

Results of Operations

for the First Quarter of the Fiscal Year Ending March 31, 2024

C. Uyemura & Co., Ltd.

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

August 9, 2023

Overview of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024

Period under review

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

- **Surface finishing materials business**

- Both segment sales and profit of the mainstay plating chemicals for package PWBs saw a year-over-year decrease. This was due to the capital investment restraints that lasted from the second half of the previous year in the server market for data centers and the inventory adjustment made for the lower sales volume of PCs and smartphones.

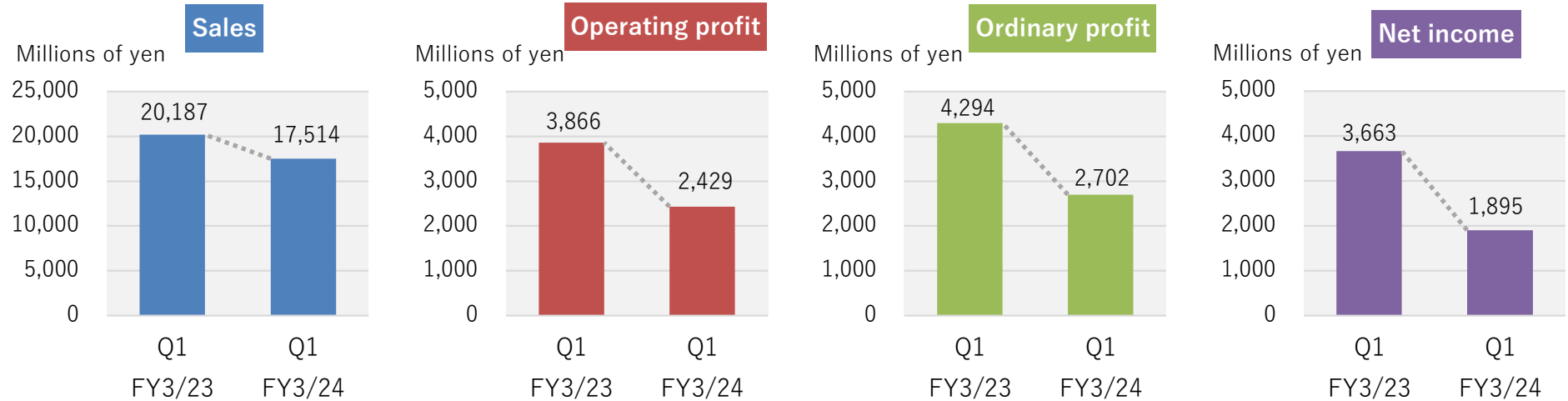
- **Surface finishing machinery business**

- Both segment sales and profit of the surface finishing machinery business saw a year-over-year increase thanks to the increased sales of plating equipment for semiconductor wafers used to manufacture on-vehicle power devices in Japan.

- **Plating job business**

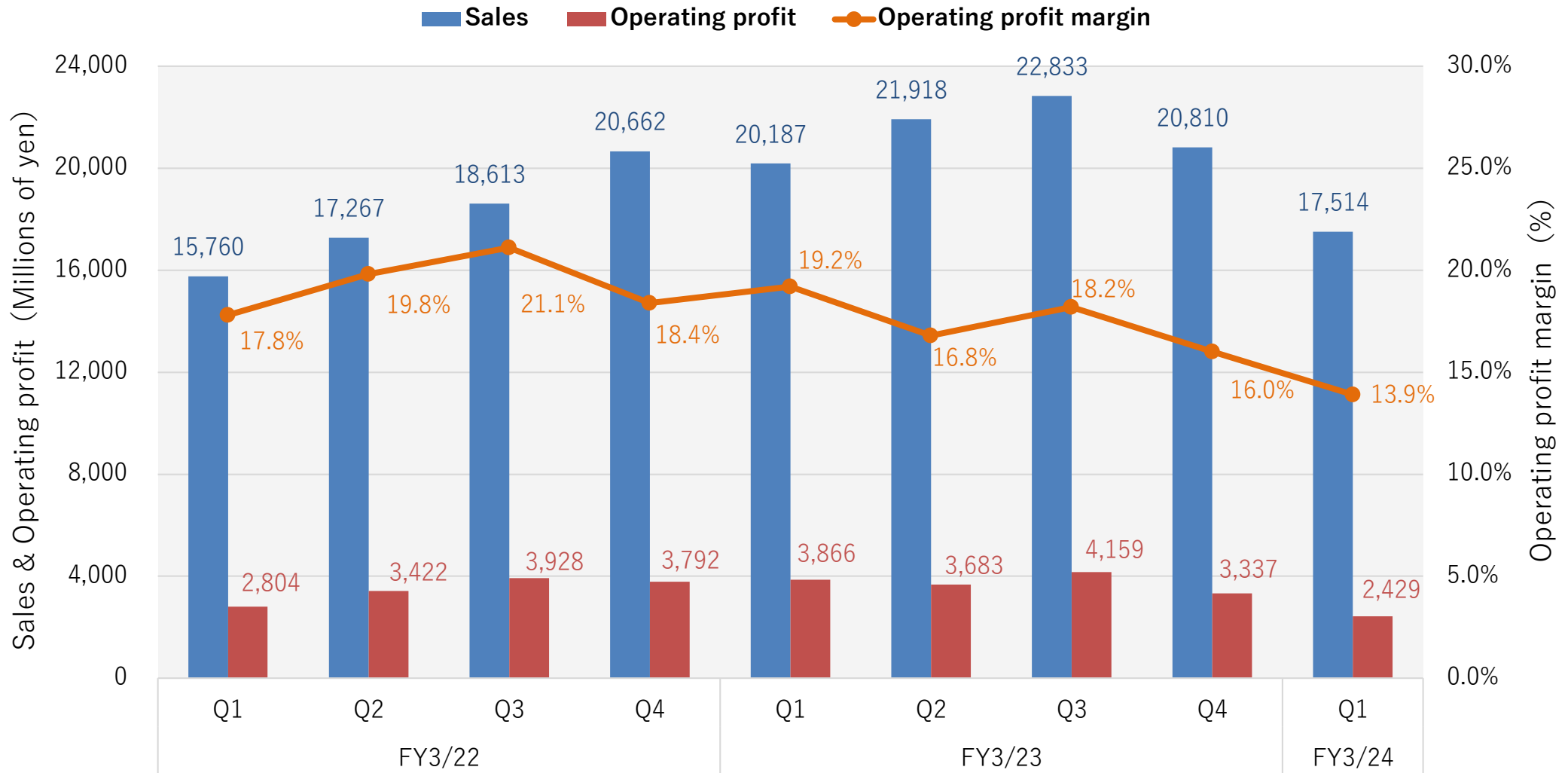
- Both segment sales and profit of the plating job business saw a year-over-year decrease. This was due to the sluggish demand for plastic plating job as the automobile industry in Thailand and Indonesia faced the rapid spread of electric vehicles and the increasing adoption of painted parts.

Q1 FY3/24 Financial Results



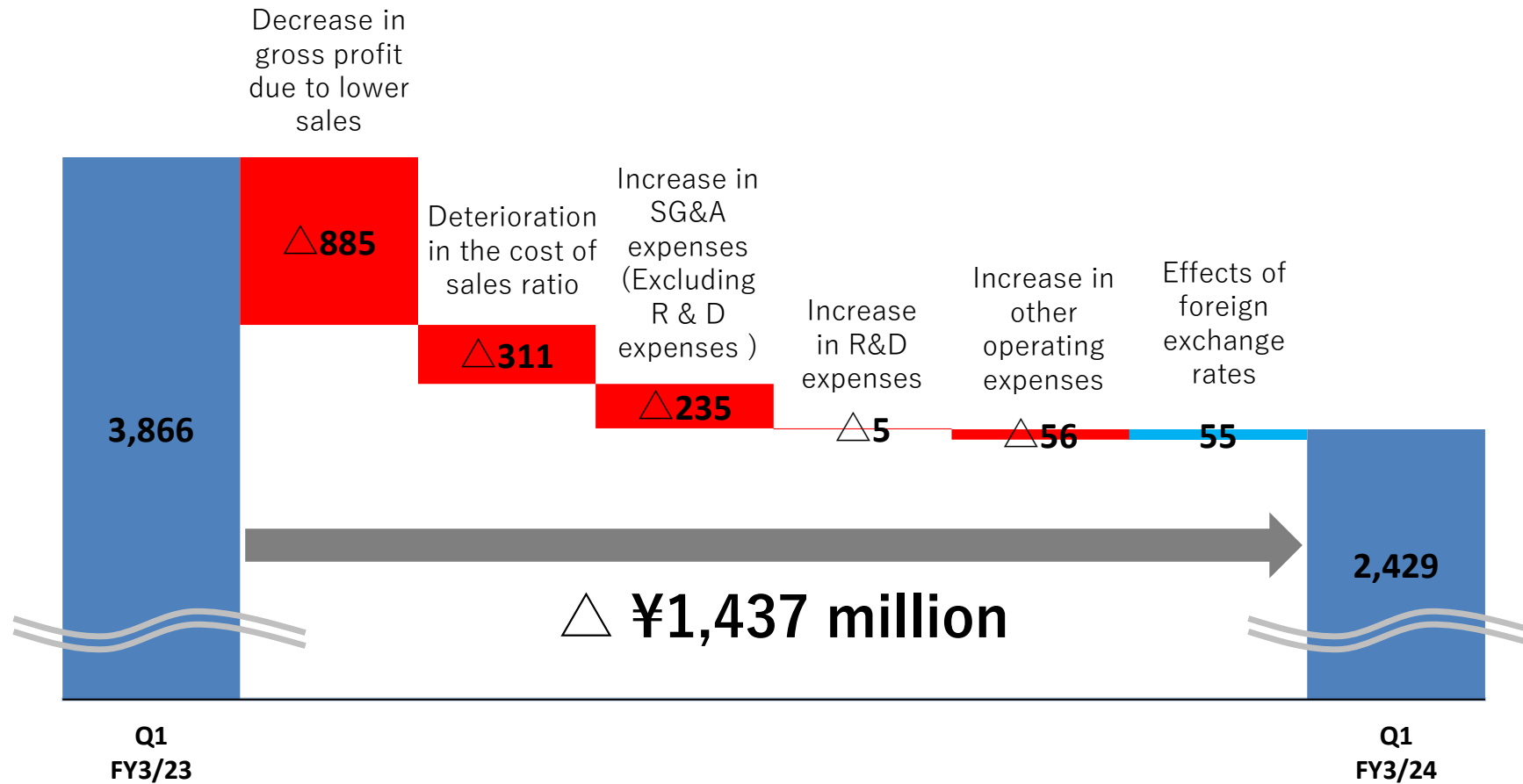
Millions of yen	Q1 FY3/23 Results	Q1 FY3/24 Results	Change	Percentage change
Sales	20,187	17,514	△ 2,673	△ 13.2%
Operating profit	3,866	2,429	△ 1,437	△ 37.2%
Ordinary profit	4,294	2,702	△ 1,592	△ 37.1%
Net income	3,663	1,895	△ 1,768	△ 48.2%
Exchange rate: \$US	116.34 yen	132.42 yen	+16.08 yen	

Quarterly Results

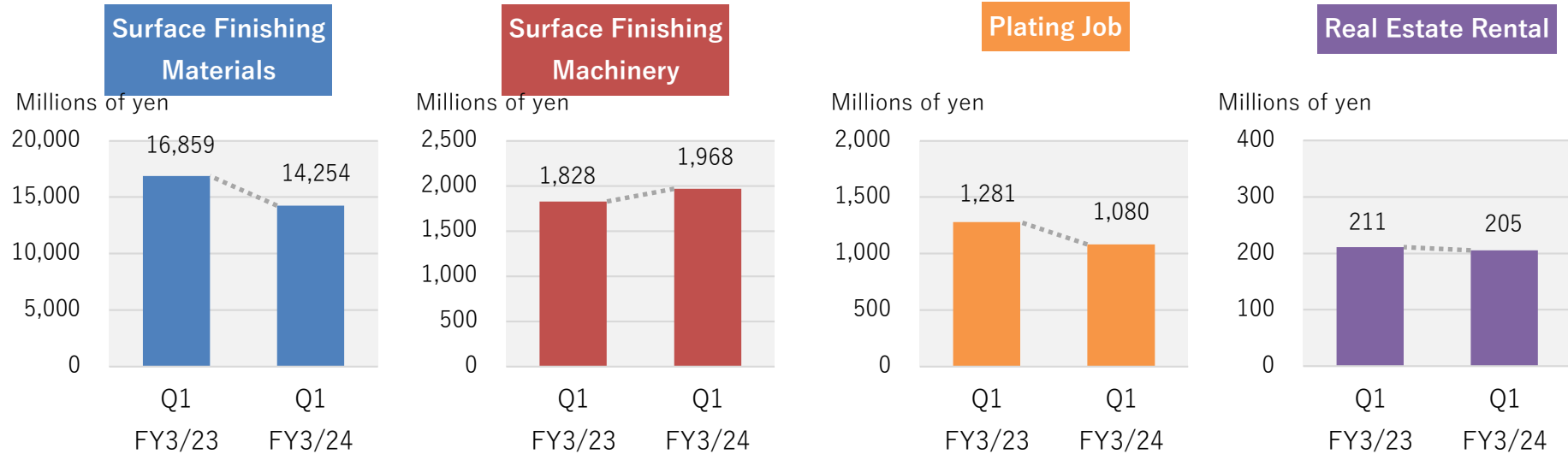


Changes in Operating profit

Millions of yen

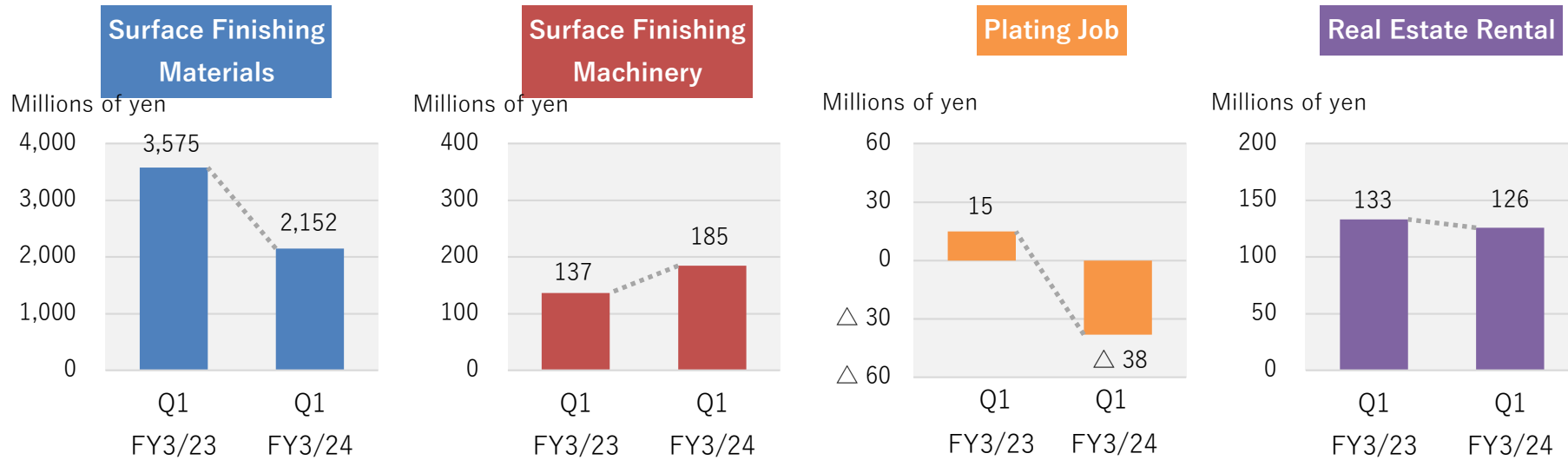


Sales by Business Segment



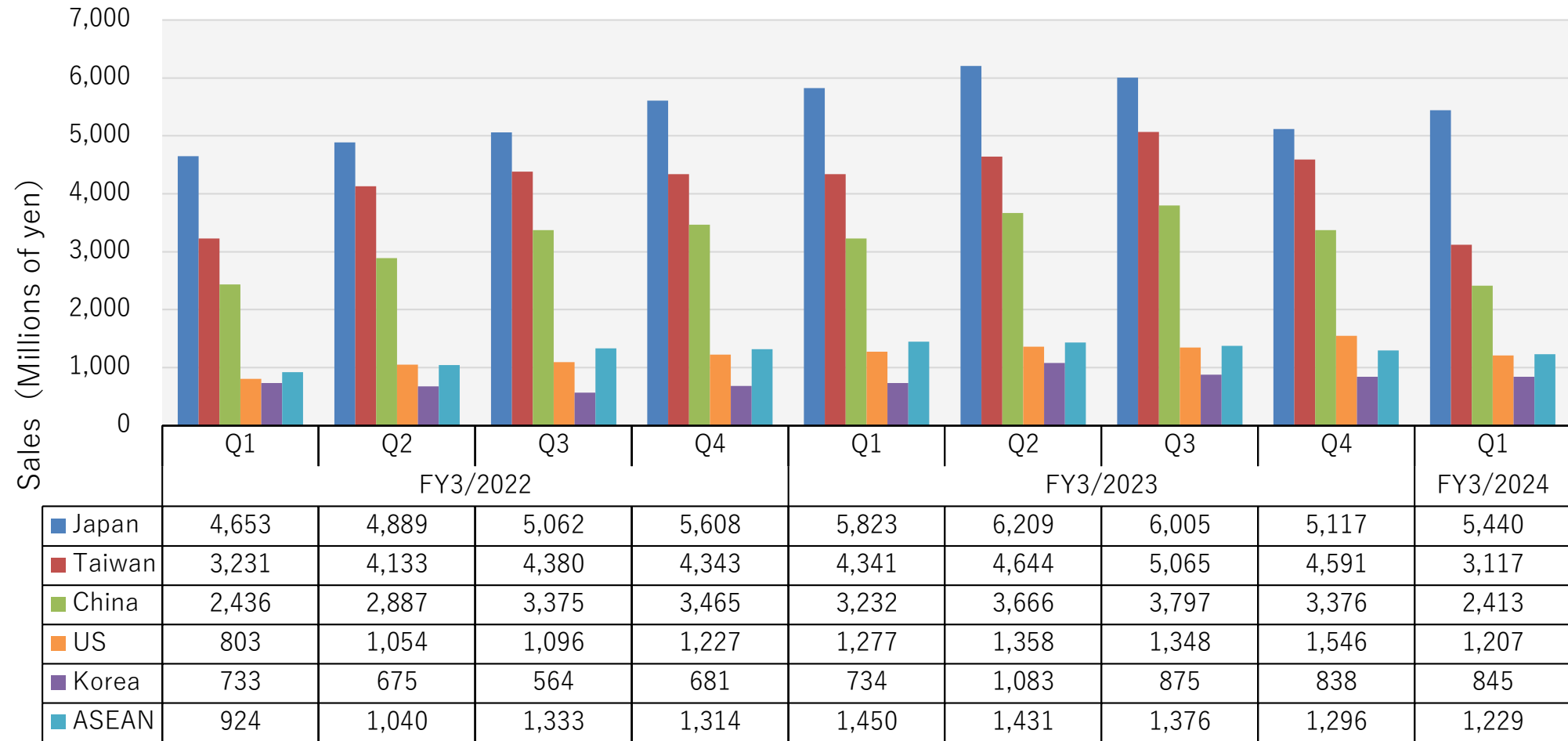
Millions of yen	Q1 FY3/23 Results	Q1 FY3/24 Results	Change	Percentage change
Surface Finishing Materials	16,859	14,254	△ 2,605	△ 15.5%
Surface Finishing Machinery	1,828	1,968	+ 140	+ 7.6%
Plating Job	1,281	1,080	△ 201	△ 15.7%
Real Estate Rental	211	205	△ 6	△ 2.8%

Operating Income by Business Segment

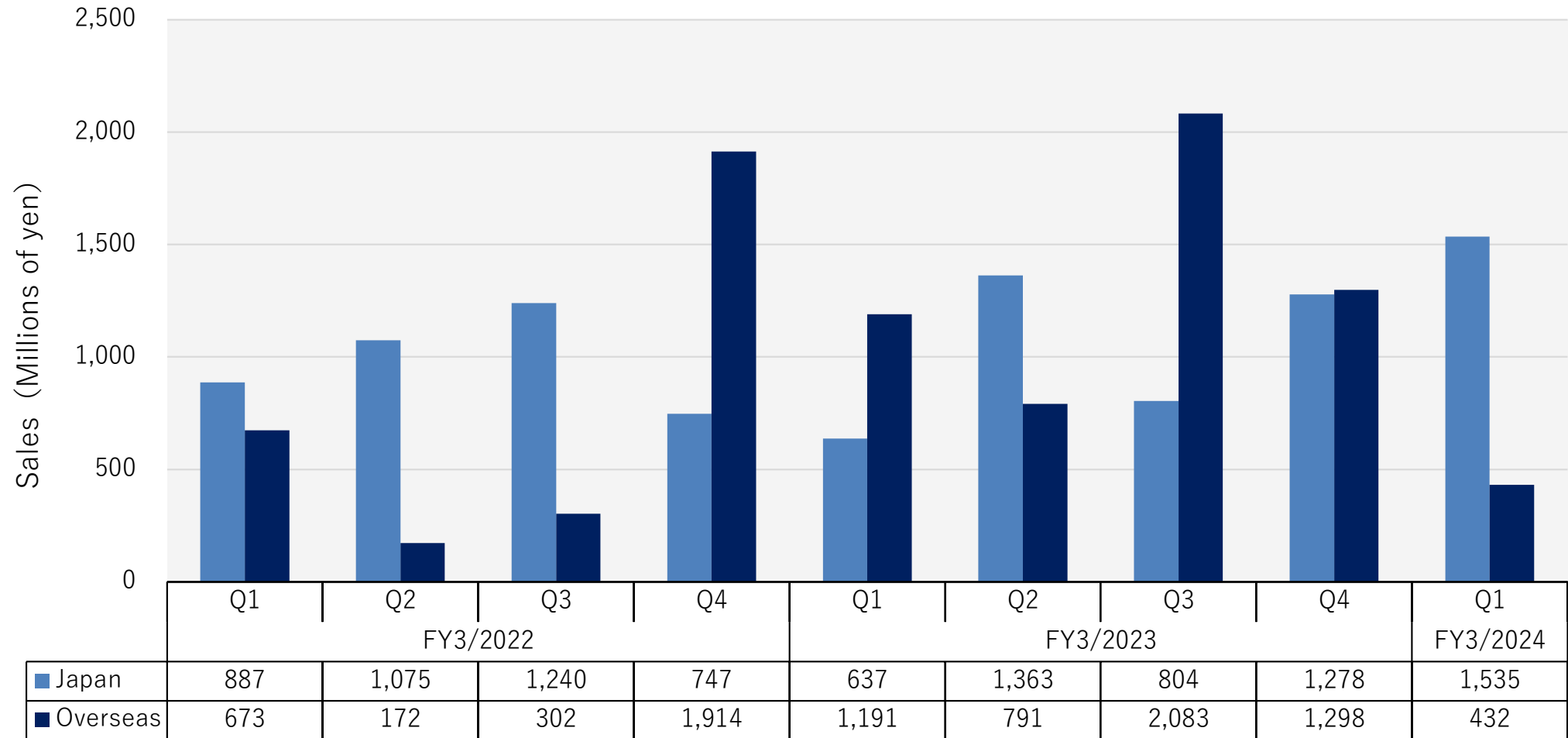


Millions of yen	Q1 FY3/23 Results	Q1 FY3/24 Results	Change	Percentage change
Surface Finishing Materials	3,575	2,152	△ 1,423	△ 39.8%
Surface Finishing Machinery	137	185	+ 48	+ 34.7%
Plating Job	15	△ 38	△ 53	-
Real Estate Rental	133	126	△ 7	△ 5.3%

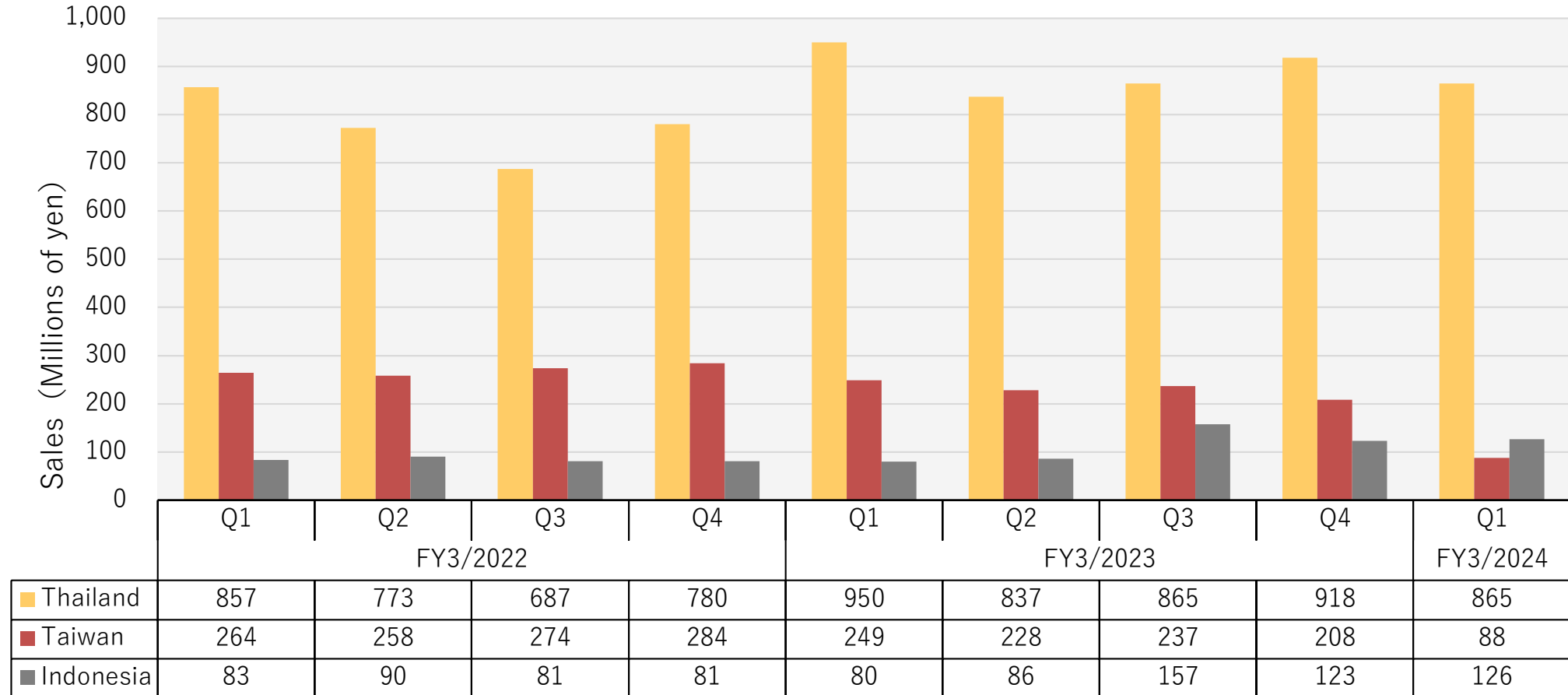
Surface Finishing Materials Business Sales



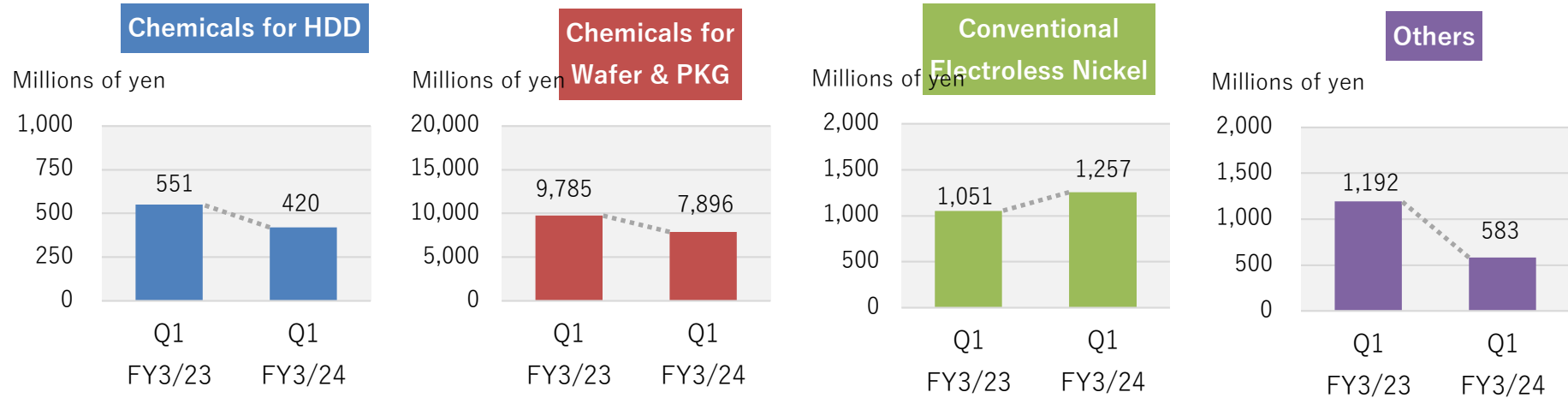
Surface Finishing Machinery Business Sales



Plating Job Business Sales



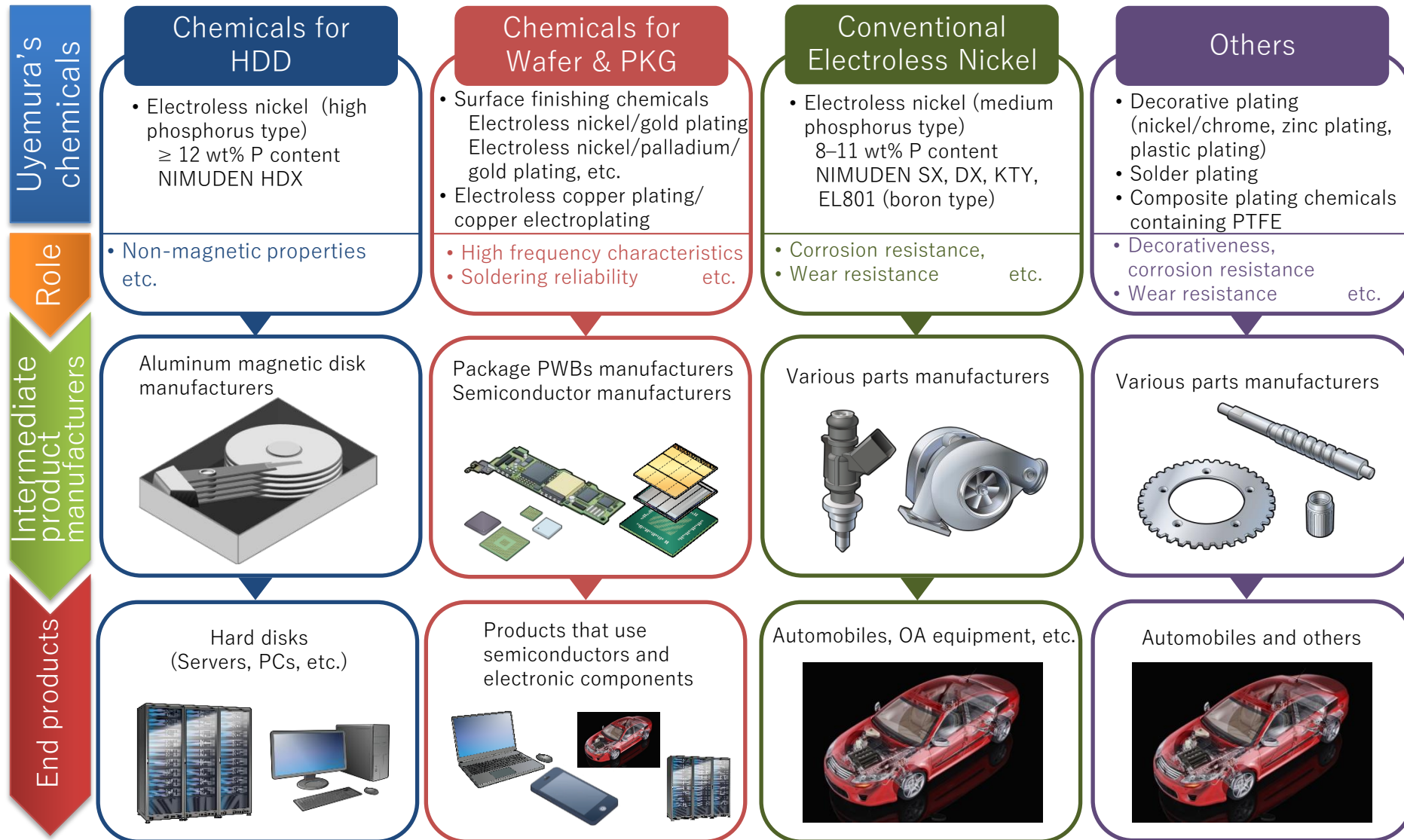
Sales by Chemicals Categories



Millions of yen	Q1 FY3/23 Results		Q1 FY3/24 Results		Change	Percentage change
		%		%		
Chemicals for HDD	551	4.4%	420	4.1%	△ 130	△ 23.6%
Chemicals for Wafer & PKG	9,785	77.8%	7,896	77.7%	△ 1,888	△ 19.3%
Conventional Electroless Nickel	1,051	8.4%	1,257	12.4%	+ 205	+ 19.5%
Others	1,192	9.5%	583	5.8%	△ 608	△ 51.0%
Total	12,580	100.0%	10,158	100.0%	△ 2,422	△ 19.3%

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.

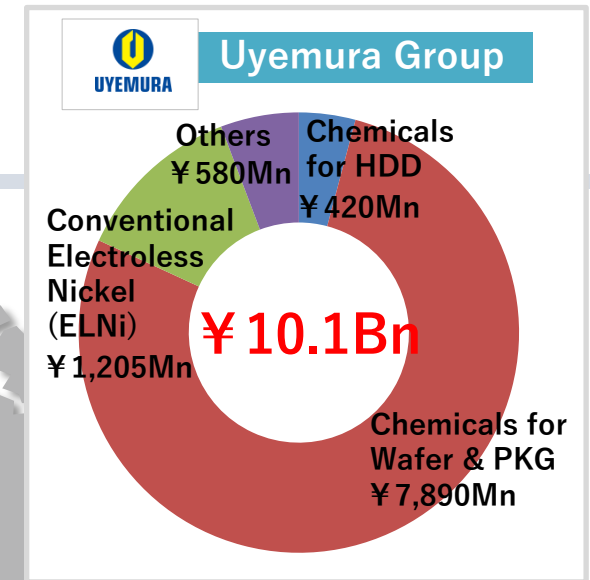
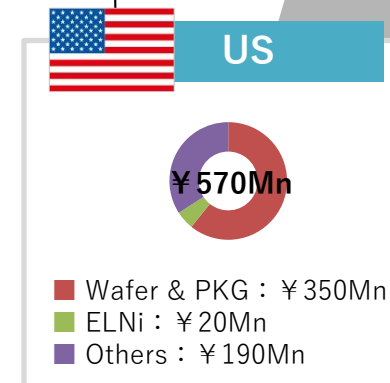
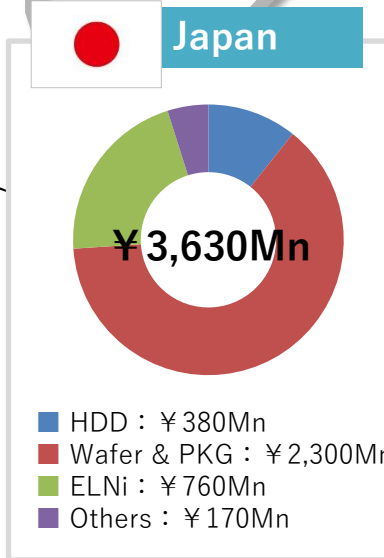
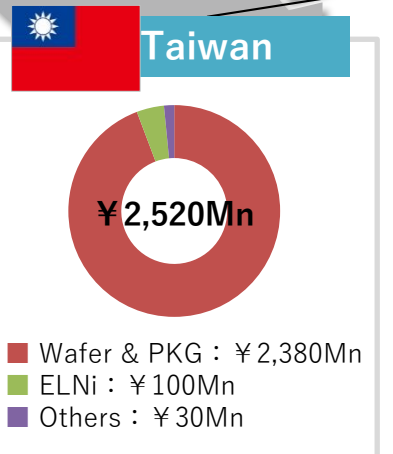
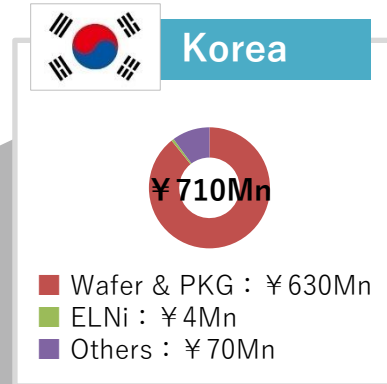
Chemicals Business – From Uyemura to End Users



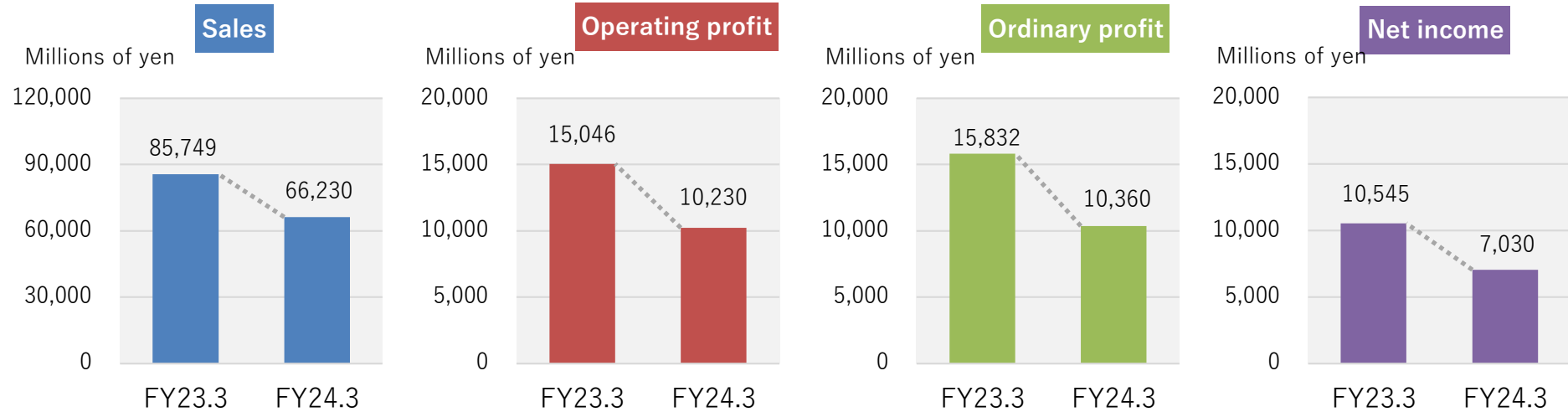
Chemical Sales by Region

Q1 FY3/24 Results

*Intersegment sales are included.



FY3/24 Consolidated Forecast



Millions of yen	FY3/23 Results (Full-year)	FY3/24 Forecast (Full-year)	Change	Percentage change
Sales	85,749	66,230	△ 19,519	△ 22.8%
Operating profit	15,046	10,230	△ 4,816	△ 32.0%
Ordinary profit	15,832	10,360	△ 5,472	△ 34.6%
Net income	10,545	7,030	△ 3,515	△ 33.3%
Exchange rate: \$US	131.62 yen	133.53 yen	+1.91 yen	

FY3/23 Consolidated Forecasts

● Sales & Operating profit by Business Segment

Millions of yen	Sales				Operating profit			
	FY3/23 Results (Full-year)	FY3/24 Forecast (Full-year)	Q1 FY3/24 Results	Progress against forecast	FY3/23 Results (Full-year)	FY3/24 Forecast (Full-year)	Q1 FY3/24 Results	Progress against forecast
Surface Finishing Materials	70,494	49,268	14,254	28.9%	13,887	8,845	2,152	24.3%
Surface Finishing Machinery	9,460	11,833	1,968	16.6%	941	1,043	185	17.7%
Plating Job	4,946	4,393	1,080	24.6%	△ 316	85	△ 38	-
Real Estate Rental	844	722	205	28.4%	514	246	126	51.2%

● Sales by Chemicals Categories

Millions of yen	FY3/23 Results (Full-year)	FY3/24 Forecast (Full-year)	Q1 FY3/24 Results	Progress against forecast
Chemicals for HDD	2,329	2,100	420	20.0%
Chemicals for Wafer & PKG	39,198	29,580	7,896	26.7%
Conventional Electroless Nickel	4,437	3,475	1,257	36.2%
Others	4,141	3,415	583	17.1%
Total	50,107	38,570	10,158	26.3%

<Reference> Foreign exchange sensitivity
Assumed rate for fiscal year ending March 31, 2024:
133.53 yen (JPY/USD)

Impact on full-year results:

If the yen depreciates by 1 yen

- Sales: increase by approx. ¥330 million
- Operating profit: increase by approx. ¥30 million

If the yen appreciates by 1 yen

- Sales: decrease by approx. ¥330 million
- Operating profit: decrease by approx. ¥30 million

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

Exchange Rates

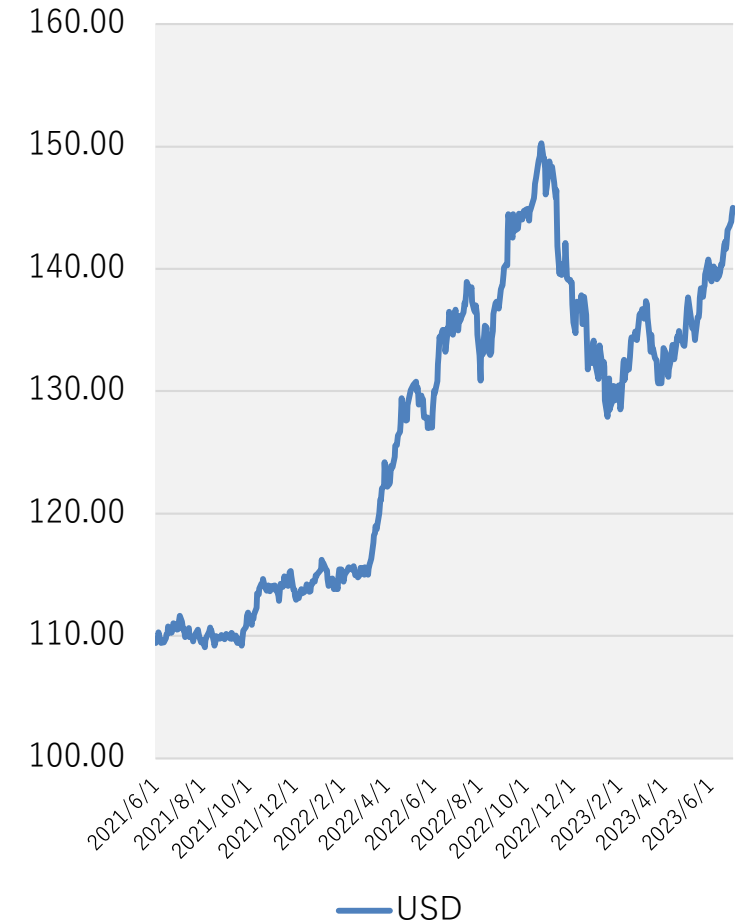
NTD



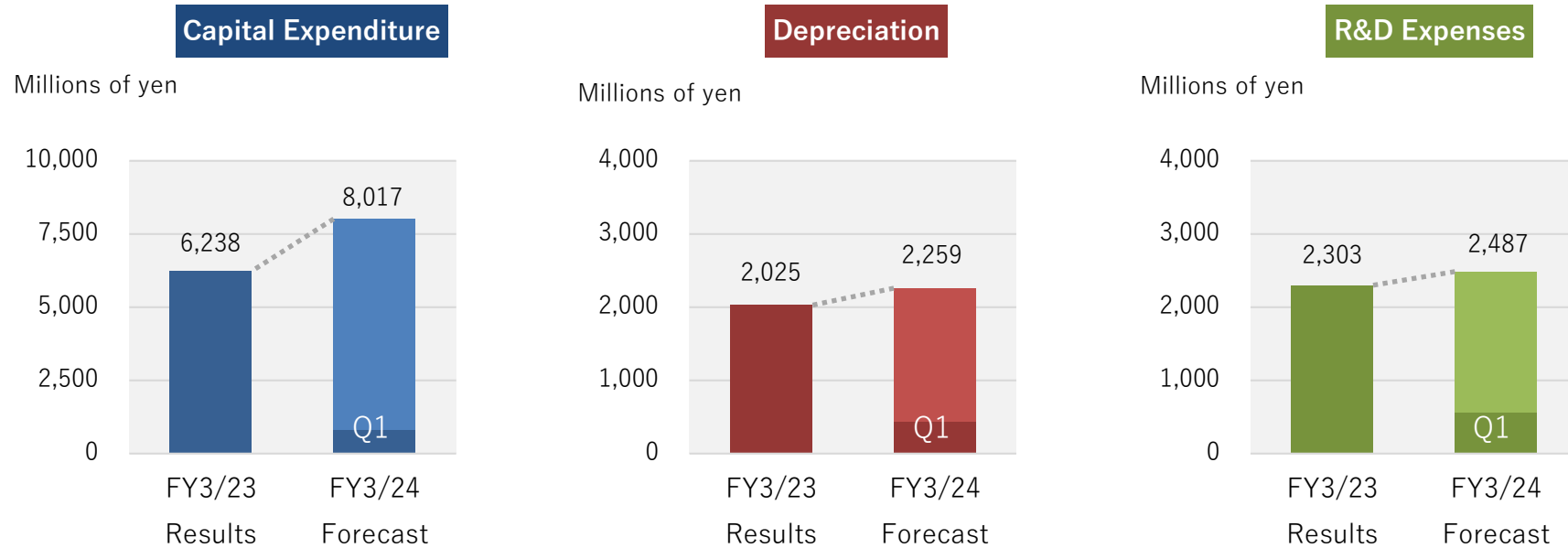
CNY



USD



Capital Expenditure, Depreciation and R&D Expenses



Millions of yen	FY3/23 Results (Full-year)	Q1 FY3/24 Results	FY3/24 Forecast (Full-year)
Capital Expenditure	6,238	805	8,017
Depreciation	2,025	452	2,259
R&D Expenses	2,303	571	2,487

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

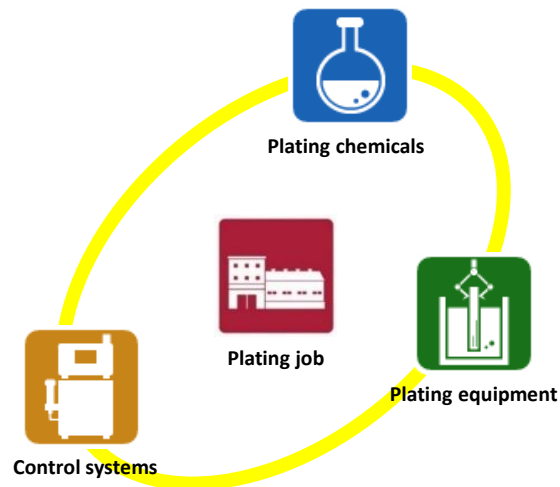
Equipment to efficiently advance the plating process on large amounts of material, or on materials that are difficult to plate on

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 progress, more electronic components and semiconductors are used. Eco-friendly vehicles and those equipped with the automatic driver assistance system (ADAS) grew across the world. An increase in the number of eco-friendly vehicles, as well as those equipped with ADAS and electric vehicles (EVs), will then lead to massive demands 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.

Information processor industry: Surface finishing chemicals are in high demand as it is used for storage media and key parts for controlling communication between servers and terminal devices. Furthermore, it is also required by electronic components that control real time transmission of geographic information for ADAS and others to a moving vehicle. As such, we considered the demand for surface finishing continues although there may be inventory adjustments temporarily.

- **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

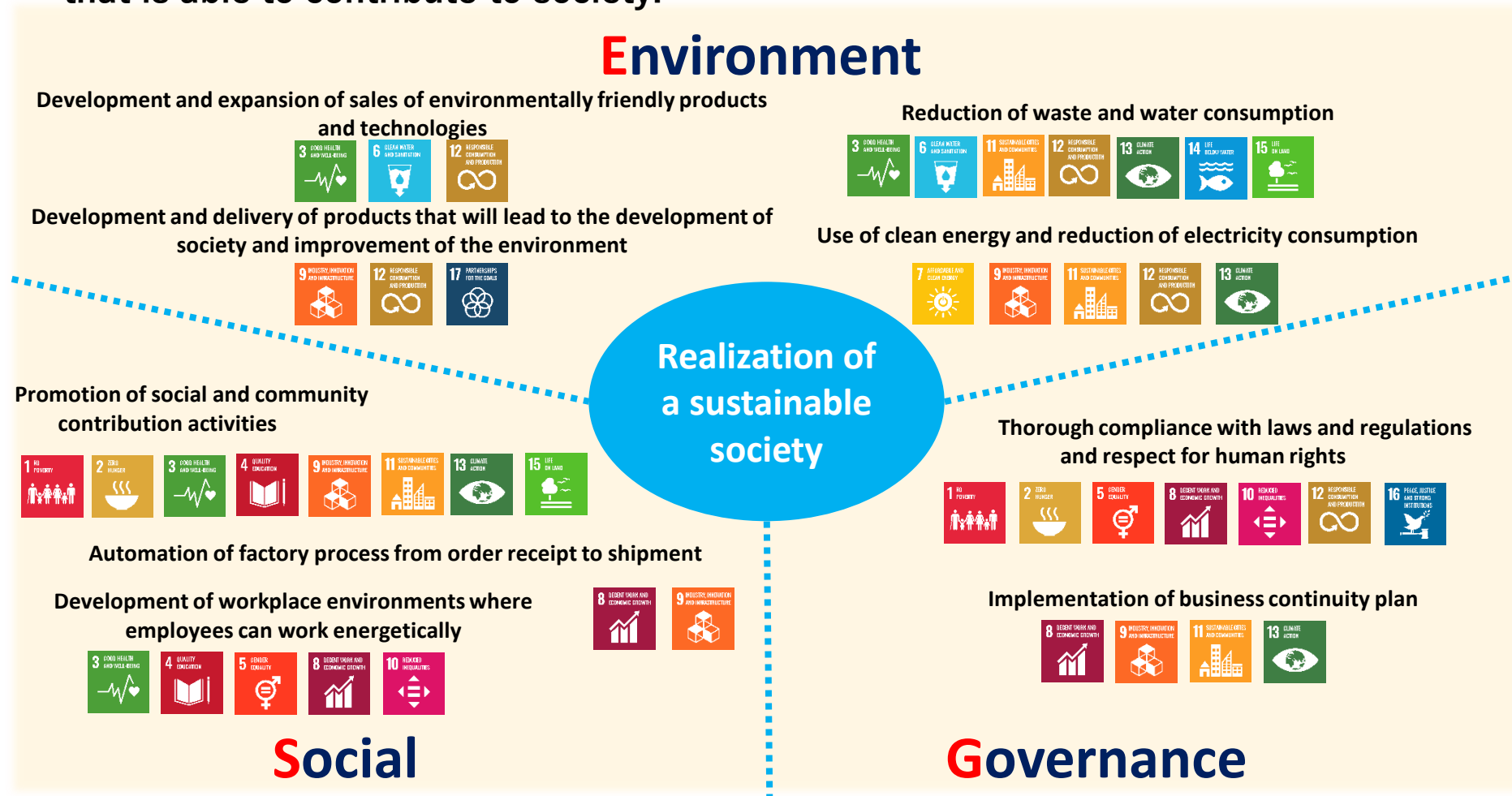
- **Raw materials related to Uyemura**

Shortage of electronic and machinery components: The COVID-19 pandemic still affects component manufacturing. However, we believe that the recovery of component manufacturing situation will lead, in turn, to a virtuous cycle in the business. Although it remains to be seen when the demands especially for data centers recover, production for components for electric vehicles and hybrid vehicles remains strong. While customers are aggressive in capital investment, they still have difficulties in procuring components.
































Sharp rise in the prices of raw materials and crude oil: All the prices of raw materials, components, and fuels are soaring due to the impacts of the Russo-Ukrainian conflict and COVID-19. Obviously, the impact of exchange rate is also huge. Although supply-demand balance is still tight for semiconductor devices for automobiles, signs of its recovery are shown. There is a huge demand for surface finishing chemicals for automotive semiconductors and components to assist autonomous driving, while the material prices of chemicals are soaring due to the impacts of foreign exchange rates and other factors. To deal with the situation, we are trying to absorb the rising costs on our own. We are also making every effort to gain customers' understanding of the situation so that they will accept a market-linked pricing for precious and other metals, for which the price hike cannot be absorbed on our own.







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

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