

Results of Operations

for the Fiscal Year Ending March 31, 2022

C. Uyemura & Co., Ltd.

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

May 13, 2022

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

[Accounting period]

Japan (two companies): April - March / Overseas (10 companies): January - December

● Surface finishing materials business

- Both sales and segment profit increased year-over-year, driven by demand expansion for plating chemicals for packages, electronic devices related to high-speed communication, and semiconductor-related materials.

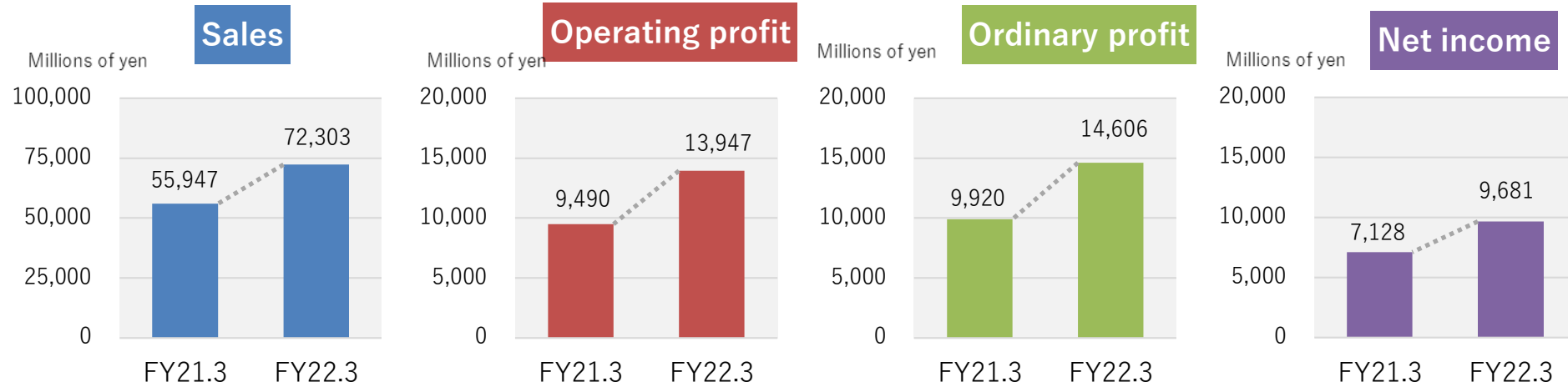
● Surface finishing machinery business

- Demand continued to rise with the increase of surface finishing equipment for IGBT semiconductors and for packages, and these fields are expected to increase in the future as well. Both sales and segment profit decreased year-over-year, heavily affected by a shortage of various electronic components and materials due to the COVID-19 pandemic. This trend is expected to continue toward the next fiscal year.

● Plating job business

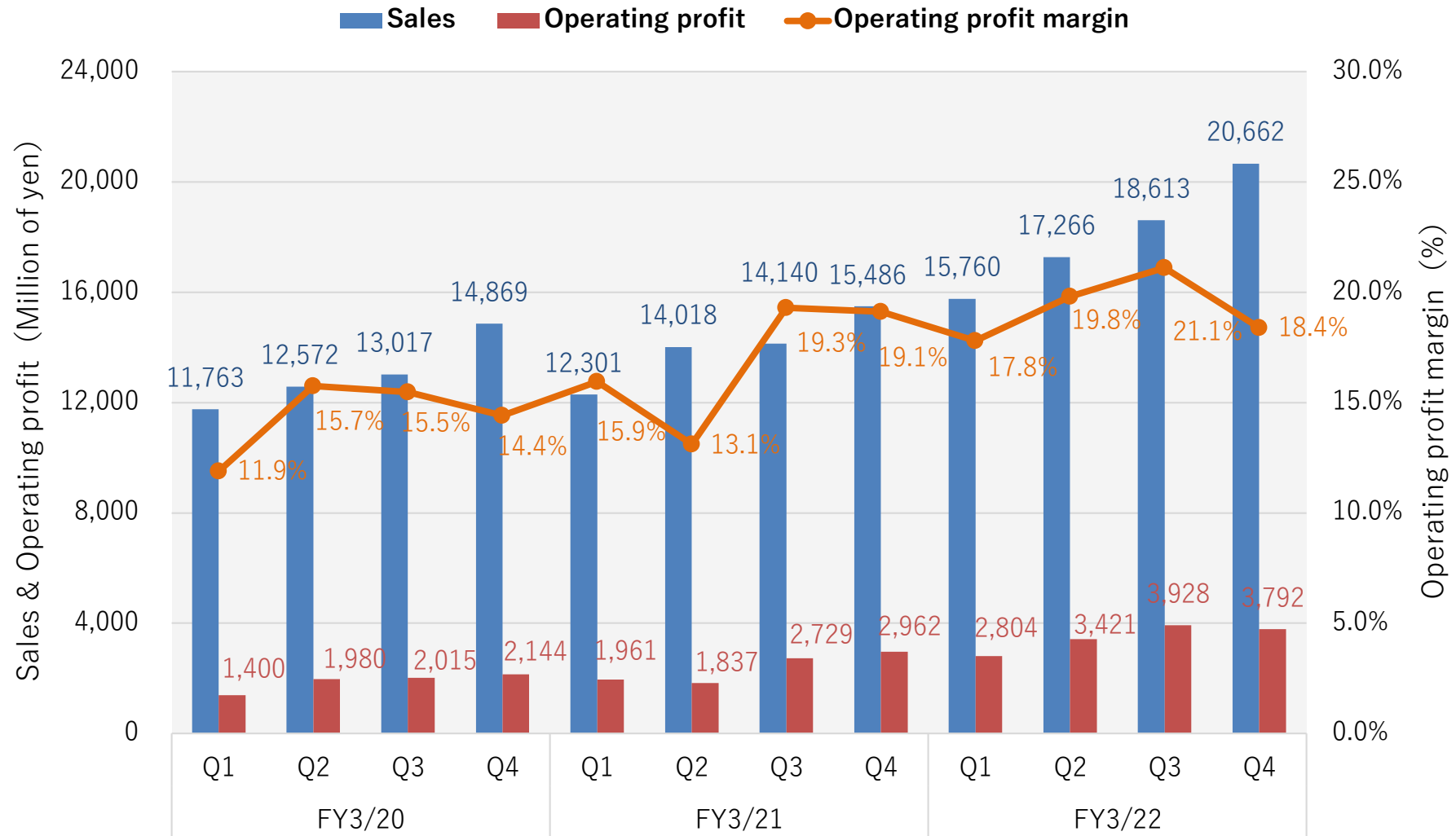
- Plating job operations in Taiwan continued to show solid performance with the focus on surface finishing of packages. In Thailand and Indonesia, the number of automobile production is affected by challenging procurement of various parts due to the COVID-19 pandemic, and plating job operations for plastics also continued to face challenging business conditions. In addition, a paradigm shift in driving force from internal-combustion engine to electric motor is rapidly taking place in the automobile industry. Both sales and segment profit of the plating job business as a whole increased year-over-year, with strong sales in surface finishing of packages.

FY3/22 Financial Results

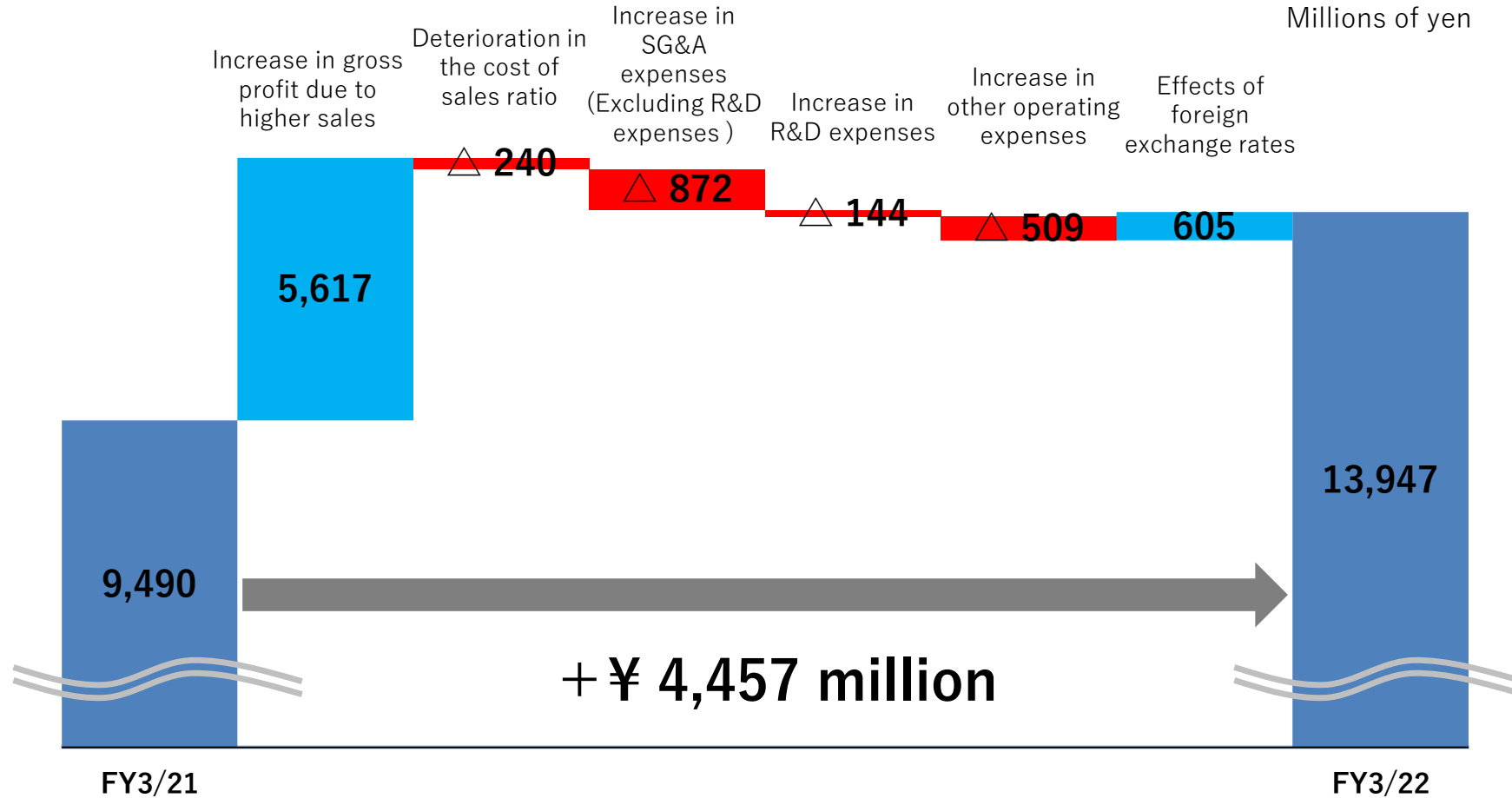


Millions of yen	FY3/21 Results	FY3/22 Forecast	FY3/22 Results	YoY change	Vs. Initial forecast
Sales	55,947	65,000	72,303	+ 16,356 (+ 29.2%)	+ 7,303 (+ 11.2%)
Operating profit	9,490	12,000	13,947	+ 4,456 (+ 47.0%)	+ 1,947 (+ 16.2%)
Ordinary profit	9,920	12,500	14,606	+ 4,685 (+ 47.2%)	+ 2,106 (+ 16.8%)
Net income	7,128	8,400	9,681	+ 2,553 (+ 35.8%)	+ 1,281 (+ 15.3%)
Exchange rate: \$US	106.76yen	109.05yen	109.90yen	+ 3.14yen	+ 0.85yen

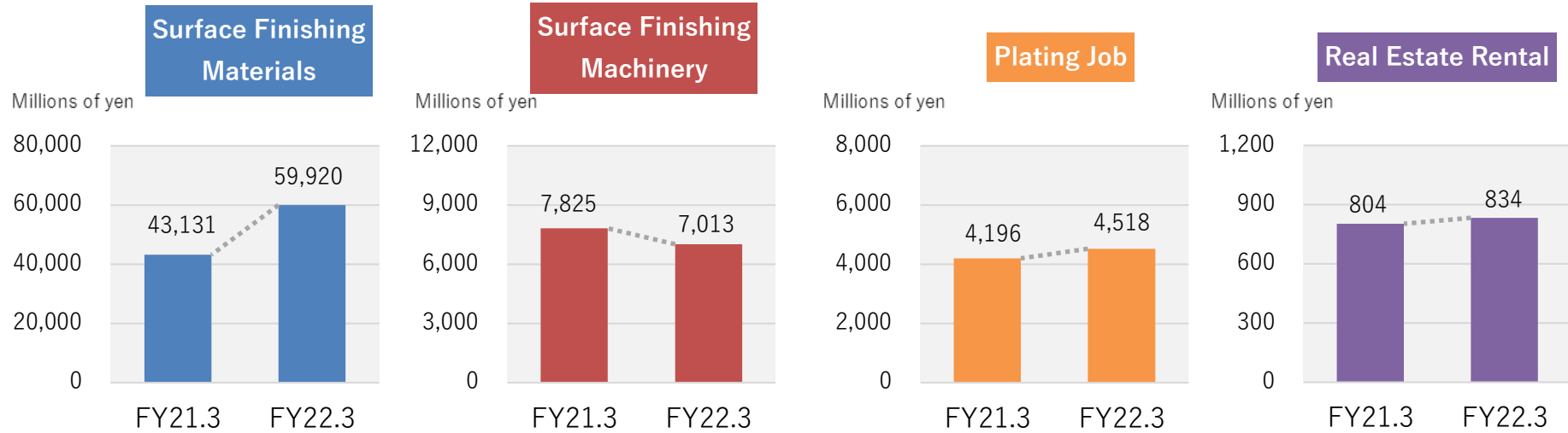
Quarterly Results



Changes in Operating profit

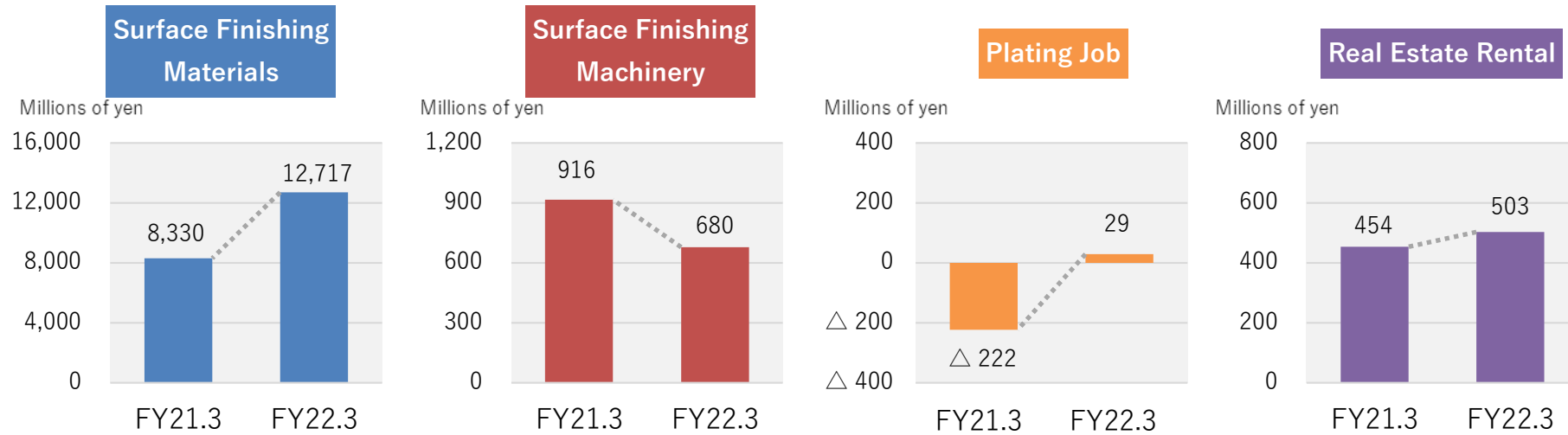


Sales by Business Segment



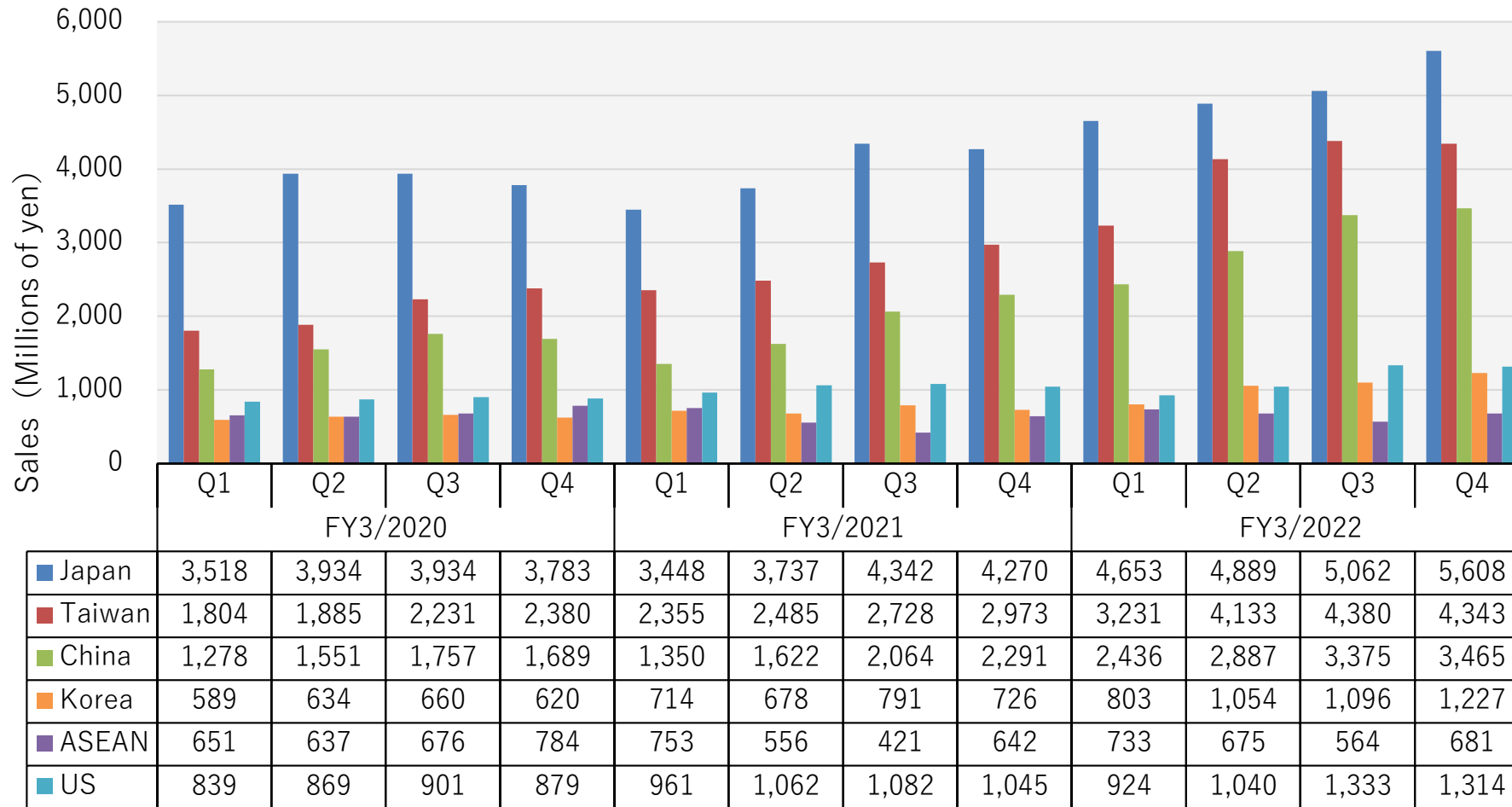
Millions of yen	FY3/21 Results	FY3/22 Results	Change	Percentage change
Surface Finishing Materials	43,131	59,920	+ 16,788	+ 38.9%
Surface Finishing Machinery	7,825	7,013	△ 811	△ 10.4%
Plating Job	4,196	4,518	+ 322	+ 7.7%
Real Estate Rental	804	834	+ 29	+ 3.7%

Operating Income by Business Segment

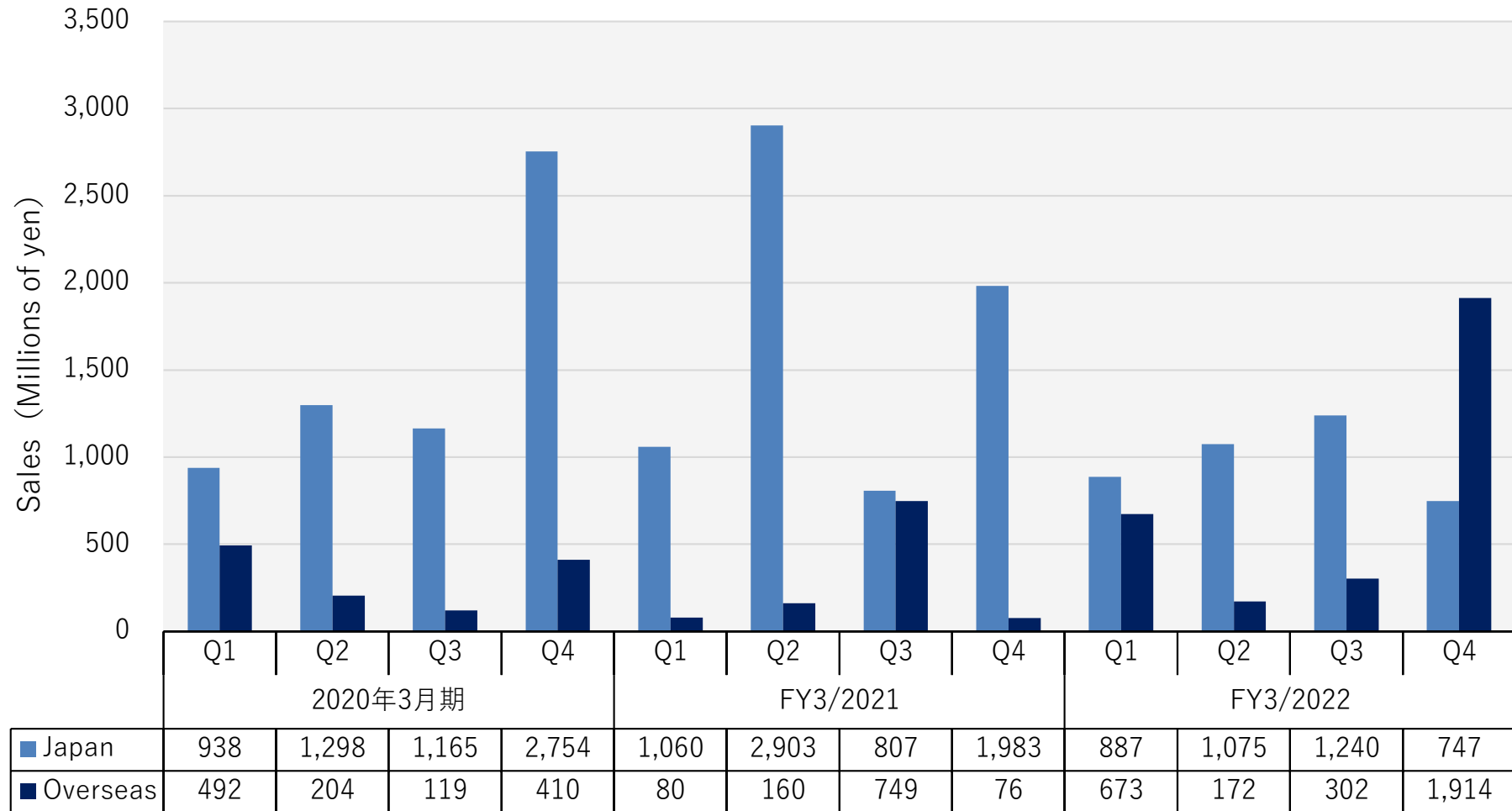


Millions of yen	FY3/21 Results	FY3/22 Results	Change	Percentage change
Surface Finishing Materials	8,330	12,717	+ 4,387	+ 52.7%
Surface Finishing Machinery	916	680	△ 235	△ 25.7%
Plating Job	△ 222	29	+ 251	-
Real Estate Rental	454	503	+ 47	+ 10.7%

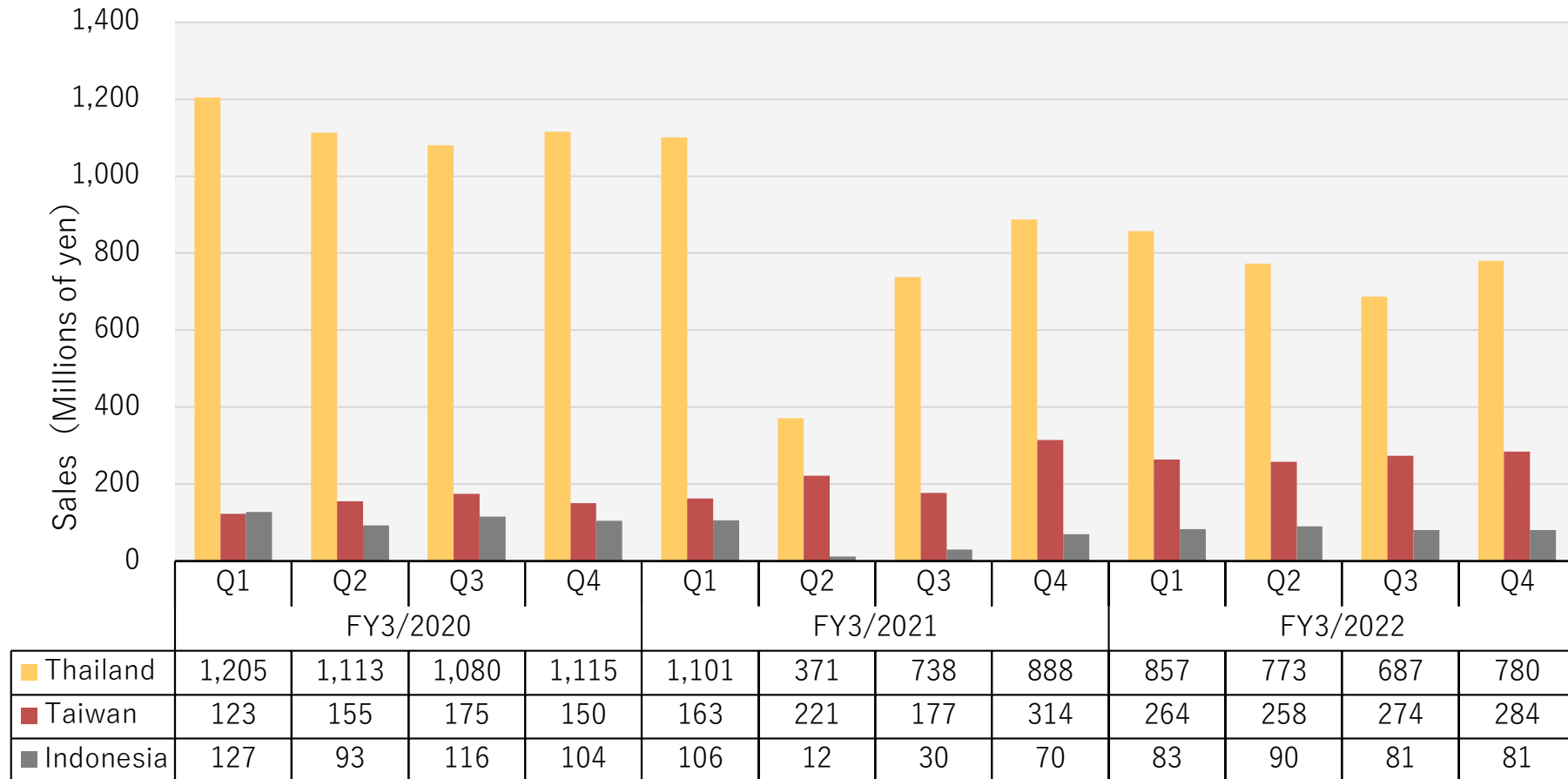
Surface Finishing Materials Business Sales



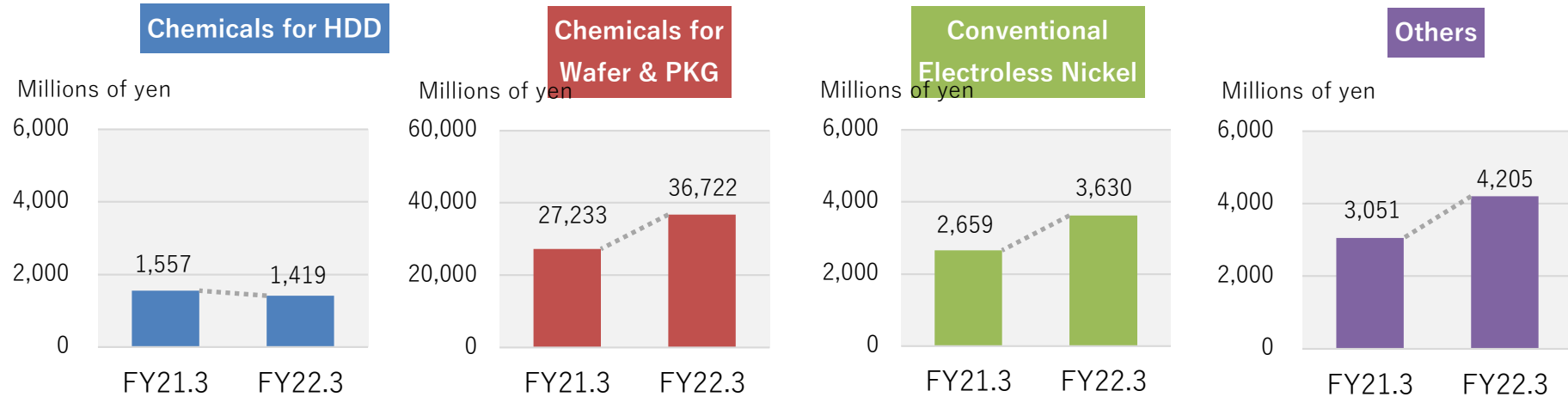
Surface Finishing Machinery Business Sales



Plating Job Business Sales



Sales by Chemicals Categories

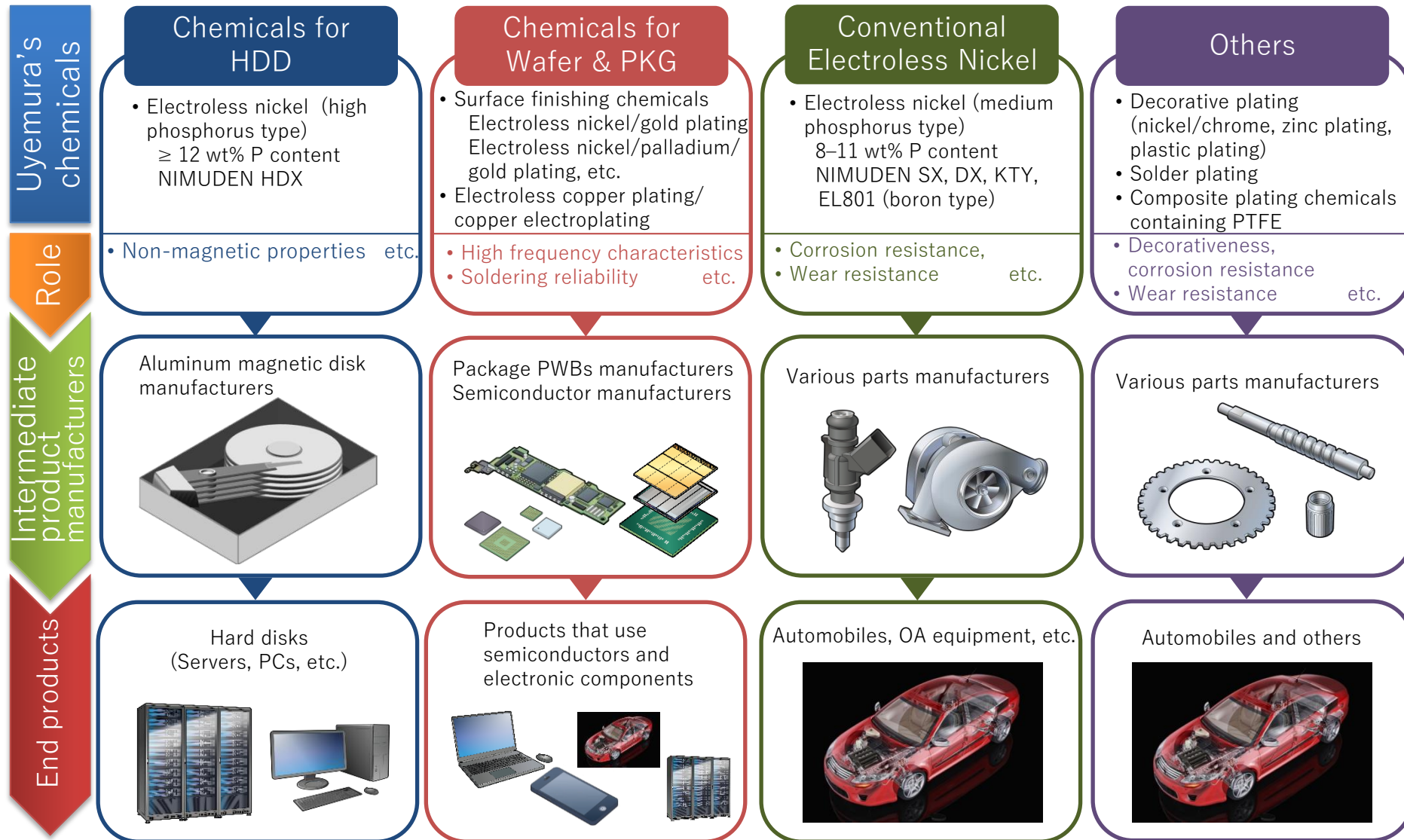


Millions of yen	FY3/21 Results		FY3/22 Results		Change	Percentage change
		%		%		
Chemicals for HDD	1,557	4.5%	1,419	3.1%	△ 137	△ 8.8%
Chemicals for Wafer & PKG*	27,233	78.9%	36,722	79.9%	+ 9,489	+ 34.8%
Conventional Electroless Nickel	2,659	7.7%	3,630	7.9%	+ 970	+ 36.5%
Others	3,051	8.9%	4,205	9.1%	+ 1,153	+ 37.8%
Total	34,501	100.0%	45,977	100.0%	+ 11,476	+ 33.3%

* Category name was changed from “Chemicals for PWB & PKG”

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.

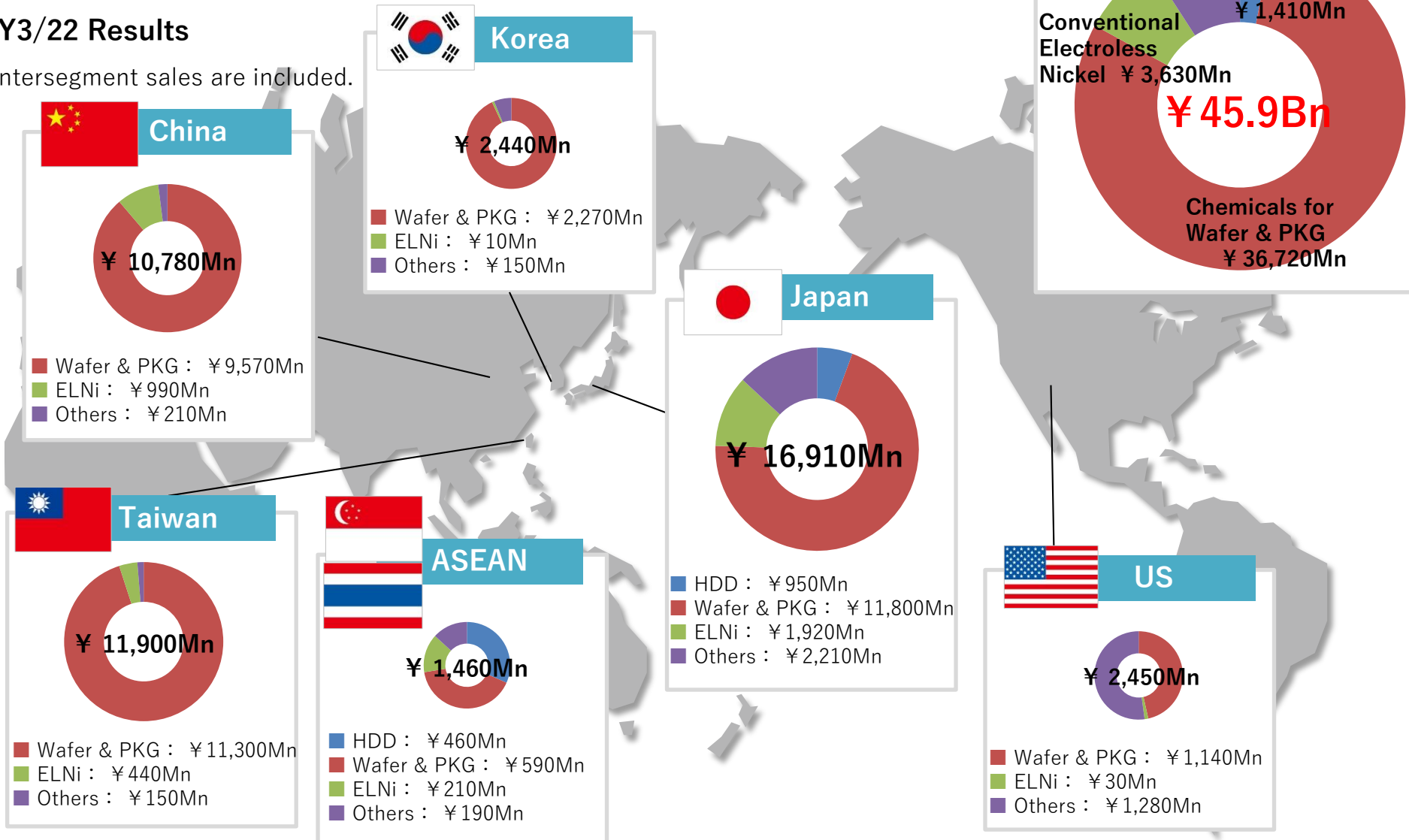
Chemicals Business – From Uyemura to End Users



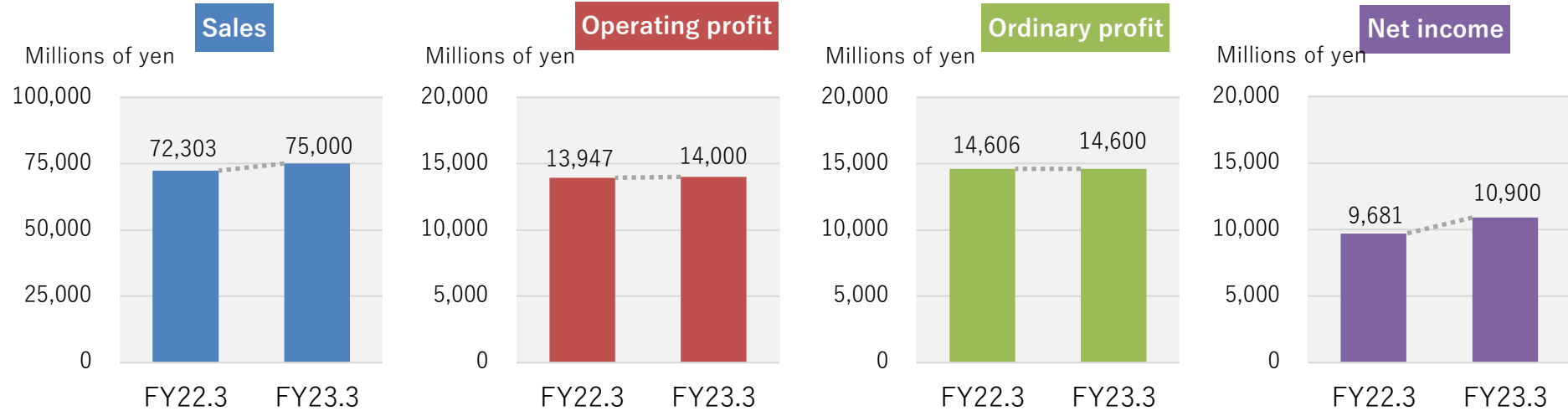
Chemical Sales by Region

FY3/22 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)	Change	Percentage change	FY3/22 Results (Full-year)	FY3/23 Forecast (Full-year)	Change	Percentage change
Surface Finishing Materials	59,920	63,200	+3,280	+5.5%	12,717	13,000	+283	+2.2%
Surface Finishing Machinery	7,013	6,200	△ 813	△ 11.6%	680	300	△ 380	△ 55.9%
Plating Job	4,518	4,800	+282	+6.2%	29	250	+221	+762.1%
Real Estate Rental	834	800	△ 34	△ 4.1%	503	450	△ 53	△ 10.5%

● Sales by Chemicals Categories

Millions of yen	FY3/22 Results (Full-year)	FY3/23 Forecast (Full-year)	Change	Percentage change
Chemicals for HDD	1,419	1,450	+30	+2.1%
Chemicals for Wafer & PKG	36,722	39,750	+3,027	+8.2%
Conventional Electroless Nickel	3,630	3,760	+129	+3.6%
Others	4,205	4,295	+89	+2.1%
Total	45,977	49,255	+3,277	+7.1%

<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

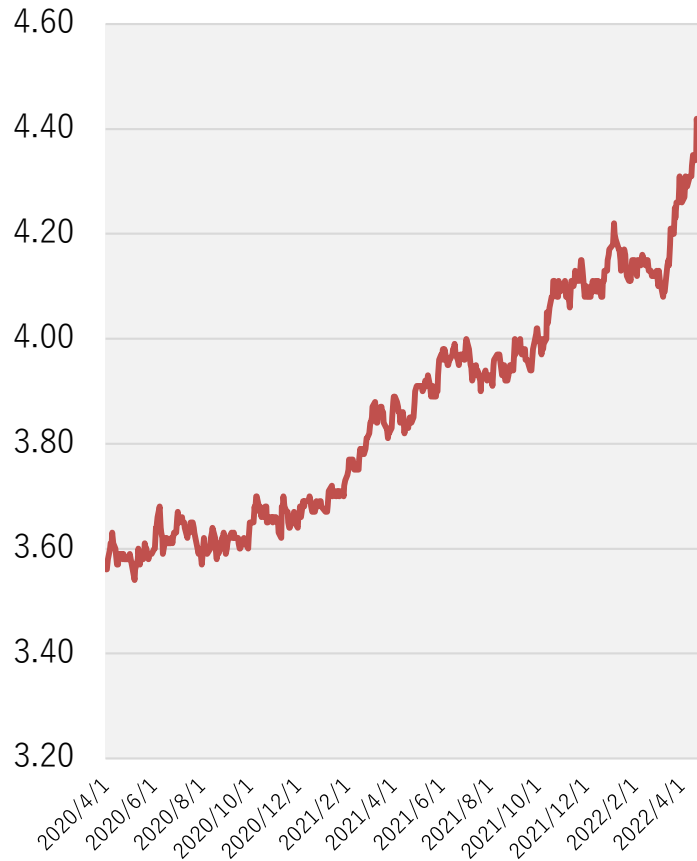
If the yen appreciates by 1 yen

- 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.

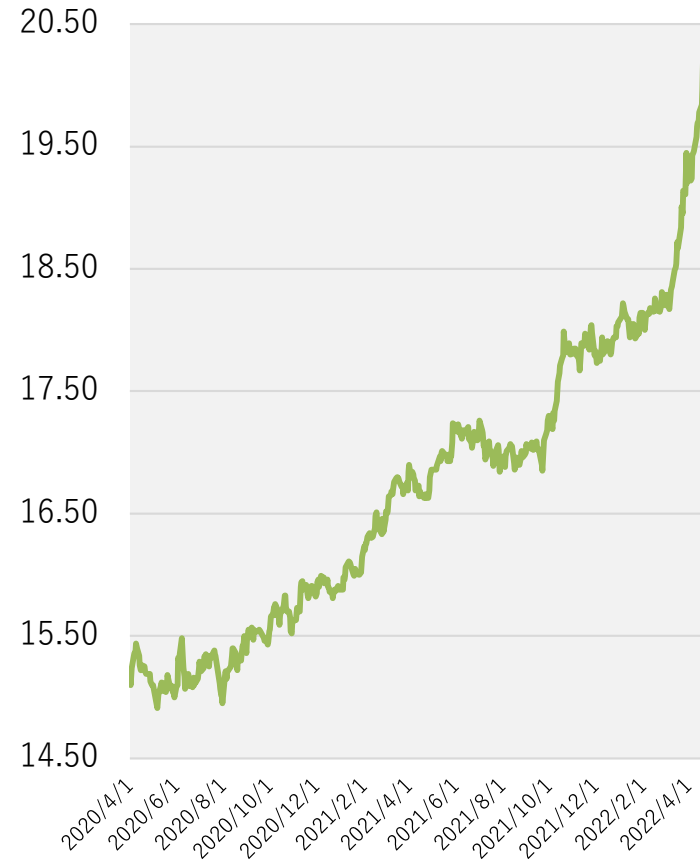
Exchange Rates

NTD



— NTD

CNY



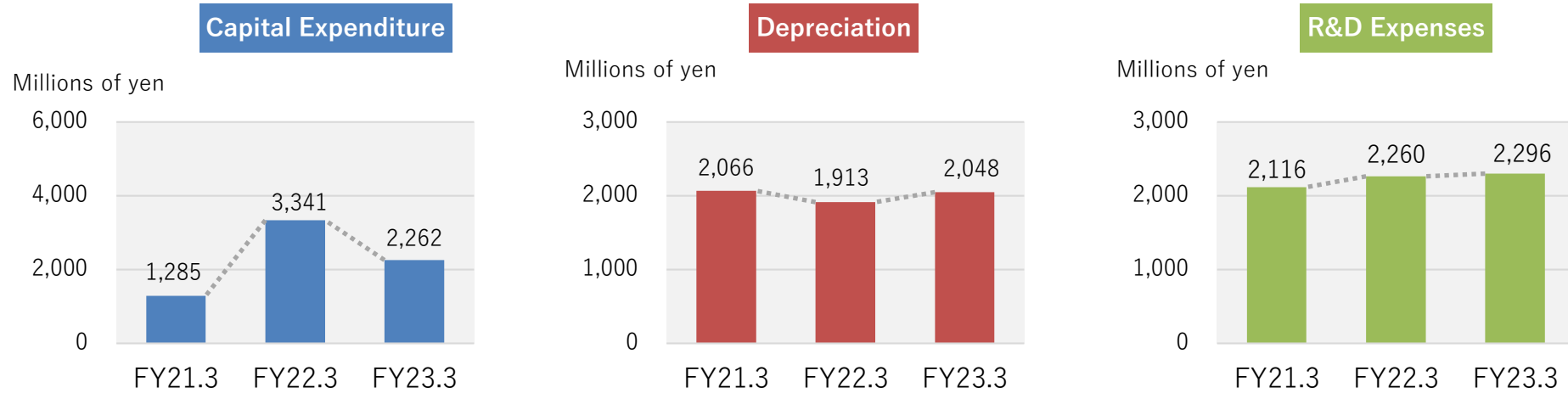
— CNY

USD



— USD

Capital Expenditure, Depreciation and R&D Expenses



Millions of yen	FY3/21 Results (Full-year)	FY3/22 Results (Full-year)	FY3/23 Forecast (Full-year)
Capital Expenditure	1,285	3,341	2,262
Depreciation	2,066	1,913	2,048
R&D Expenses	2,116	2,260	2,296

< Topics > Updated Three-Year Performance Targets of Mid-Term Business Plan

Results for Fiscal Year 3/2021

Plan for Fiscal Year 3/2024

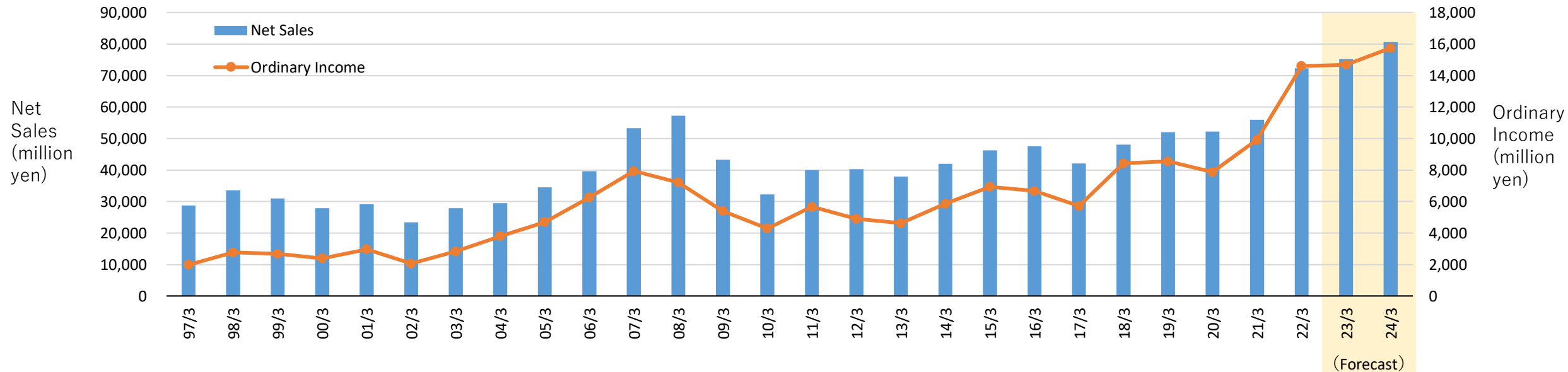
Net Sales 55.9 billion yen ⇒ 80.6 billion yen
(Updated May 13, 2022)

Ordinary Income 9.9 billion yen ⇒ 15.7 billion yen
(Updated May 13, 2022)

Changes in business performance after stock listing

【Reasons of planned value】

The upward revision of the previous forecast was made because of the announced investments in FC-BGA (Flip Chip-Ball Grid Array) and Embedded substrate manufacturing facilities by domestic and overseas package substrate manufacturers. The figures reflect the increase in the number of our products that will be added to the relevant facilities once they are in operation. Package substrate manufacturers, which are our clients, are trying hard to have their facilities up and running in time for the announced timeframe. However, all electronic parts, piping materials, and electric motors have been difficult to obtain due to Covid-19, and we are concerned that we will not be able to receive of the parts we have ordered by the original delivery dates. Furthermore, the war between Russia and Ukraine is expected to affect all economies in the near future, and there is a concern that consumers will lose purchasing power, which may affect the upwardly revised figures.



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% (Updated May 13, 2022) 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.

Partial Changes related to the Acquisition of Treasury Shares

At the Board of Directors Meeting held on May 13, 2022, Uyemura resolved to partially modify the resolution regarding a share repurchase adopted at the Board of Directors Meeting held on March 10, 2022.

1. Reason for the Changes

In order to enhance shareholders' benefits through the flexible exercise of a capital policy and the improvement of capital efficiency coping with the changes in management environment, Uyemura changes the total number of shares to repurchase, the total amount of shares to repurchase, and the period of a share repurchase, based on comprehensive consideration of our management environment and financial situations, etc.

2. Details of the Changes

	Before Amendment	After Amendment
(1) Class of shares to be acquired	Common shares of the Company	
(2) Total number of shares to be acquired	<u>400,000 shares (maximum)</u> (<u>2.32%</u> of issued shares (excluding treasury shares))	<u>1,000,000 shares (maximum)</u> (<u>5.80%</u> of issued shares (excluding treasury shares))
(3) Total cost of acquisition	<u>2 billion (maximum)</u>	<u>5 billion (maximum)</u>
(4) Acquisition period	From April 1, 2022, to <u>August 31, 2022</u>	From April 1, 2022, to <u>November 30, 2022</u>

(Reference)

Cumulative total number of shares which have been acquired and are held as treasury shares pursuant to the resolution passed at the Board of Directors meeting held on March 10, 2022 (As of May 13, 2022)

(1) Total number of shares acquired: 139,900 shares

(2) Total cost of acquisition: 854,546,000 yen

Regarding Adoption of Restricted Stock Compensation Scheme (RS)

- Regarding Adoption of Restricted Stock Compensation Scheme

The following progress has been made on the Restricted Stock Compensation Scheme, which was announced as planned for adoption in the mid-term business plan announced in May 2021.

We have introduced a Restricted Stock Compensation Scheme, following the approval of the “Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors)” at the 93rd Ordinary General Meeting of Shareholders held on June 29, 2021. We will consider adopting a performance linked restricted stock compensation scheme in the future.

In addition, at the Board of Directors meeting held on February 10, 2022, we determined to introduce a scheme to grant Restricted Stock to our employees through the Employee Shareholding Association, and the introduction of such scheme has been implemented.

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

Basic Strategy for Sales



➤ **Current market condition**

(1) Domestic market: Strong demand for telecommunications, servers, and PCs

No significant decline in demand for automobiles, despite the impact of semiconductor and COVID-19 issues

(2) Overseas market: Almost similar trend as domestic market including demand for automobiles.

Strong demand for telecommunications and plates

Demand for automobiles affected by reduction in automobile production

➤ **Technologies we are currently focusing on**

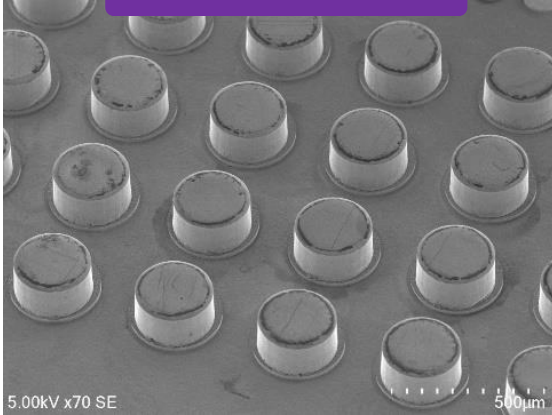
Next-generation PKG, substrates technology for telecommunication, car electronics, environment-related technologies

➤ **Technologies we should focus on toward the future**

Fine lines technology for substrates, bumps and wiring technology for semiconductors, surface finishing treatment for next-generation bonding materials, development of environment-friendly products

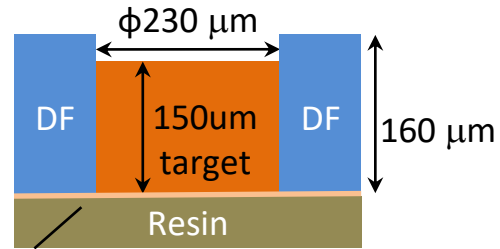
Plating Technology Necessary for 3D Mounting

12 ASD (56.7 min)

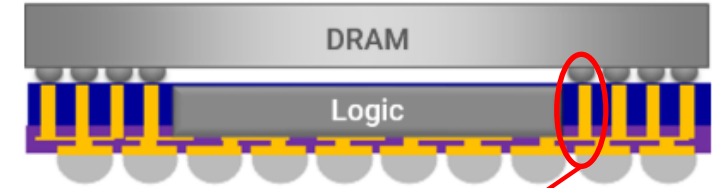


Cu Post

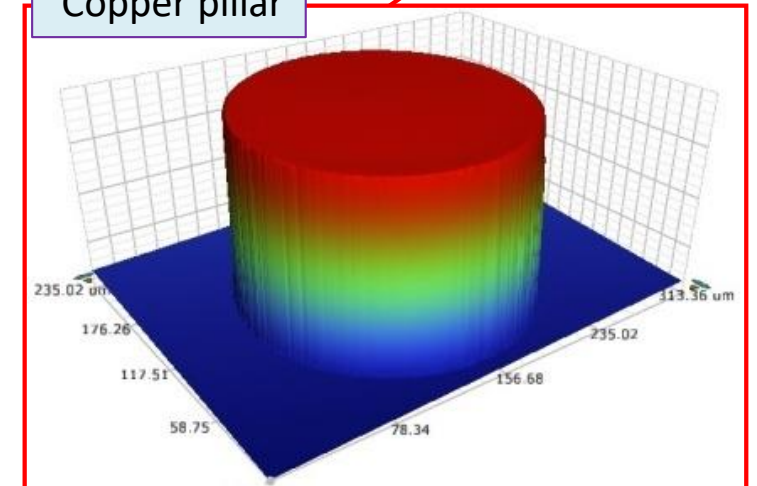
POST spec.



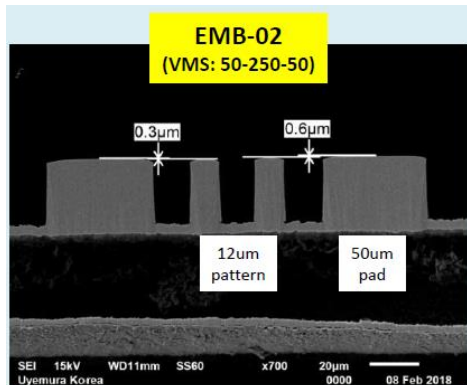
Cu seed layer: $0.6 \mu\text{m}$ E-less copper



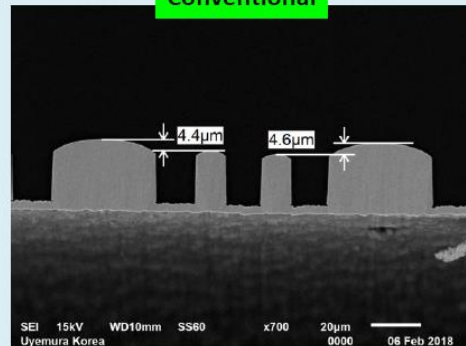
Copper pillar



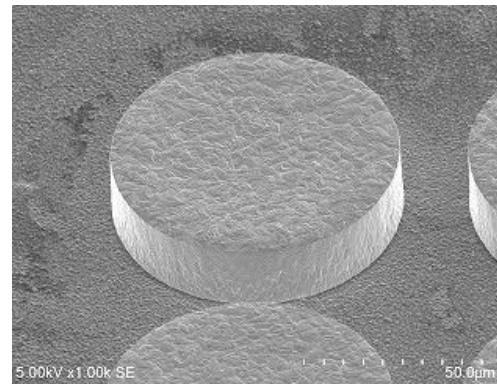
E-Cu



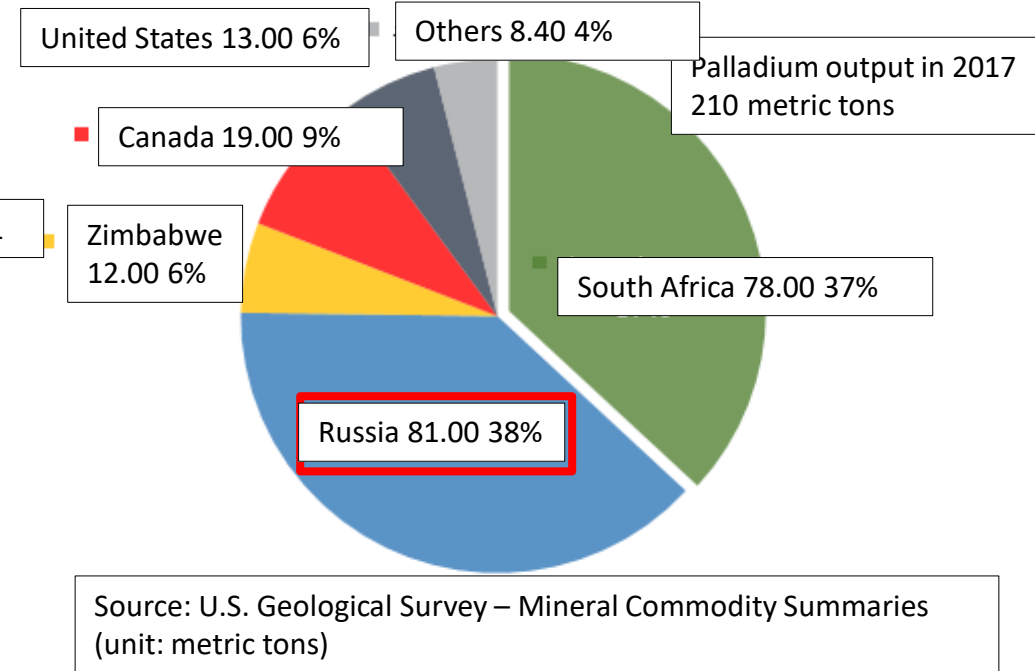
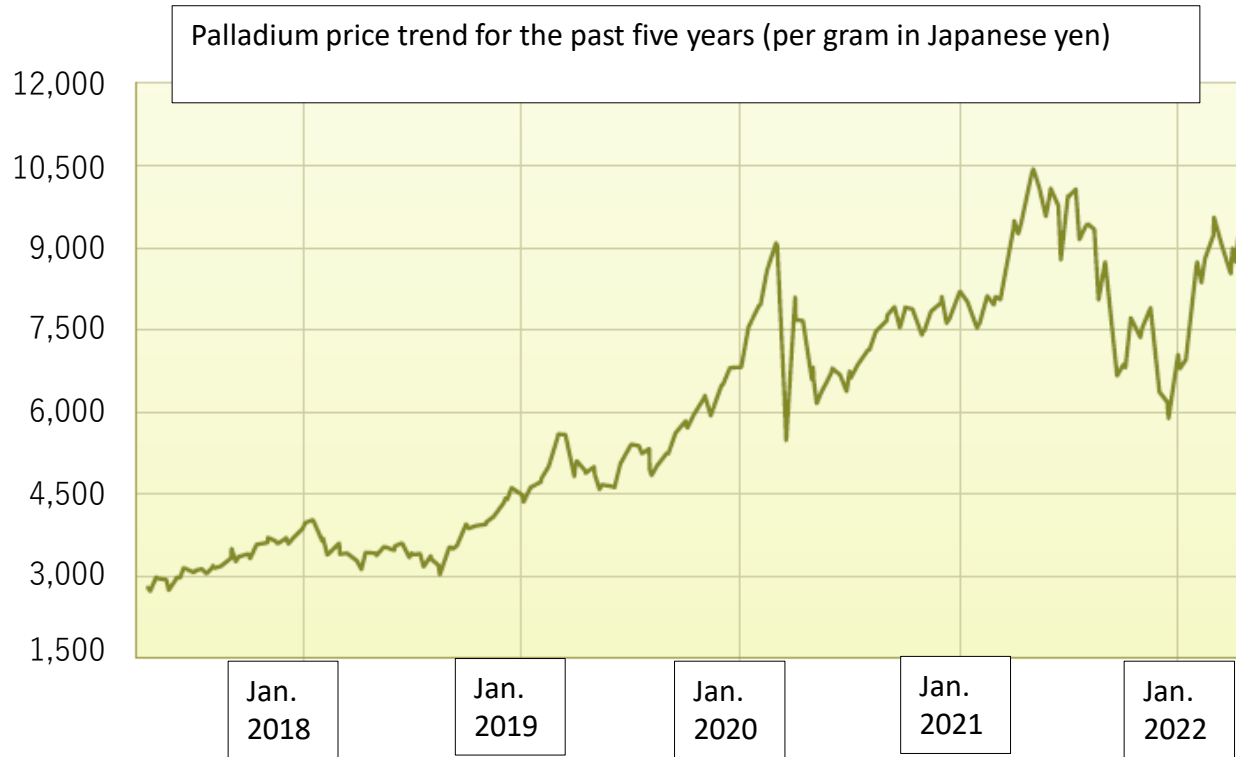
Conventional



E-Sn



Alternative Technology to Cope with Skyrocketing Raw Material Price (Palladium)



Palladium price has been escalating like other various raw materials, and the supply may become extremely tight due to the Ukraine issue.

Main usage of palladium is **for three-way catalysts of gasoline vehicles**, accounting for **70% to 80% of total consumption**. (For domestic use, almost even consumption for automobiles; for dental use; and for electronic parts, others, and decoration use combined.)



Palladium used for surface finishing treatment

Plating catalyst

Metallization on resins (for plastic plating and electroless Cu for PWBs)

For electroless Ni plating on Cu

Palladium plating

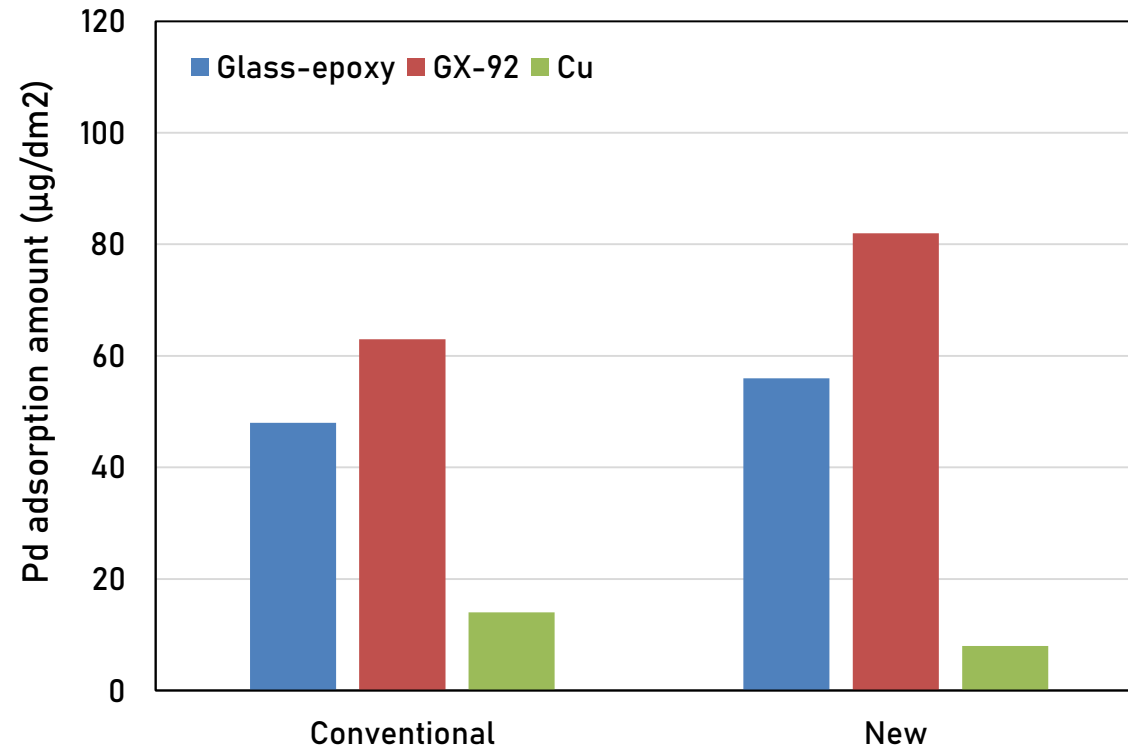
Ni/Pd/Au plating → Ni/Pt/Au etc.

Electro Pd, Pd alloy plating (connectors, etc.)

It is challenging to establish alternative technologies, and we continue research and development centering around the reduction of palladium usage.

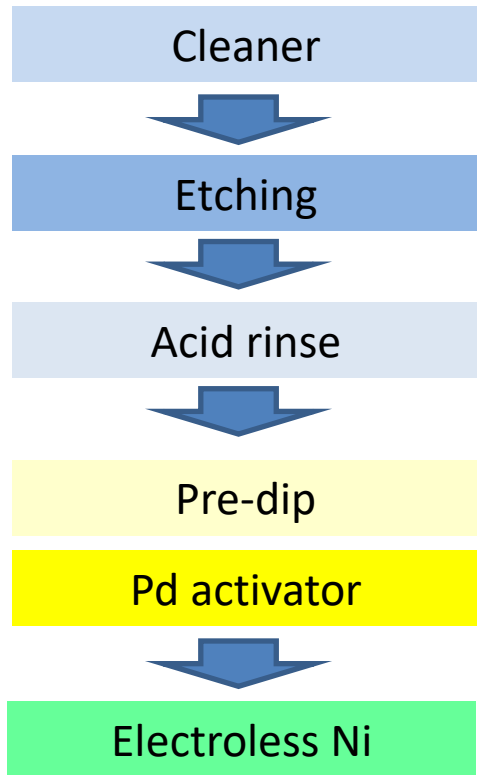
Catalyst Processing Solution for Electroless Copper for PWBs

Developed a process to reduce Pd absorption amount **by 75% from 200mg/L to 50mg/L** in a bath of activator via compounding additives in acid rinse process before activator.



No issues are detected for the adhesiveness and reliability after plating by reducing Pd concentration in the bath.

Catalyst Processing Solution for Electroless Nickel Plating on Copper Substrates

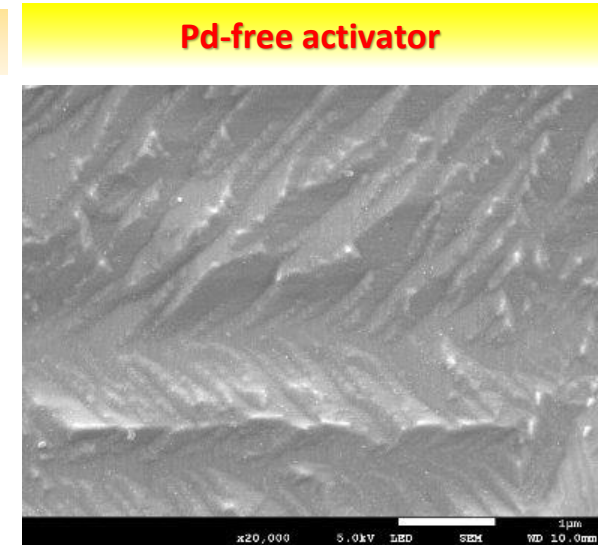
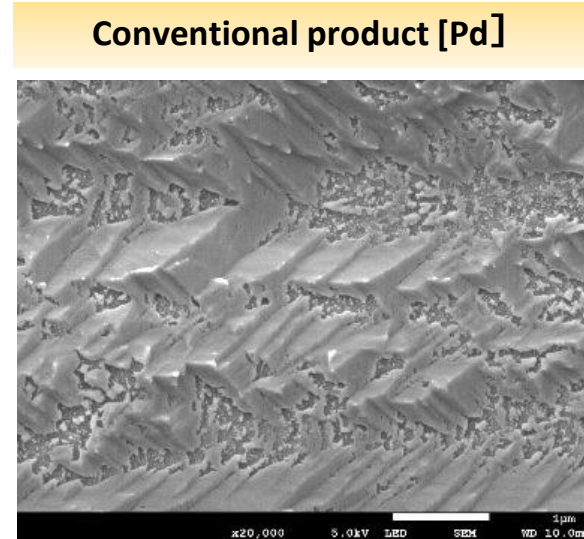


Alternative technology



Pd-free activator



Copper surface after
activator process

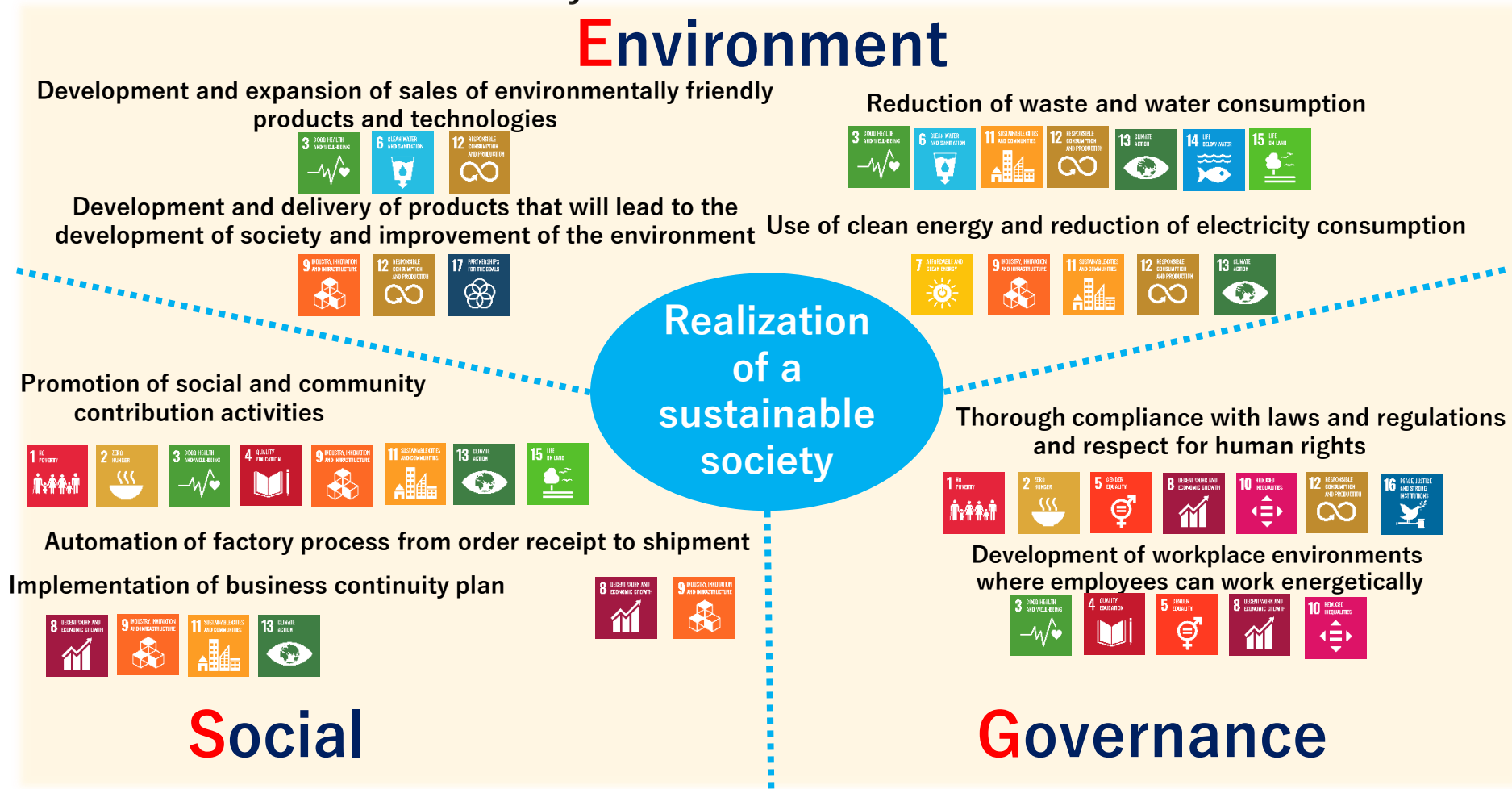


Fine pattern at application
on substrates



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.



Environment-friendly Products

Proactive SDGs Initiatives

1. Pd-free plating bath

- Already launched for electroless Ni plating bath, mainly for conventional bath.
- Pd-free electro Sn plating bath, already launched for pure Sn and Sn-Ag bath, for electronic parts

2. Cyan-free bath

- Developing and launching for cyan-free electroless and electro Au plating bath, for wafer and electronic parts.
- Developing cyan-free electro Ag plating bath, for electronic parts.

3. Formalin-free bath and process without the usage of formalin

























- Developing and launching for direct plating on resins (without electroless Cu bath), for substrates.
- Developing formalin-free electroless Cu bath, for wafer

4. Waste water treatment

- Electroless Ni waste water recycling unit



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**

March 31, 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