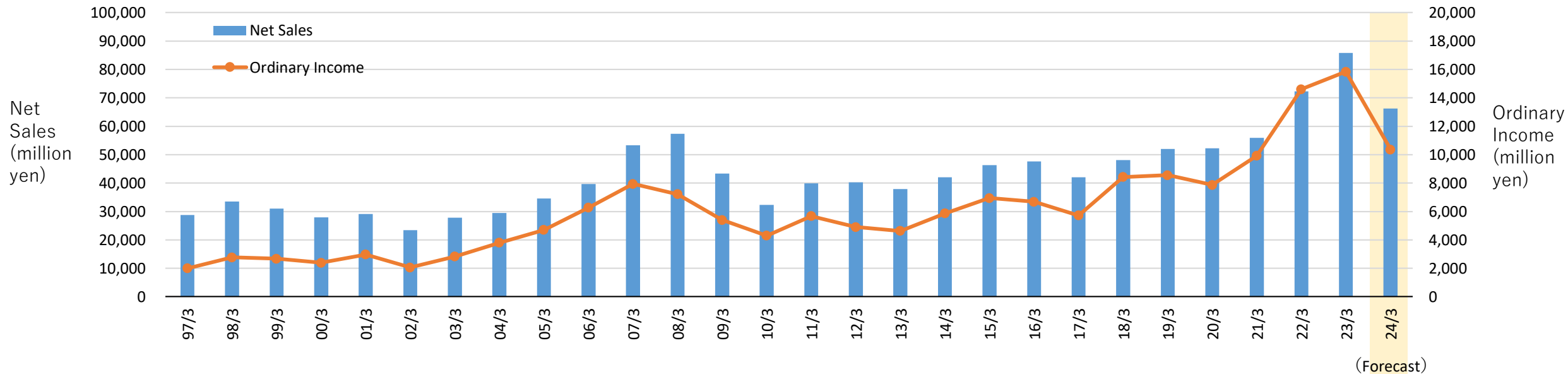
Net Sales 55.9 billion yen ⇒ 66.2 billion yen
(Updated May 12, 2023)

Ordinary Income 9.9 billion yen ⇒ 10.3 billion yen
(Updated May 12, 2023)

Changes in business performance after stock listing

【Reasons of planned value】

The background of the downward revision of the previously announced forecast is that the trend toward a slowdown in the semiconductor market has become even stronger entering 2023 due to factors such as the sluggish demand for PCs and smartphones, prolonged inventory adjustments, and a decrease in the production of servers for data centers. In particular, FC-BGA (Flip Chip-Ball Grid Array) and Hard Disk have been greatly affected by the curtailment of investment in data centers and the decline in mobile phone sales. On the other hand, demand for automotive IGBTs (Insulated Gate Bipolar Transistors) has remained strong due to the spread of EVs (electric vehicles), PHVs (plug-in hybrid vehicles), and HVs (hybrid vehicles). In the medium to long term, it is impossible to predict whether dry processing will increase in IGBT processing or switch to wet processing. However, with the progress of electrification of automobiles, autonomous driving, and DX (digital transformation), it is expected that plating processing will increase due to the expansion of demand for semiconductors and electronic parts. In addition, the plastic plating business is sluggish due to the rapid expansion of electric vehicles that do not require front grills, and the current design trend of painted parts. We are focusing on shifting to a form of operation that meets the demands and to further reduce the defect rate.



Capital Investment Plan

Total for Fiscal Years 3/2022 - 3/2024 Investment Plan

(Investment Details)

Investment in Growth

13.6 billion yen

- Enhancing ultra-fine wire circuit conductor formation technology
- Enhancing surface treatment technology for new materials
- Enhancing environmentally friendly products
- Enhancing chemical supply system for clean rooms

Investment in Improvement

5.5 billion yen

- Improving efficiency and manufacturing quality
- Enhancing development analysis capabilities
- Improving responsiveness to natural disasters
- Improving compliance with environmental regulations

Commitment for M&A Investment※

10 billion yen

- Capital acquisition of third parties, alliances, and investment

※We will consider the usage of treasury shares depending on the content and nature of the investment based on our capital policy.



Europe

- Expand sales for and gather information on automobile and aircraft markets
- Expand into HDI※-related markets

China

- Strengthen technical support capability for existing customers
- Expand sales to high value-added products and strengthen support capabilities
- Strengthen chemical production capacity
- Strengthen technical support bases
- Strengthen sales to markets complying with environmental regulations

Southeast Asia and India

- Strengthen technical support capabilities for existing customers
- Strengthen sales and technical support for companies entering Southeast Asia and India as an alternative to the Chinese market
- Increase production capacity in Thailand and Malaysia
- Strengthen compliance with laws and regulations in each country
- Strengthen sales in markets that comply with environmental regulations

North America

- Gather information on OEM companies
- Increase the number of joint development projects with OEM companies
- Raise awareness among OEM companies
- Strengthen technical support capacity for manufacturing within OEM companies

South America

- Gather information on automotive & electronics markets
- Raise awareness of the company

※HDI : High Density Interconnect (HDI PCB)

Business Strategy

Provision of full-range business (chemicals, machinery, automatic plating solution controller, processing) to customers

Chemicals for Plating

- Develop and improve chemicals for PLP(Panel Level Package), RDL, and interposers, and enhance the product lineup
- Develop and improve chemicals for ADAS, power devices, and environmentally friendly automobiles, and enhance the product lineup
- Develop and improve chemicals for mobile devices, personal computers, and servers, and enhance the product lineup
- Develop and improve general organic and inorganic chemicals
- Develop and improve chemicals for ADAS and environmentally friendly automobiles
- Develop and improve environmentally friendly chemicals

Machines for Plating

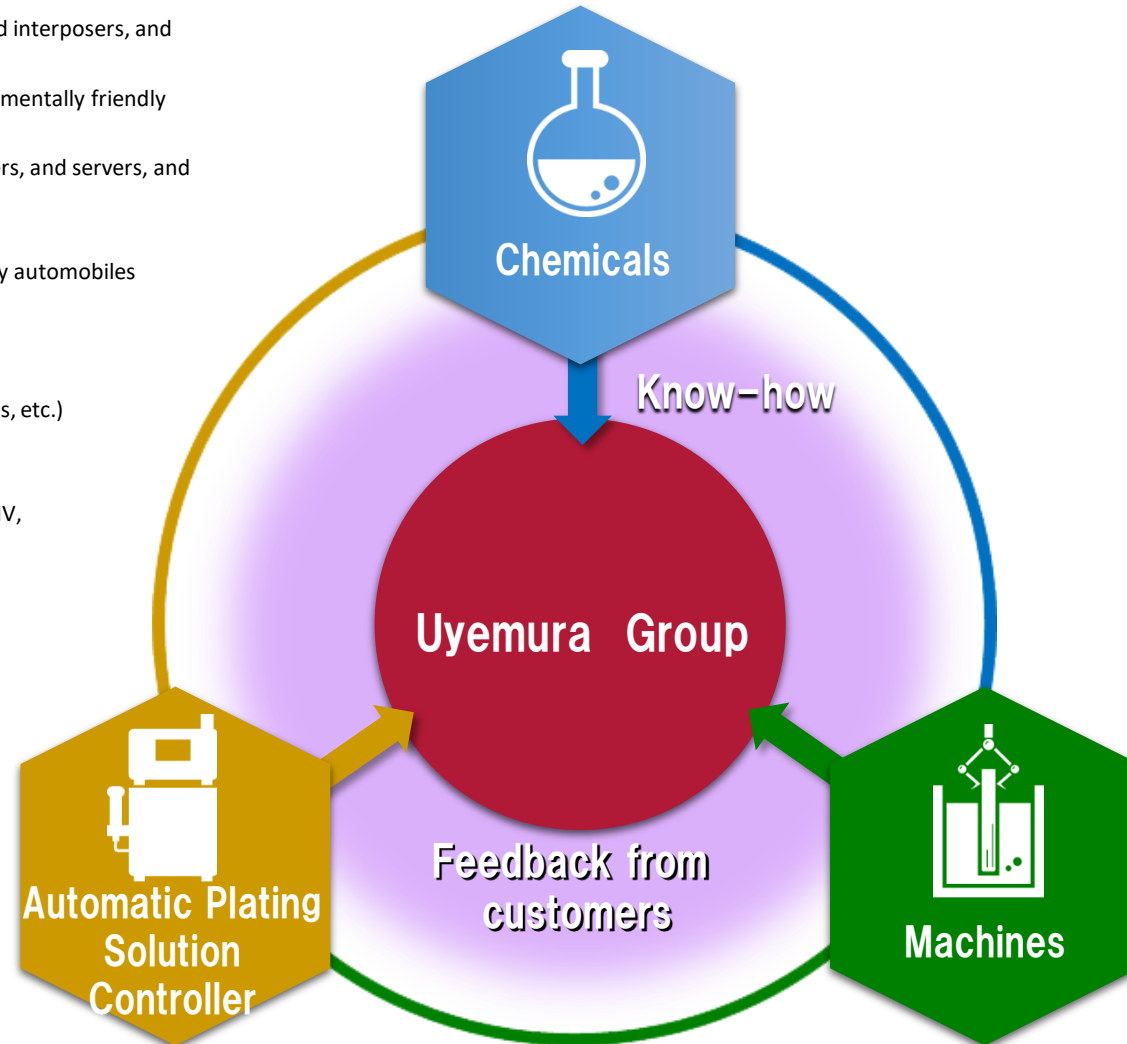
- PLP-compatible equipment (including ADAS, PCs, servers, smartphones, etc.)
- Bump-supporting equipment (including servers, high-end CPUs, etc.)
- Equipment supporting organic and inorganic chemicals
- Equipment for environmentally friendly automobiles (including EV, PHV, FCV, and HV cars)
- Segregation of machinery manufacturing plants for high-end and other markets

Automatic Plating Solution Controller



- Product lineup of automatic plating solution controllers for all chemicals sold and support for IoT environments

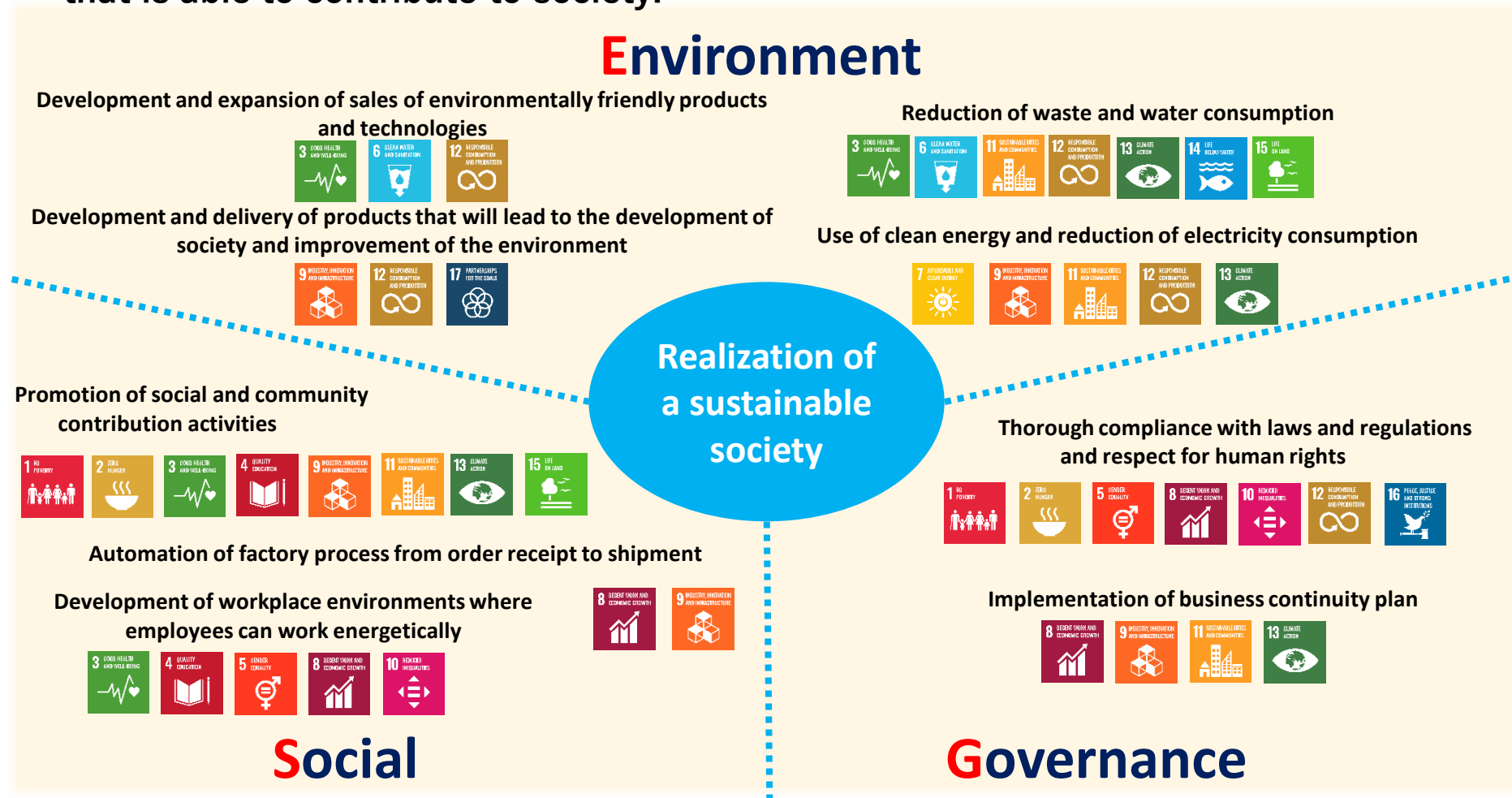
Plating Process













- Establish processing treatment technology from the development process to mass production
- Continue the processing business to hand down basic surface treatment technology
- Support for small-volume manufacturing up to mass production



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.



ESG Field	Initiatives	Results at Achievement	State of Progress	Association with SDGs
E (Environment)	Develop and expand sales of hazardous chemical-free products (free from Cyan, Lead, Formalin, etc.)	Reduction of environmental impact	We set an ISO 14001 target and continue to expand sales of environmentally friendly eco-friendly products, launching three products in FY2021.	
	Electroless Ni Recovery System	Reduction of environmental impact	Demonstration equipment for electroless Ni recovery system already has been installed in March 2022.	
	Adoption of chemical link containers	Reduction of amounts of recyclable garbage and CO2 emissions	Reduce waste containers by using domestic returnable containers that can be used many times.	
S (Social)	Human resource development through in-house training, etc.	Human resource development for employees	In addition to in-house on-the-job training, we offer a variety of human resource development programs.	  
	Eliminate discrimination in management positions based on gender and nationality	Eliminating discrimination based on gender and nationality	We are promoting woman directors and managers.	 
G (Governance)	Initiatives for Business Continuity Planning (BCP)	Continuation of production activities and sustainable supply in the event of disasters	BCP measures have been implemented, such as installation of seismic isolators, generators, and flood prevention equipment.	   

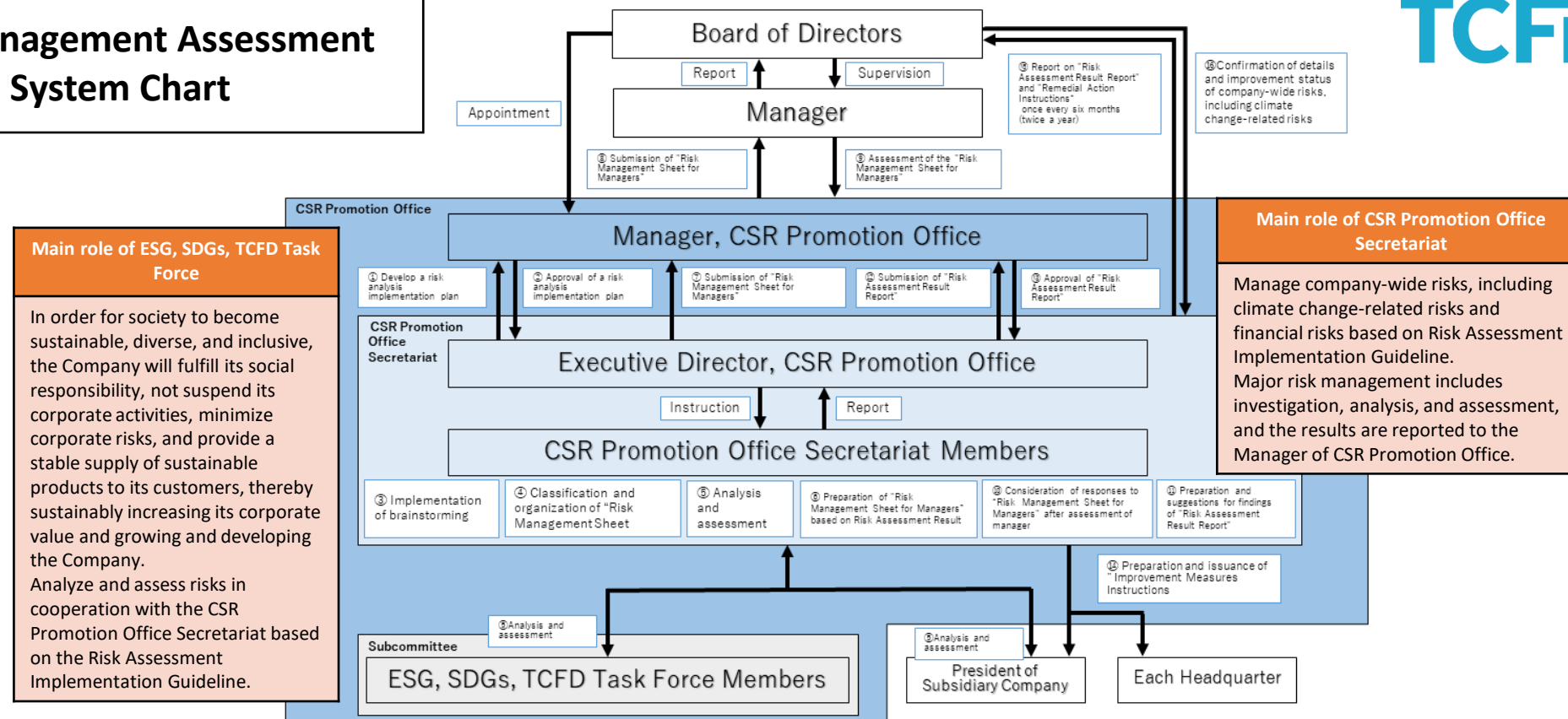
* The initiatives listed here are only part of our efforts. For more detailed information on the initiatives and their achievement rates, please see our website.

The Company recognizes climate change as one of our important management issues and has expressed our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2023.

The Company will strive to disclose climate change-related information in accordance with the content indicated in the recommendations.



Risk Management Assessment System Chart



The Uyemura Group recognizes countermeasures against climate change as an important issue and is working on various initiatives for reducing CO2 emissions, such as energy efficiency and conservation (installation of solar power and adoption of energy-saving equipment). We aim to reduce the Group's CO2 emissions by 40% in Japan and by 25% overseas by 2030 (compared to 2017). In addition, we will take on carbon neutrality (net zero emissions) by 2050 in order to realize a sustainable society.

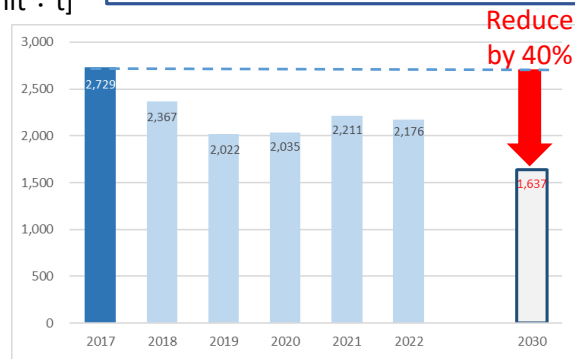
CO2 emissions in 2022 and interim targets for 2030

CO2 emissions (compared with 2017)		
CO2 emissions (compared with 2017)	Year 2022	2030 Interim target
Domestic bases (Japan)	Reduction rate 20%	Reduction rate 40%
Overseas group companies	Reduction rate 13%	Reduction rate 25%



Total amount of CO2 emission by the domestic bases (Japan)

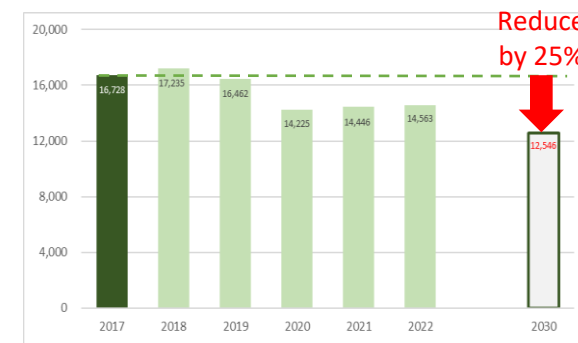
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※Due to the repair of air conditioning equipment at the machinery office in 2018 and the introduction of air condition equipment associated with the construction of the semiconductor factory in 2021, the amounts of CO2 emissions for such years increased.

Total amount of CO2 emission by the overseas group companies

[Unit : t]



Capital Policy

We are working on a capital policy in view of the basic policy of securing a stable management base and improving the return on shareholders' equity.

Goal: 50% for the total return ratio on a consolidated basis and 8.5% ROE

Flexible acquisition of shares worth 6 billion yen during the 3-year period from FY3/2022 to FY3/2024

Target for 10% ROE in the medium- to long-term

- Realization of stable dividends and flexible acquisition of treasury share based on a total return ratio
- Flexible acquisition of treasury shares considering economic conditions, financial conditions, etc.
- Securing internal reserves for fields and regions where future growth is expected, new technology acquisition, M&A transactions, unexpected events, and natural disasters

* We hold a certain amount of our shares in treasury to be used as a reward to motivate our executives and employees to achieve sustainable corporate value creation as well as to implement our M&A strategy (M&A transactions, business and capital alliances, etc.).

* If we do not implement our M&A strategy, we will consider cancelling treasury shares that exceed 10% of total number of shares outstanding.

- **Establishment of Nomination and Remuneration Committee**

The Board of Directors meeting of the Company, held as of April 10, 2023, resolved to establish the Nomination and Remuneration Committee (the “Committee”) as a voluntary advisory body to the Board of Directors. The Committee shall consist of at least three members selected by a resolution of the Board of Directors, of which the majority shall be independent outside directors. The chairperson of the Committee shall be appointed by a resolution of the Committee from among the members who are independent outside directors. For more details, please see our press release as of April 10, 2023, “[Notice Regarding Establishment of Nomination and Remuneration Committee](#).”

- **Conducting an Evaluation of the Effectiveness of the Board of Directors**

In accordance with the Corporate Governance Code stipulated by the Tokyo Stock Exchange, the Board of Directors of the Company analyzed and evaluated the effectiveness of its Board of Directors with the aim of improving its functions. As a result of the self-assessment conducted by the Company for all of its nine directors and three auditors, the Company has determined that the Board composition, the Board operation, the Board agendas, and the organizations supporting the Board are appropriate, and that the effectiveness of its Board of Directors has been ensured. For more details, please see our press release as of April 10, 2023, “[Evaluation of the Effectiveness of the Board of Directors](#).”

- **Revision of the Restricted Stock Compensation Scheme**

The Board of Directors meeting of the Company, held as of April 10, 2023, resolved to review the Officers’ Compensation Scheme and to revise the Restricted Stock Compensation Scheme (the “Scheme”), and will propose revising the Scheme at the 95th Annual General Meeting of Shareholders, which will be held on June 29, 2023 (the “Meeting”). Specifically, in addition to the existing "Service Period-linked Restricted Stock Compensation," which requires a certain period of continuous service at the Company as a condition to lift the transfer restrictions, in order to increase the linkage between the compensation of eligible directors and the performance of the Company, a new "Performance-linked Restricted Stock Compensation," for which the achievement of performance goals (ROE) set in advance by the Board of Directors is the condition to lift the transfer restrictions, will be adopted. For more details, please see our press release as of May 12, 2023, “[Notice Regarding Revision of the Restricted Stock Compensation Scheme](#).”

Disclaimer

This document contains plans and forecasts of the company current as of the creation of the document. These plans and forecasts are based on information available to the company as of the creation of the document. As actual performance may differ from these plans and forecasts due to various future conditions or factors, this document shall provide no commitment or guarantee, express or implied, regarding the realization of plans and forecasts contained herein.

【Contact】

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Growing together with



Uyemura Group Companies

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

