

Fiscal Years 3/2025-3/2027

Mid-Term Business Plan

C. Uyemura & Co., Ltd.

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

May 17, 2024

● Management Philosophy

“We are committed to action with sincerity”

We have upheld the philosophy of “sincerity” fostered since our foundation in 1848 and have practiced management aligned with customer needs and situations with a sense of empathy and family-like dedication as a pharmaceutical seller during our beginning stage and as a comprehensive manufacturer utilizing plating technologies since we decided to choose plating as our business field in 1915. We will continue to pursue one-of-a-kind products and services that meet the diverse needs of our customers in order to contribute to the betterment of people’s lives and society through offering total solutions relating to plating.

● Management Policies

1. Promote SDGs (Sustainable Development Goals), ESG (Environment, Social, Governance), and safety enhancement
2. Ensure thorough compliance
3. Promote improvement of the research and development environment and acceleration of research and development
4. Prepare initiatives by anticipating the needs in the next 10 to 20 years
5. Establish a business capable of providing total solutions
6. Promote increase in 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

Review of Previous Mid-Term Business Plan (FY3/2022 to FY3/2024)

● Three-Year Performance Targets

- During the COVID-19 pandemic, sales of plating chemicals for semiconductors and electronic parts were strong due to the rapid expansion of the demand for personal computers and servers in connection with the rapid and widespread use of remote work and online learning.
- At the end of the pandemic, sales of substrate-related plating chemicals slowed down due to excessive capital investment and distributors' inventories. Sales of plating chemicals have recently been rebounding due to the expansion of the artificial intelligence-related market but have not yet fully recovered. Although the timing of the recovery is still unknown, we expect it to occur in the second half of 2024. Due to the influence of the expansion of the artificial intelligence-related market, sales of hard disk storage media for data centers have also been on the rise, and the sales volume of related plating chemicals has been trending upward accordingly.
- Sales of plating chemicals for sensors and power semiconductors in the car electronics field have seen a steady increase along with the progress of vehicle electrification and automation.

(million yen)	2022/3	2023/3	2024/3
Net Sales	72,303	85,749	80,256
Ordinary Income	14,606	15,832	15,871

● Capital Investment Plan

- We have conducted “investment in growth” in the amount of 7.3 billion yen and “investment in improvement” in the amount of 5.2 billion yen in total over the last three years.
- As for investment in growth, we have invested: approximately 3.8 billion yen for the acquisition of land for the new construction of a product warehouse (Settsu-shi, Osaka) and approximately 3.5 billion yen (for land, buildings, etc.) for the new construction of the Hirakata Machinery Plant (Hirakata-shi, Osaka).
- As for investment in improvement, we have invested: approximately 1.8 billion yen for pharmaceutical manufacturing facilities and approximately 1.1 billion yen for development and analytical equipment.

(million yen)	2022/3	2023/3	2024/3	Total
Investment in Growth	1,551	4,493	1,283	7,327
Investment in Improvement	1,790	1,745	1,731	5,266
Total	3,341	6,238	3,014	12,593

Review of Previous Mid-Term Business Plan (FY3/2022 to FY3/2024)

● Capital Policy

- Acquisition of treasury shares: We have acquired 1,573,100 treasury shares in the amount of 9,998,533,000 yen in total over the last three years.
- Implementation of a share split: We conducted a share split at a ratio of 2 shares per share on July 1, 2021.
- Cancellation of treasury shares: On February 29, 2024, 1,657,080 treasury shares were cancelled, constituting a portion exceeding 10% of the total number of outstanding shares (corresponding to 8.39% of the total number of shares outstanding before cancellation).

	2022/3	2023/3	2024/3
Dividend per Share (yen)	130	180	200
Acquisition of Treasury Shares (million yen)	1,999	4,999	2,999
ROE (%)	13.1	12.9	12.3

● Corporate Governance

- Introduction of Restricted Stock Compensation Scheme: In FY3/2022, we revised our Officers' Compensation Scheme and introduced our Restricted Stock Compensation Scheme. In FY3/2024, we introduced "Performance-Linked Restricted Stock Compensation" under which the achievement of the performance target (ROE) is the condition to lift the transfer restrictions. In addition, in FY3/2023, we introduced a system to grant restricted shares to our employees through the Uyemura Employee Shareholding Association.
- Establishment of ESG, SDGs, TCFD Task Force: We established an ESG, SDGs, TCFD Task Force as a subcommittee of the CSR Promotion Office on January 16, 2022.
- Establishment of Nomination and Remuneration Committee: We established the Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors on April 10, 2023,
- Conducting an Evaluation of the Effectiveness of the Board of Directors: Since FY3/2023, we have analyzed and evaluated the effectiveness of the Board of Directors with the aim of improving its functions in accordance with the Japan's Corporate Governance Code stipulated by the Tokyo Stock Exchange.

Mid-Term Business Plan Concept (FY3/2025 to FY3/2027)

Our Vision

We will contribute to improving manufacturing worldwide by finding new possibilities in plating technology and continuing to add value to the surfaces of all types of “things”.

FY3/2022 to FY3/2024
Previous Mid-Term
Business Plan

FY3/2025 to FY3/2027
Mid-Term Business Plan

FY3/2028
(100th FY)
Establishing a **top
supplier** position in
wet-type surface
treatments for next-
generation
semiconductors

Building earnings base

Enhancing earnings base

Continuing to drive investment in development, human resources,
and equipment to become a strong and competitive company

Three-Year Performance Targets

	Results for FY 3/2024	Plan for FY 3/2027
Net Sales	80.2 billion yen	89.1 billion yen
Ordinary Income	15.8 billion yen	14.5 billion yen

● Surface finishing materials business

With the increase in the production of PKG for artificial intelligence (AI) related markets and the recovery in the demand for servers for data centers as well as the expansion of markets for the plating process for power semiconductors and logic semiconductors, it is expected that the demand for plating chemicals will increase.

● Surface finishing machinery business

Long delivery times due to shortages of some components are still ongoing; however, we think that the surface finishing machinery business will stabilize with the demand for renewal due to the aging of power semiconductor devices and existing facilities, even though it will not take a big leap. We also expect that investment in facilities for PKG which had been over-invested until the last financial year will slow to a crawl in FY 3/2025.

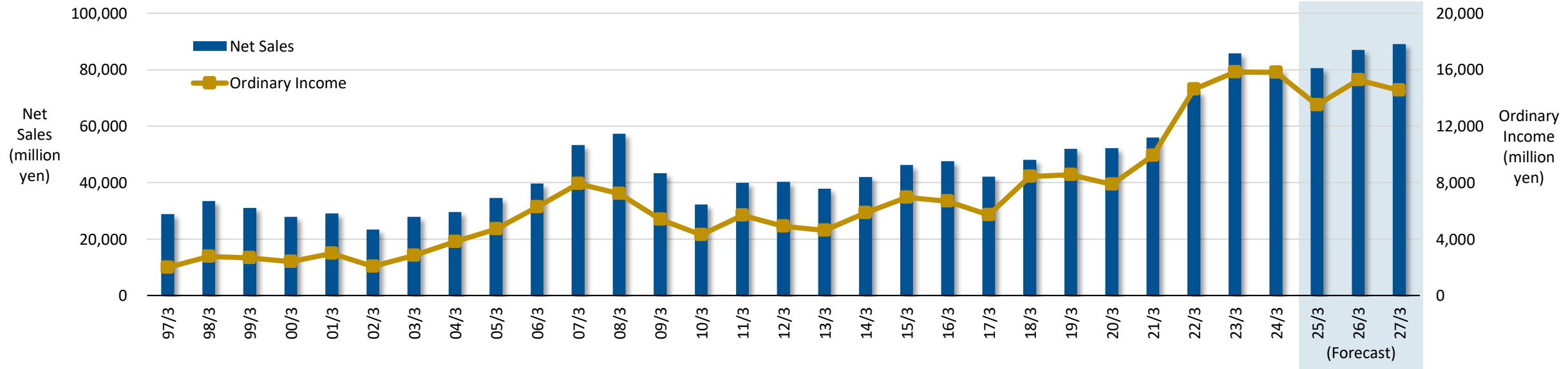
● Plating job business

We will thoroughly implement the consolidation of plating equipment and make progress in the reduction of defect rates due to the declining trend in demand for plating on plastics. Since our PCB and PKG plating services are focused on small-scale plating for risk identification before mass production, the number of clients is increasing and the orders for plating services for risk identification are also increasing.

● Real estate rental business

Repair expenses are expected to increase due to large-scale repairs of office buildings for lease.

Changes in business performance after stock listing



Capital Investment Plan

Total for Fiscal Years 3/2025-3/2027 Investment Plan

Investment Details

Investment in
Growth

20 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

4 billion yen

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

Internal
Reserves

10 billion yen

- Securing internal reserves for M&A transactions, unexpected events, and natural disasters

Global Strategy

China

- Strengthen technical support capabilities 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

Taiwan / Korea

- Strengthen technical support capabilities for existing customers
- Expand sales to high value-added products and strengthen support capabilities
- Strengthen chemical production capacity
- Strengthen sales to markets complying with environmental regulations
- Joint venture between us and our customers, on the one side, and an OEM on the other

North America

- Gather information on OEM companies
- Increase the number of joint development projects with OEM companies
- Conduct actions to raise awareness among OEM companies
- Strengthen technical support capacity for manufacturing within OEM companies
- Strengthen technical support capability for existing customers

South America

- Conduct actions to raise the awareness of our company

Europe

- Strengthen technical support capabilities for existing customers (automobile, aircraft, and PCB & PKG markets)
- Collaborate with power semiconductor companies and material suppliers in joint development projects

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 capabilities for compliance with laws and regulations in each country
- Strengthen sales in markets that comply with environmental regulations

Business Strategy

Providing total solutions relating to plating (chemicals, machinery, automatic plating solution controller, processing) to our customers

● Chemicals for Plating

- Develop and improve chemicals for PLP (Panel Level Package), RDL, and interposers, and enhance our product lineup
- Develop and improve chemicals for ADAS, power devices for environmentally friendly automobiles, and enhance our product lineup
- Develop and improve chemicals for mobile devices, personal computers, and servers, and enhance our product lineup
- Develop and improve chemicals for general organic and inorganic materials
- Develop and improve environmentally friendly chemicals
- Establish and develop a process to produce new materials
- Intensify facilities for manufacturing plating chemicals

● Machines for Plating

- PLP compatible equipment (including ADAS, PCs, servers, mobile terminals, etc.)
- Bump supporting equipment (including servers, high end CPUs, etc.)
- Develop machinery that complies with SEMI
- Provide cleanroom assembly

● Automatic Plating Solution Controller


- Product lineup of automatic plating solution controllers for all chemicals sold

● Plating Process

- Establish a treatment process to reduce clients' risk
- Improve profitability of the plating on plastics business



ESG and SDG Related Initiatives

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

Environment

Development and expansion of sales of environmentally friendly products and technologies



Development and delivery of products that will lead to the development of society and improvement of the environment



Reduction of waste and water consumption



Use of clean energy and reduction of electricity consumption



Realization of a sustainable society

Social

Promotion of social and community contribution activities



Automation of factory process from order receipt to shipment



Development of workplace environments where employees can work energetically



Governance

Thorough compliance with laws and regulations and respect for human rights



Implementation of business continuity plan



Please refer to our website for detailed information on our initiatives.

Disclosures Based on TCFD Recommendations

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

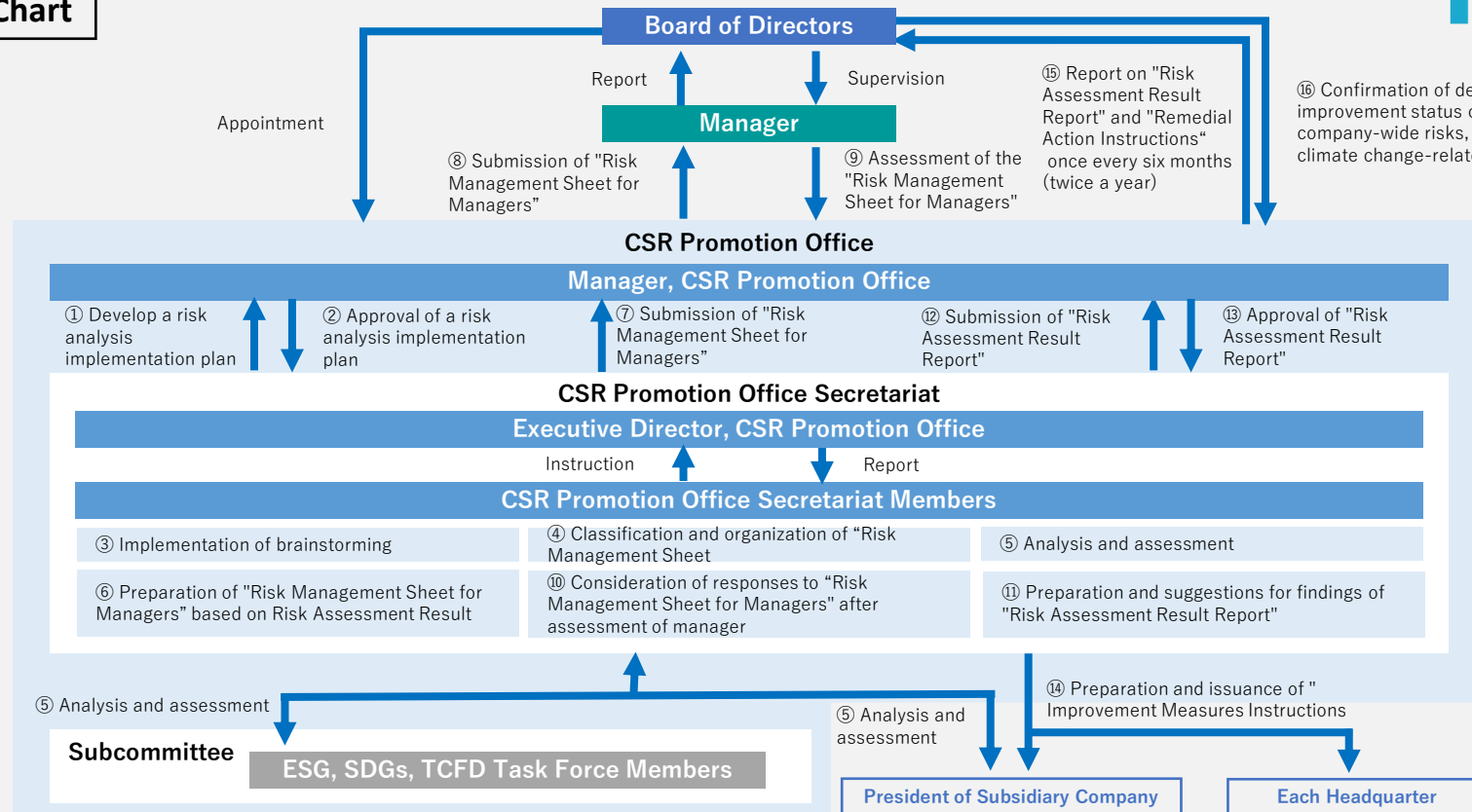
We will strive to disclose climate change related information in accordance with the content indicated in the recommendations.



Risk Management Assessment System Chart

Main role of ESG, SDGs, TCFD Task Force

In order for society to become sustainable, diverse, and inclusive, the Company will fulfill its social responsibility, not suspend its corporate activities, minimize corporate risks, and provide a stable supply of sustainable products to its customers, thereby sustainably increasing its corporate value and growing and developing the Company. Analyze and assess risks in cooperation with the CSR Promotion Office Secretariat based on the Risk Assessment Implementation Guideline.



Main role of CSR Promotion Office Secretariat

Manage company-wide risks, including climate change-related risks and financial risks based on Risk Assessment Implementation Guideline. Major risk management includes investigation, analysis, and assessment, and the results are reported to the Manager of CSR Promotion Office.

Capital Policy

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

Our KPIs for our capital policy

Dividend per share:
Maintain at no less than
200 yen

ROE:
Maintain at no less than
10 %

- Realization of stable dividends by setting forth a minimum dividend amount
- Enhancement of R&D facilities and expansion of investment in the semiconductor field that links to improvement of corporate value
- Securing internal reserves for investment in fields and regions where future growth is expected, new technology acquisition, M&A transactions, unexpected events, and natural disasters

Measures to Realize Capital Cost and Stock Price Aware Management

Background and Current Issues

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. With regard to the return of profits to shareholders, we believe it is necessary to maintain stable dividend payments based on business performance.

In response to the request based on the "Measures to Realize Capital Cost and Stock Price Aware Management," announced by the Tokyo Stock Exchange on March 31, 2023, we once again analyzed the current situation and conducted analysis based on future projections.

Against the backdrop of the capital policy target of 8.5% ROE (and 10% ROE over the medium-to-long term) set forth in the previous Mid-Term Business Plan disclosed on May 14, 2021, our actual ROE for the period from FY3/2022 to FY3/2024 moved at a high level exceeding the target ROE, from 13.1% to 12.9% to 12.3%.

On the other hand, our equity capital has been increasing due to the accumulation of internal reserves, and in light of future business/investment plans, ROE and other indicators of return on capital are expected to gradually deteriorate.

Response Policies and Goals

In order to achieve sustainable improvement in corporate value, it is important to allocate funds while considering the balance between financial soundness, capital efficiency, and return of profits. Specifically, we have positioned the return of profits to shareholders, which can be achieved by enhancing our corporate governance system and improving capital efficiency, as one of our most important management issues, and we are also striving to secure internal reserves in order to strengthen our financial standing, to make investments in areas and regions where future growth is expected, to implement M&A transactions (if necessary), and flexible investments to acquire new technologies, and to prepare for unexpected events and natural disasters.

Thus, our policy is to pay out stable dividends, each satisfying the set minimum amount, based on business performance taking into comprehensive account factors such as the current economic situation and our financial condition, while striving to become a strong and attractive company that can continue to improve its performance through continuous and stable investment in development, human resources, and equipment.

We also aim to maintain a dividend of at least 200 yen per share and an ROE of at least 10%.

We will continue to achieve returns on capital that exceed the cost of capital and, in addition to further improving profitability, we will consider fundamental measures to realize sustainable growth, such as controlling equity capital commensurate with business scale and risk.

Disclaimer

This document contains plans and forecasts of the company that are current as of the creation hereof. These plans and forecasts are based on information available to the company as of the creation hereof. 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 the plans and forecasts contained herein.

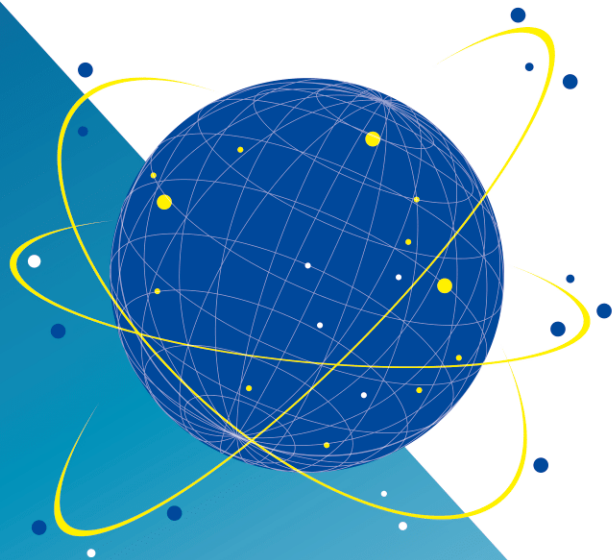
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Growing together with



Uyemura Group Companies

- | | | | |
|-------------|---|-------------|---|
| • Japan | C.Uyemura & Co., Ltd. | • 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. |
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