

Results of Operations

for the First Quarter of the Fiscal Year Ending March 31, 2023

C. Uyemura & Co., Ltd.

Standard Market of the Tokyo Stock Exchange (Stock Code : 4966)

August 8, 2022

Overview of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023

Period under review

In Japan (2 companies): April–June / Overseas (10 companies): January–March

- **Surface finishing materials business**

- Both segment sales and profit of mainstay plating chemicals for package PWBs saw year-over-year increases thanks to an increase in demand in the high-speed communication market and semiconductor market.

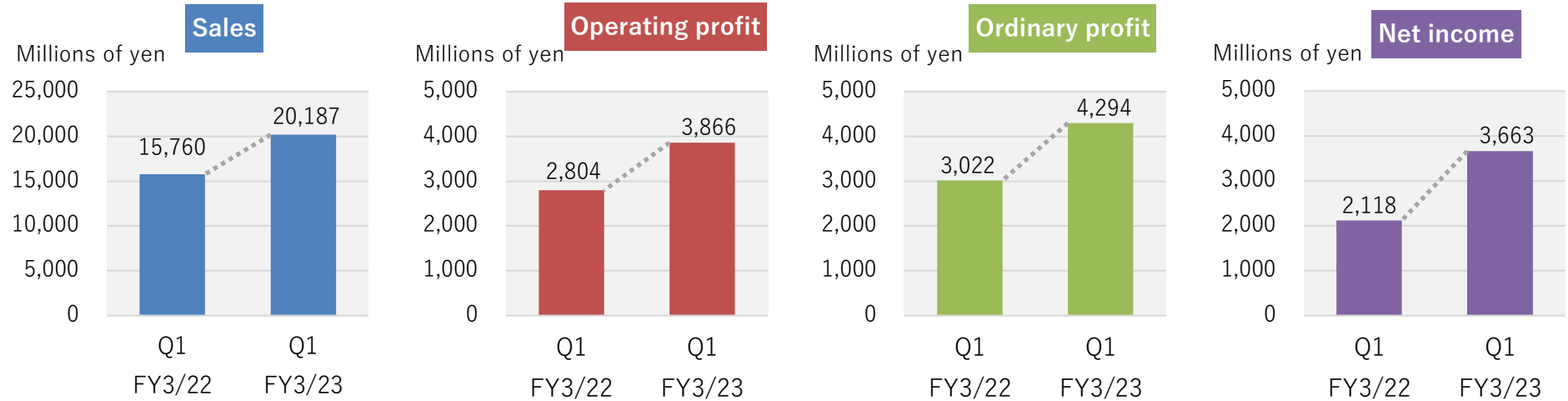
- **Surface finishing machinery business**

- Segment sales of the surface finishing machinery business increased year-over-year thanks to the strong demands for the surface finishing machineries for semiconductors and electronic components especially in Taiwan market. However, segment profit decreased year-over-year due to the soaring prices of various components used to manufacture the surface finishing machineries such as resin plates, electronic components, and filters.

- **Plating job business**

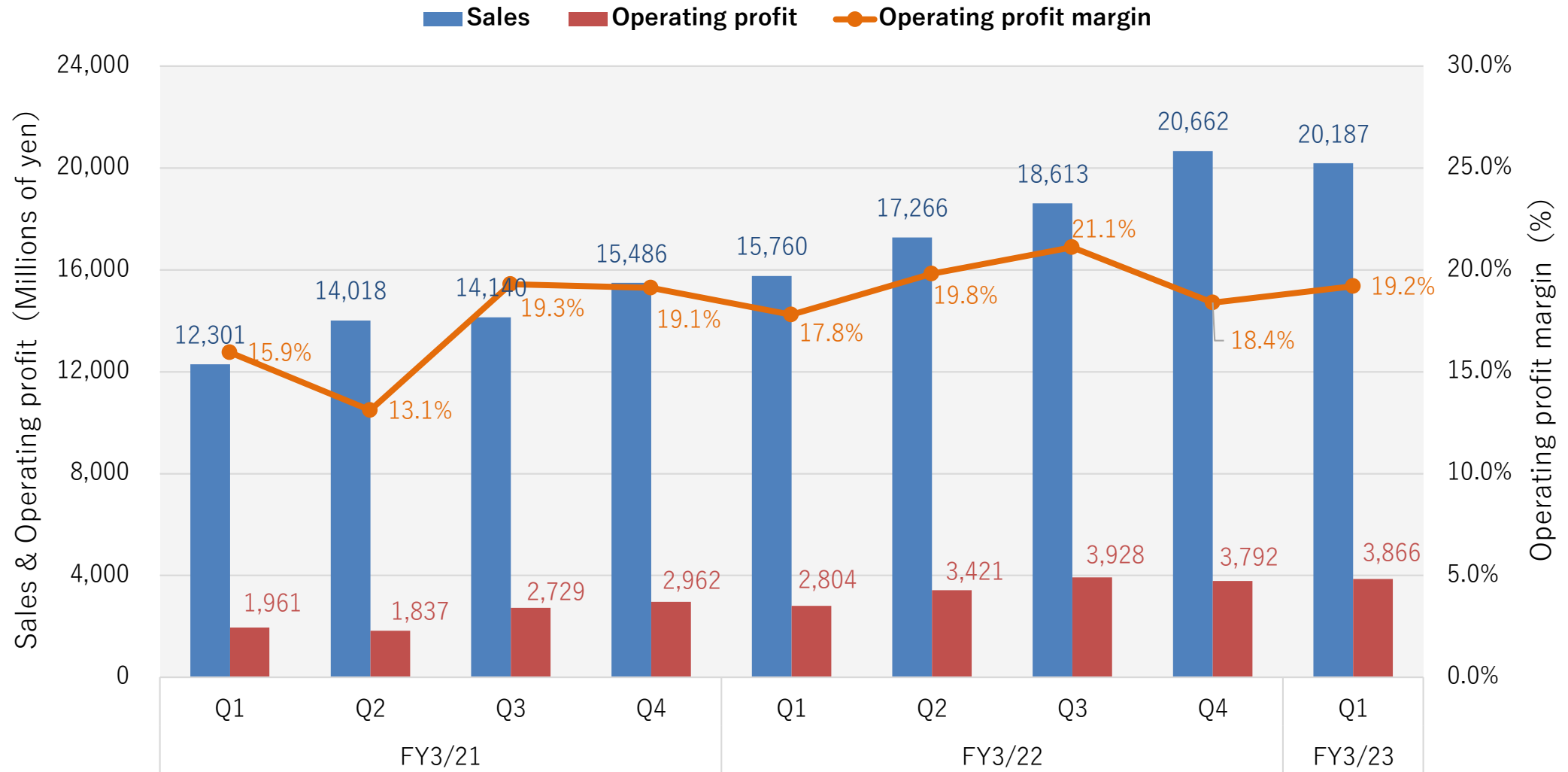
- While Taiwan showed a strong performance, the business environment remained challenging for automotive industries in Thailand and Indonesia. This is due to the persistent production adjustments of various automobile manufacturers resulting from the impacts of COVID-19 and also the soaring prices of raw materials such as non-ferrous metals and others.

Q1 FY3/23 Financial Results

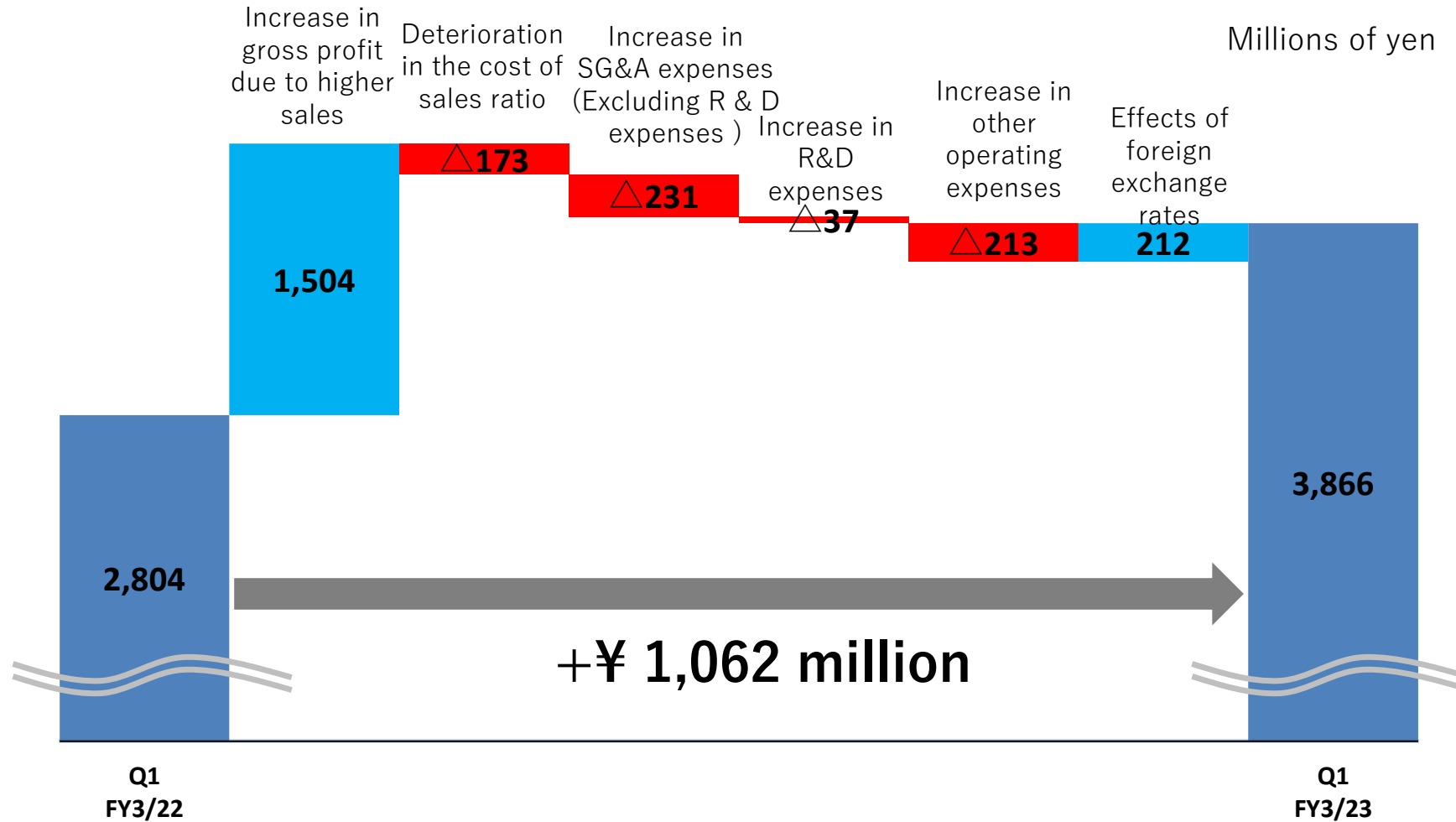


Millions of yen	Q1 FY3/22 Results	Q1 FY3/23 Results	Change	Percentage change
Sales	15,760	20,187	+4,427	+28.1%
Operating profit	2,804	3,866	+1,062	+37.9%
Ordinary profit	3,022	4,294	+1,272	+42.1%
Net income	2,118	3,663	+1,545	+72.9%
Exchange rate: \$US	106.09 yen	116.34 yen	+10.25 yen	

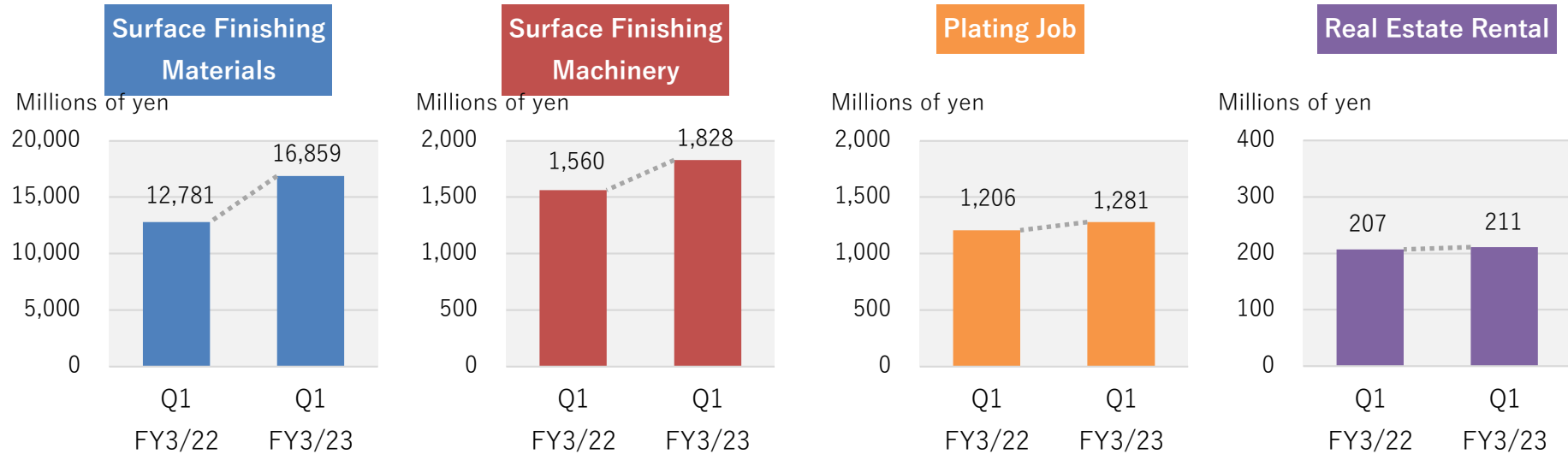
Quarterly Results



Changes in Operating profit

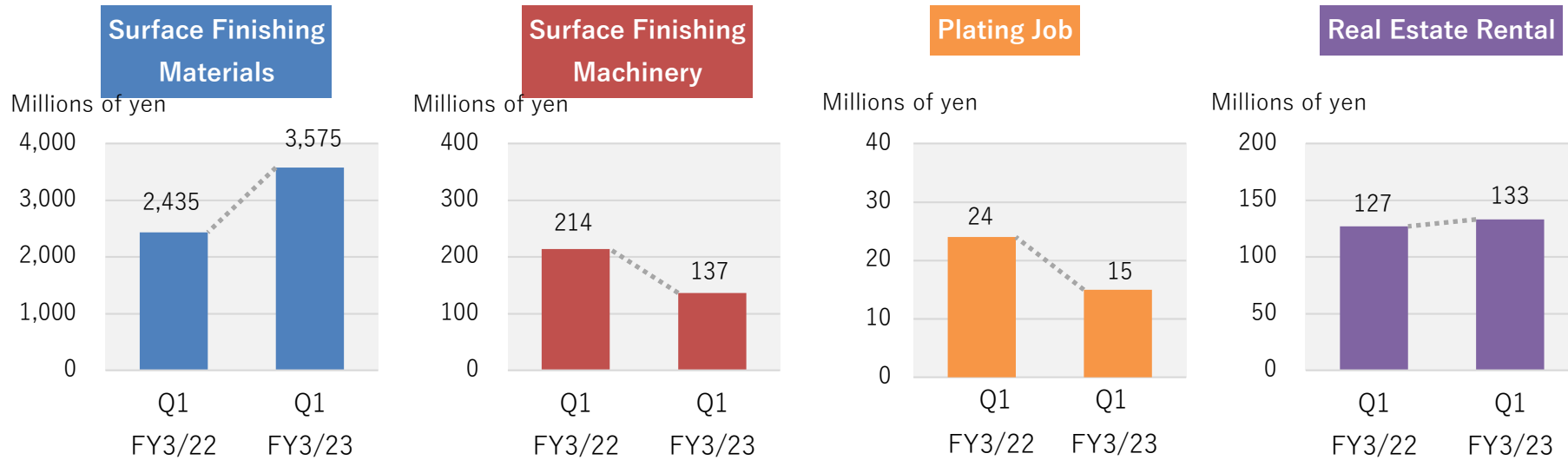


Sales by Business Segment



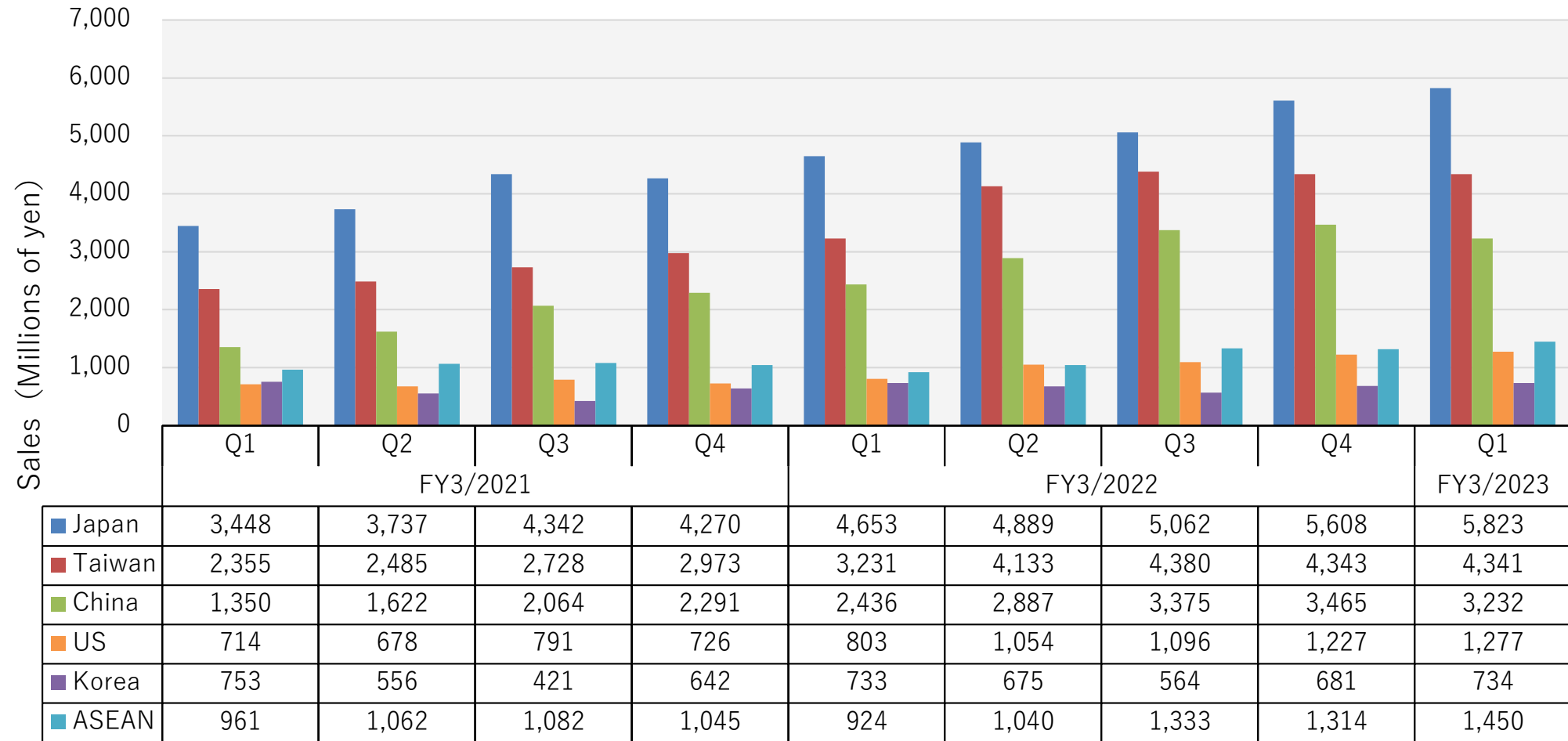
Millions of yen	Q1 FY3/22 Results	Q1 FY3/23 Results	Change	Percentage change
Surface Finishing Materials	12,781	16,859	+4,078	+31.9%
Surface Finishing Machinery	1,560	1,828	+268	+17.2%
Plating Job	1,206	1,281	+75	+6.2%
Real Estate Rental	207	211	+4	+1.9%

Operating Income by Business Segment

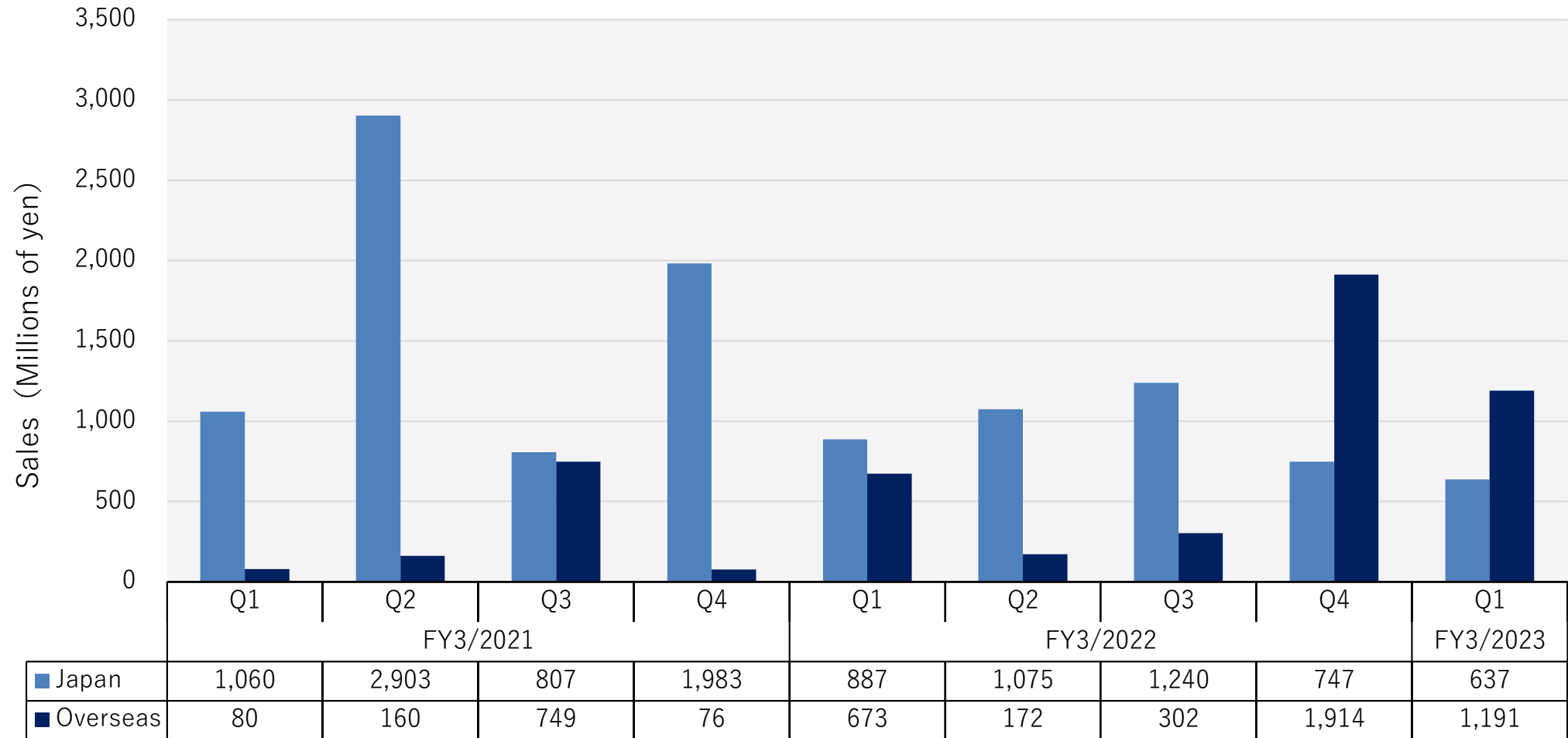


Millions of yen	Q1 FY3/22 Results	Q1 FY3/23 Results	Change	Percentage change
Surface Finishing Materials	2,435	3,575	+1,140	+46.8%
Surface Finishing Machinery	214	137	△ 77	△ 36.0%
Plating Job	24	15	△ 9	△ 37.5%
Real Estate Rental	127	133	+6	+4.7%

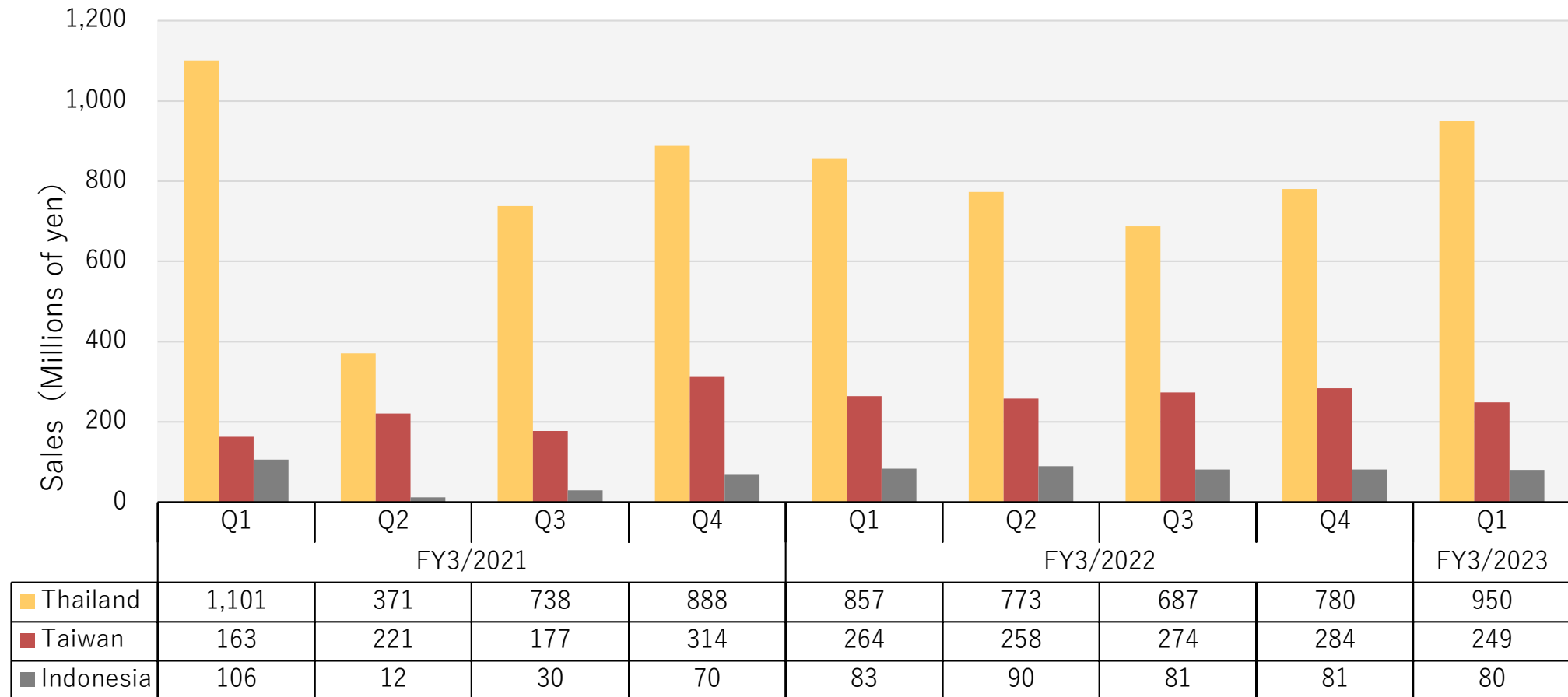
Surface Finishing Materials Business Sales



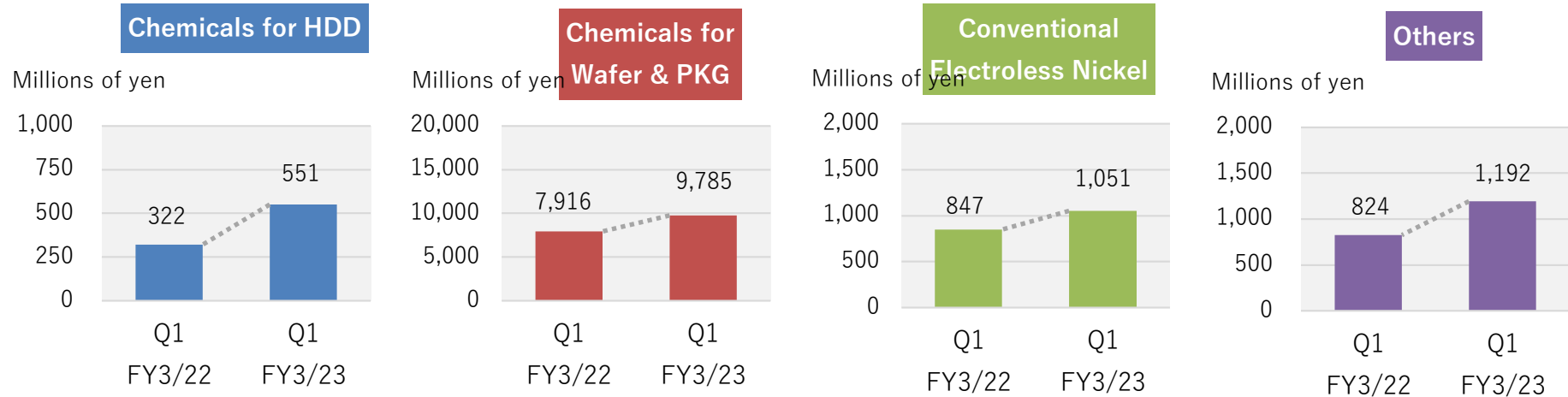
Surface Finishing Machinery Business Sales



Plating Job Business Sales



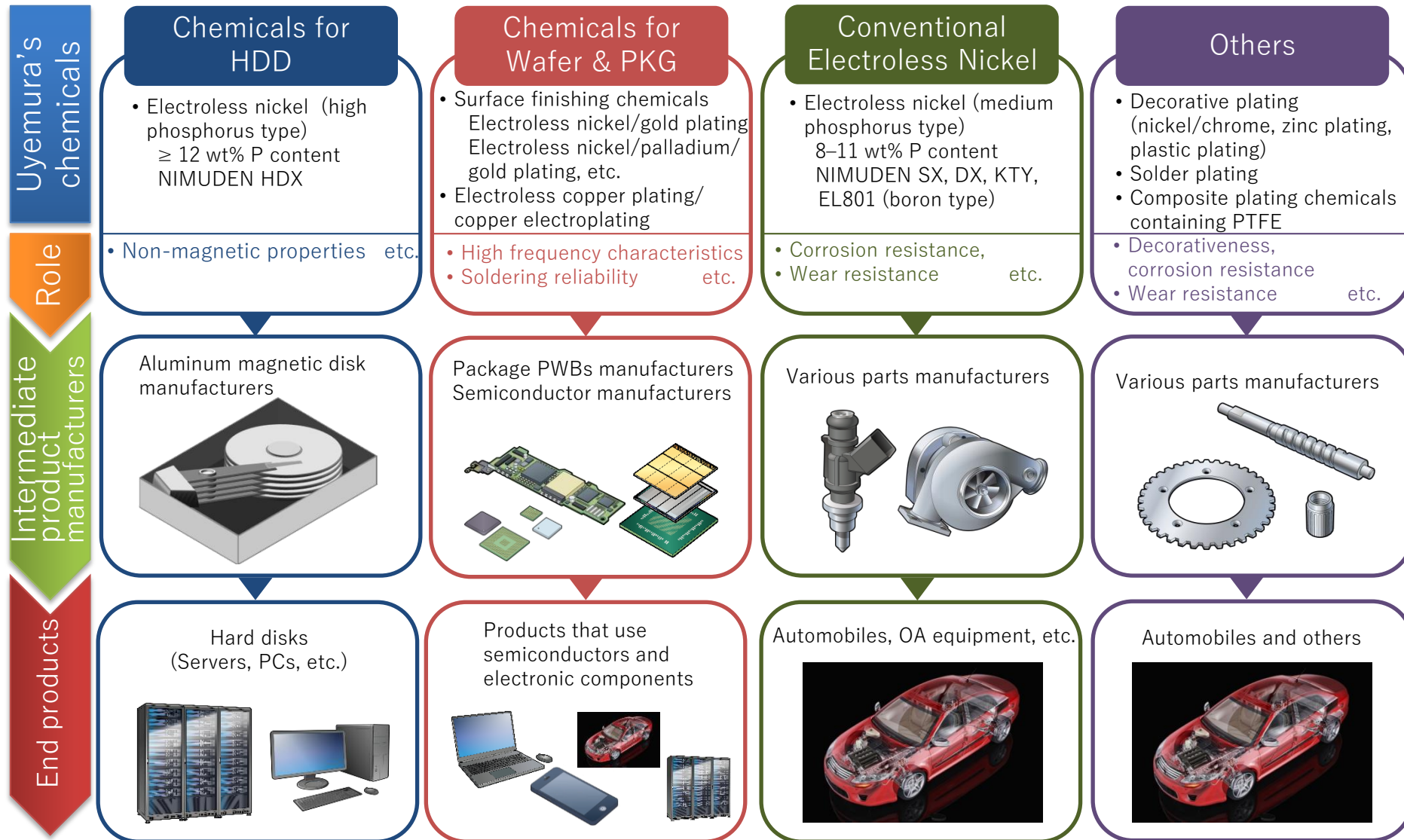
Sales by Chemicals Categories



Millions of yen	Q1 FY3/22 Results		Q1 FY3/23 Results		Change	Percentage change
		%		%		
Chemicals for HDD	322	3.3%	551	4.4%	+228	+70.9%
Chemicals for Wafer & PKG	7,916	79.9%	9,785	77.8%	+1,868	+23.6%
Conventional Electroless Nickel	847	8.6%	1,051	8.4%	+204	+24.1%
Others	824	8.3%	1,192	9.5%	+368	+44.7%
Total	9,910	100.0%	12,580	100.0%	+2,669	+26.9%

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.

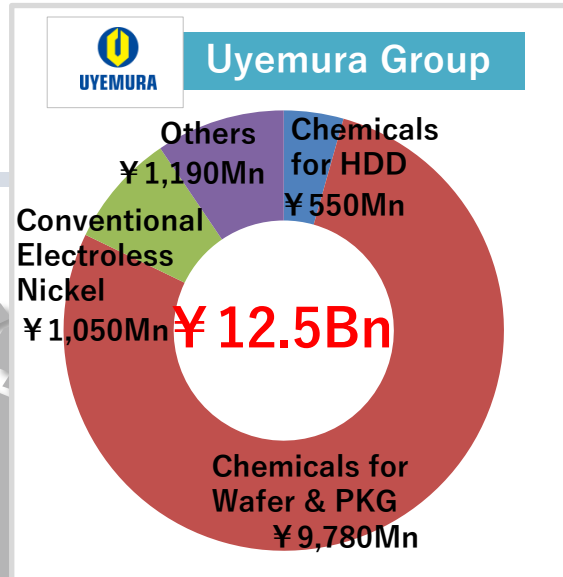
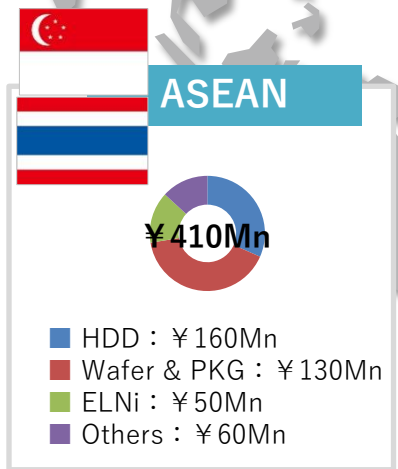
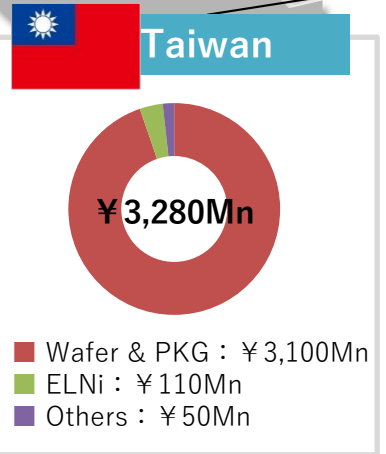
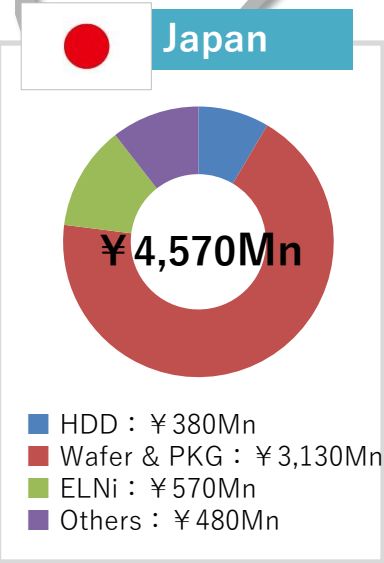
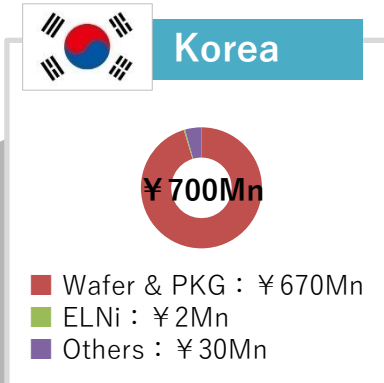
Chemicals Business – From Uyemura to End Users



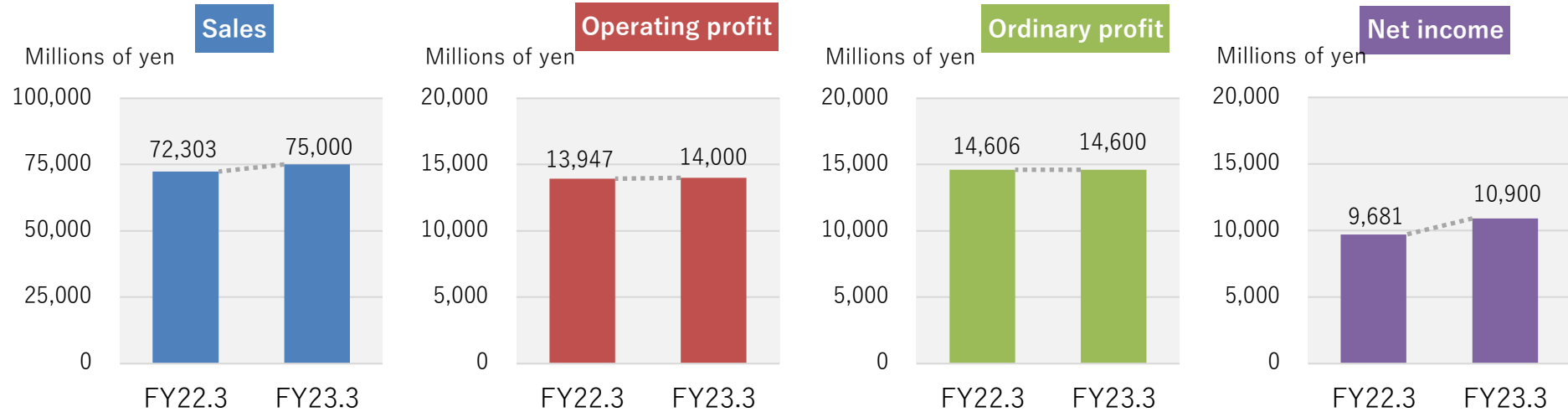
Chemical Sales by Region

Q1 FY3/23 Results

*Intersegment sales are included.



FY3/23 Consolidated Forecast



Millions of yen	FY3/22 Results (Full-year)	FY3/23 Forecast (Full-year)	Change	Percentage change
Sales	72,303	75,000	+2,696	+3.7%
Operating profit	13,947	14,000	+52	+0.4%
Ordinary profit	14,606	14,600	△ 6	△ 0.0%
Net income	9,681	10,900	+1,218	+12.6%
Exchange rate: \$US	109.90 yen	122.39 yen	+12.49 yen	

FY3/23 Consolidated Forecasts

● Sales & Operating profit by Business Segment

Millions of yen	Sales				Operating profit			
	FY3/22 Results (Full-year)	FY3/23 Forecast (Full-year)	Q1 FY3/23 Results	Progress against forecast	FY3/22 Results (Full-year)	FY3/23 Forecast (Full-year)	Q1 FY3/23 Results	Progress against forecast
Surface Finishing Materials	59,920	63,200	16,859	26.7%	12,717	13,000	3,575	27.5%
Surface Finishing Machinery	7,013	6,200	1,828	29.5%	680	300	137	45.7%
Plating Job	4,518	4,800	1,281	26.7%	29	250	15	6.0%
Real Estate Rental	834	800	211	26.4%	503	450	133	29.6%

● Sales by Chemicals Categories

Millions of yen	FY3/22 Results (Full-year)	FY3/23 Forecast (Full-year)	Q1 FY3/23 Results	Progress against forecast
Chemicals for HDD	1,419	1,450	551	38.0%
Chemicals for Wafer & PKG	36,722	39,750	9,785	24.6%
Conventional Electroless Nickel	3,630	3,760	1,051	28.0%
Others	4,205	4,295	1,192	27.8%
Total	45,977	49,255	12,580	25.5%

<Reference> Foreign exchange sensitivity

Assumed rate for fiscal year ending March 31, 2023: 122.39 yen (JPY/USD)

Impact on full-year results:

If the yen depreciates by 1 yen

- Sales: increase by approx. ¥380 million
- Operating profit: increase by approx. ¥70 million

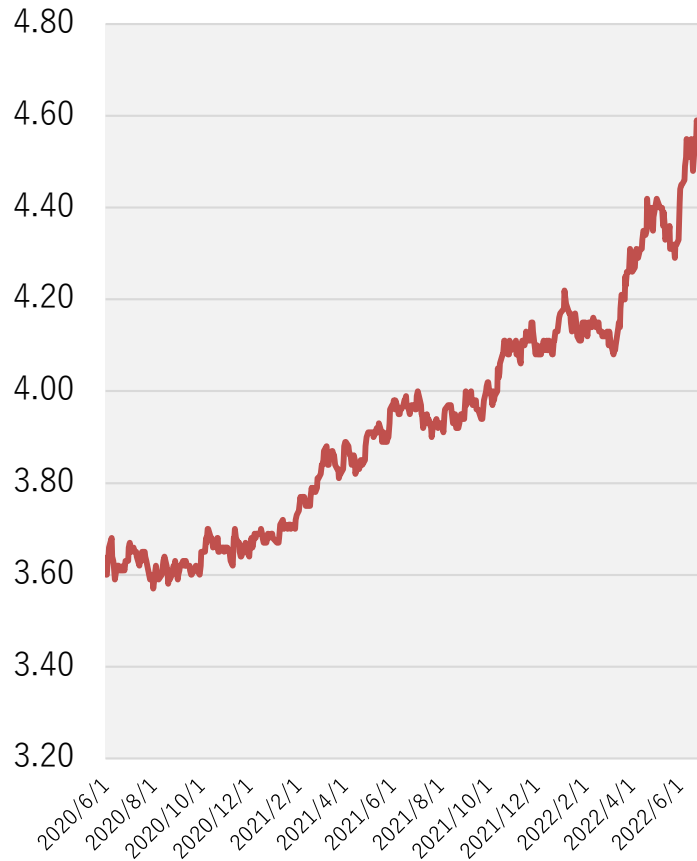
If the yen appreciates by 1 yen

- Sales: decrease by approx. ¥380 million
- Operating profit: decrease by approx. ¥70 million

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

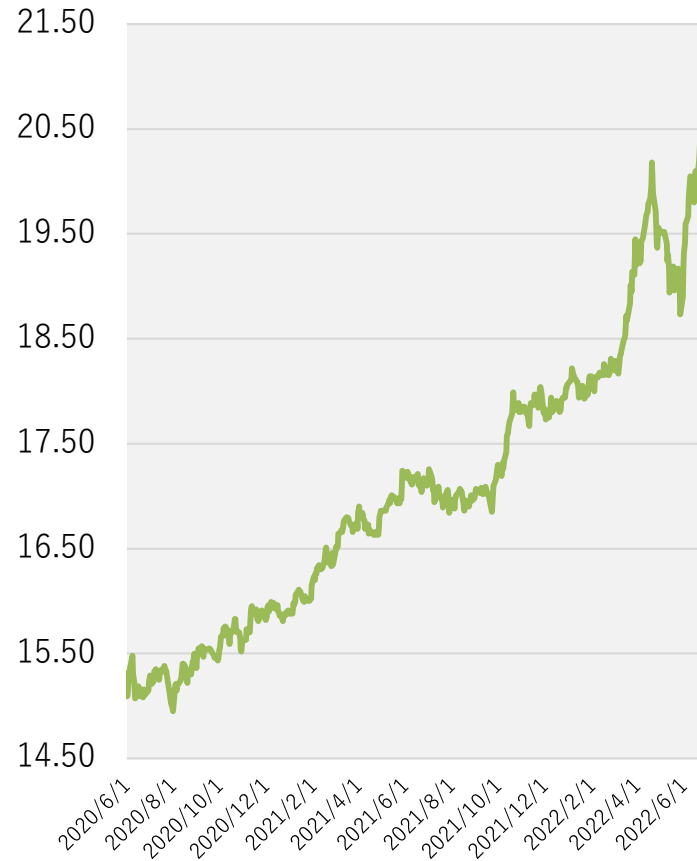
Exchange Rates

NTD



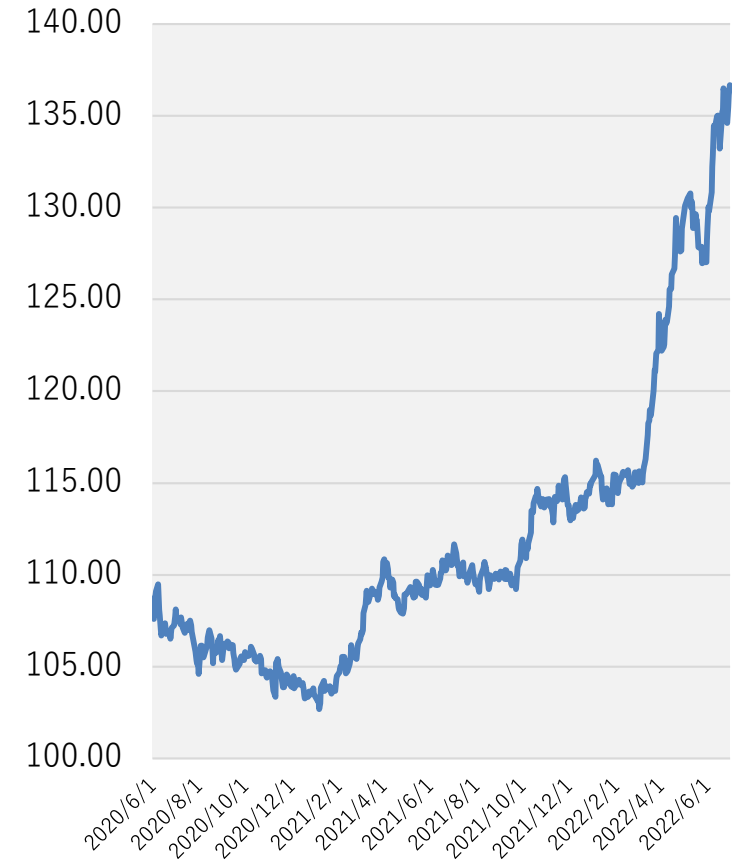
— NTD

CNY



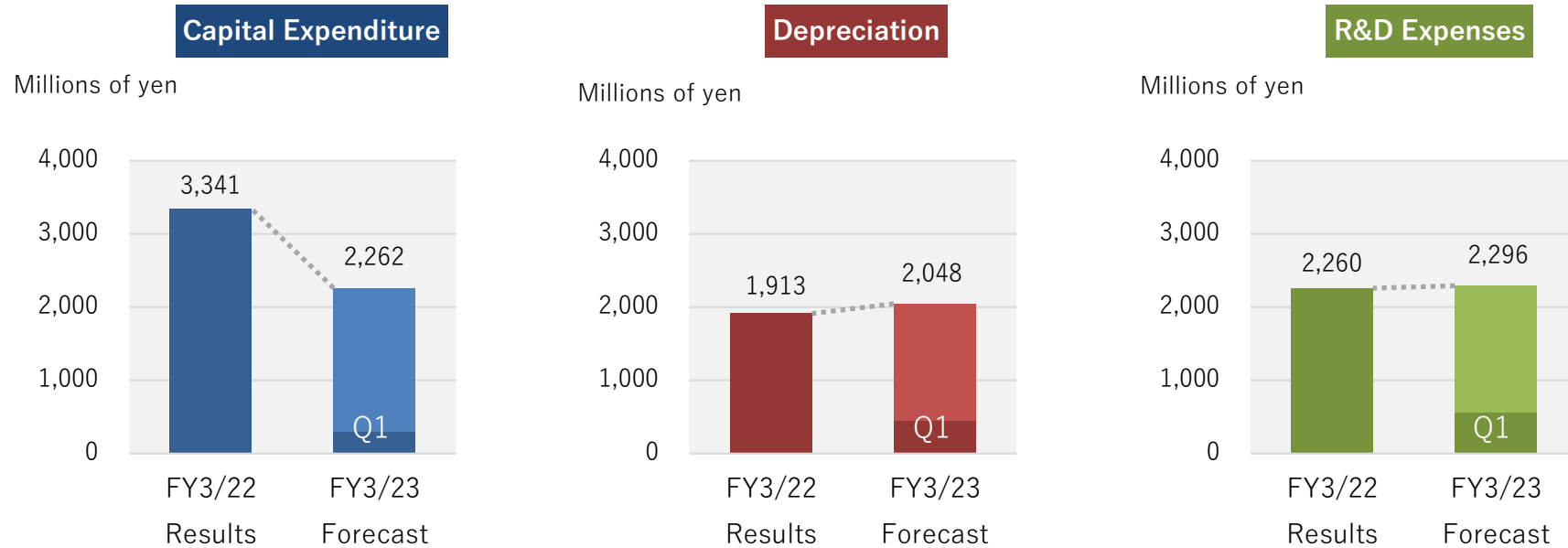
— CNY

USD



— USD

Capital Expenditure, Depreciation and R&D Expenses



Millions of yen	FY3/22 Results (Full-year)	Q1 FY3/23 Results	FY3/23 Forecast (Full-year)
Capital Expenditure	3,341	300	2,262
Depreciation	1,913	446	2,048
R&D Expenses	2,260	566	2,296

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.

Reference

Basic Strategy for Sales

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

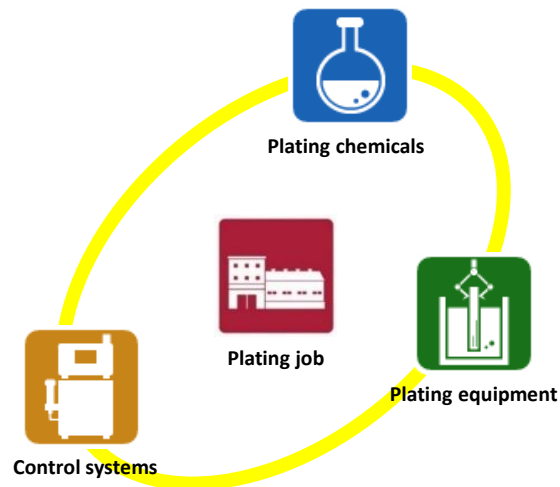
Equipment to efficiently advance the plating process on large amounts of material, or on materials that are difficult to plate on

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 of automobiles 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.

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 mobile 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 make-to-order business environment is expected to remain solid for a while, given that customers have continued aggressive capital investment in equipment for semiconductors and other electronic components as well as PKG PWBs to address the supply shortage of these components.


Industries Related to Uyemura

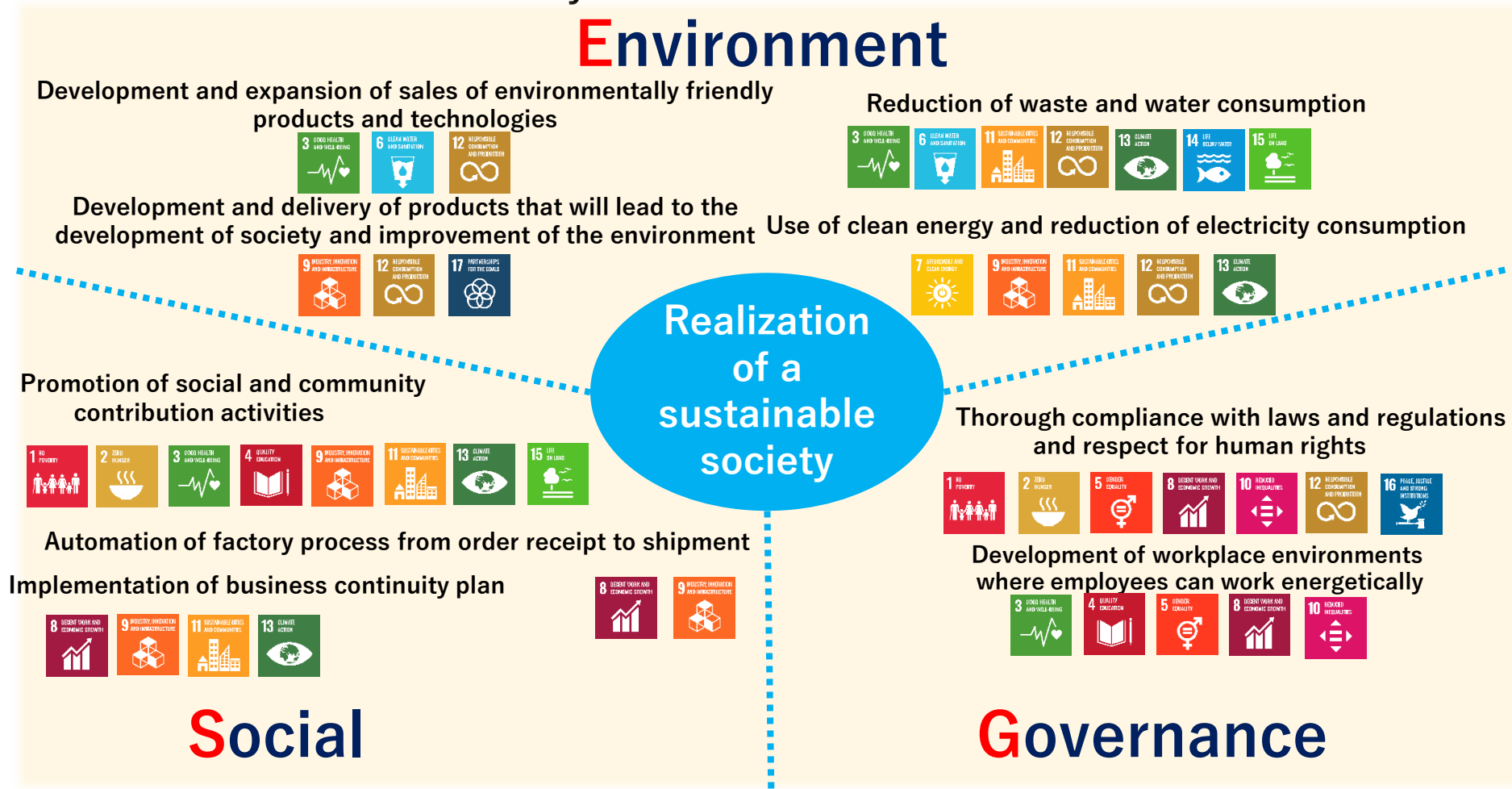
- **Raw materials related to Uyemura**

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: As COVID-19 and foreign exchange are causing all the prices for raw materials, crude oil and components to soar, we have been unable to meet new orders for plating equipment as described above. We expect such situation to improve in 2023. While the material prices for chemicals are also soaring due to the impacts of foreign exchange, we have offset the price hike with corporate efforts. However, we request our customers to accept a market-linked pricing for precious and other metals, for which the price hike cannot be offset by our own efforts. This situation is applicable not only to us but also expected to be applicable to 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**

June 30, 2022

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.

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