

# Results of Operations

for the Second Quarter of the Fiscal Year Ending March 31, 2022

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C. Uyemura & Co., Ltd.

Second Section of the Tokyo Stock Exchange (Stock Code : 4966)

November 30, 2021

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

## Period under review

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

- **Surface finishing materials business**

- Sales of mainstay plating chemicals for printed wiring boards (PWBs) and package PWBs remained strong, thanks to an increase in 5G and semiconductor market demand.

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- **Surface finishing machinery business**

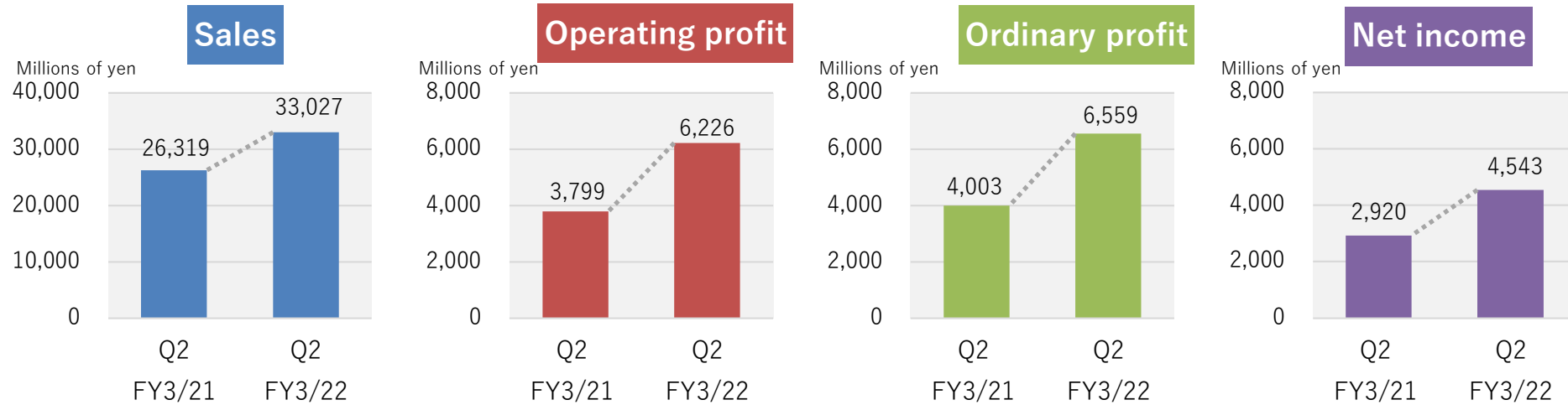
- Sales of general-purpose surface finishing machinery declined although demand for semiconductors and electronic components remained firm.

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- **Plating job business**

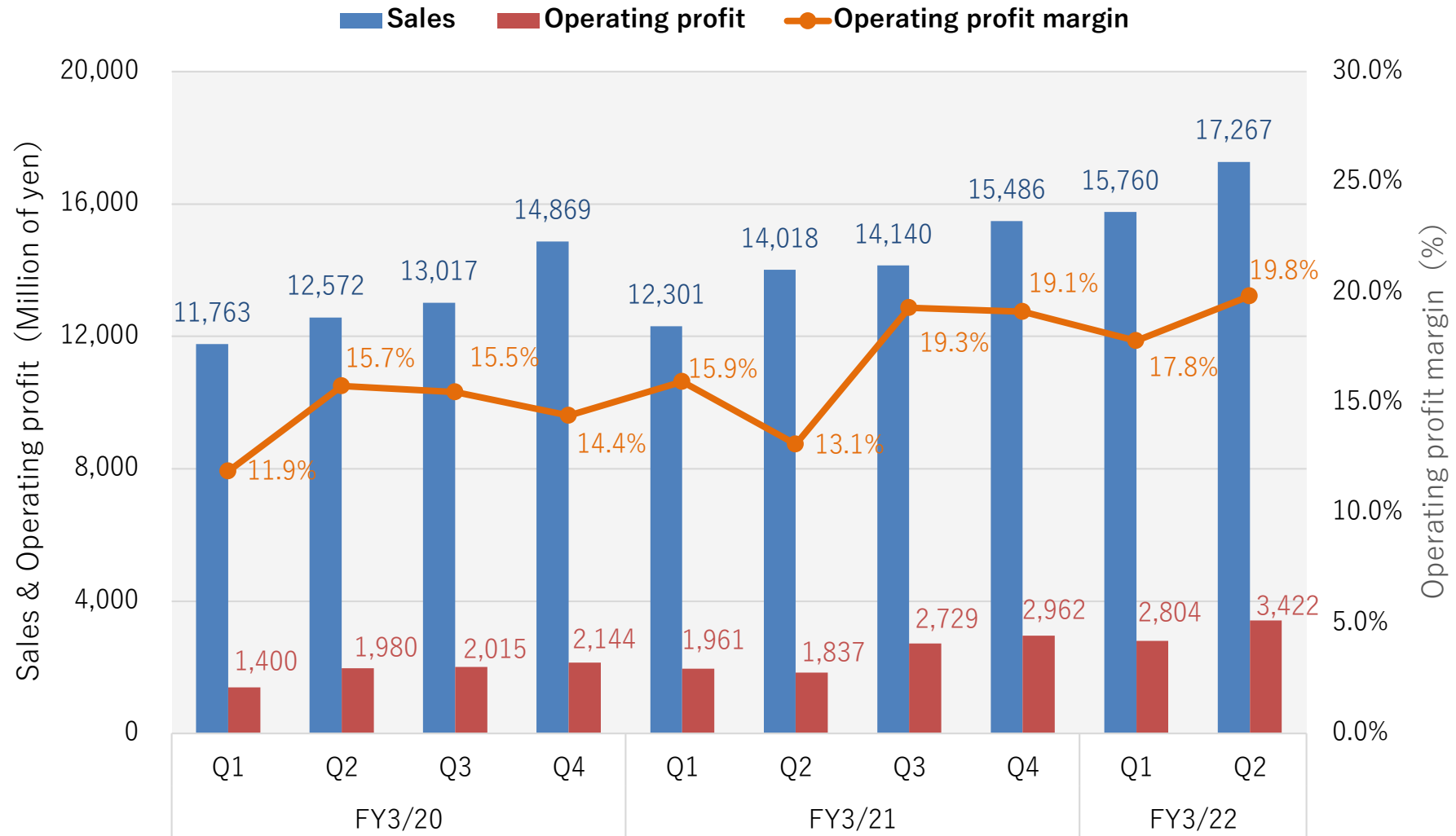
- The business environment remained challenging with the persistent slowdown of the automotive industry in Thailand and Indonesia due to the spread of COVID-19.
- Plating job operations for PWBs in Taiwan continued to show strong performance.

# Q2 FY3/22 Financial Results

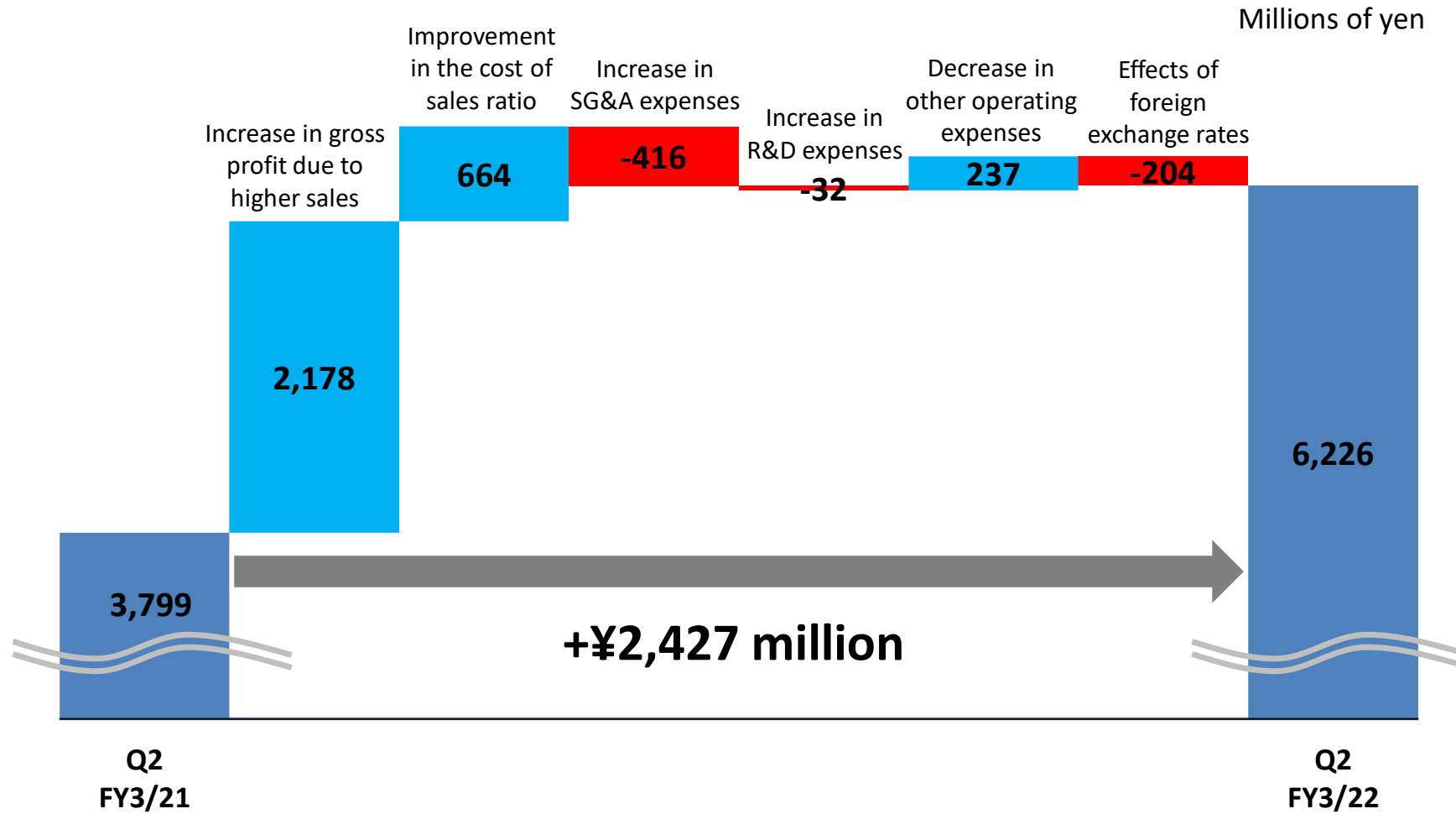


| Millions of yen     | Q2 FY3/21<br>Results | Q2 FY3/22<br>Forecast | Q2 FY3/22<br>Results | YoY change         | Vs. Initial<br>forecast |
|---------------------|----------------------|-----------------------|----------------------|--------------------|-------------------------|
| Sales               | 26,319               | 25,700                | 33,027               | +6,708<br>(+25.5%) | +7,327<br>(+28.5%)      |
| Operating profit    | 3,799                | 4,000                 | 6,226                | +2,427<br>(+63.9%) | +2,226<br>(+55.7%)      |
| Ordinary profit     | 4,003                | 4,100                 | 6,559                | +2,556<br>(+63.9%) | +2,459<br>(+60.0%)      |
| Net income          | 2,920                | 3,000                 | 4,543                | +1,623<br>(+55.6%) | +1,543<br>(+51.4%)      |
| Exchange rate: \$US | 108.23 yen           | 107.94 yen            | 107.82 yen           | +0.41 yen          | +0.12 yen               |

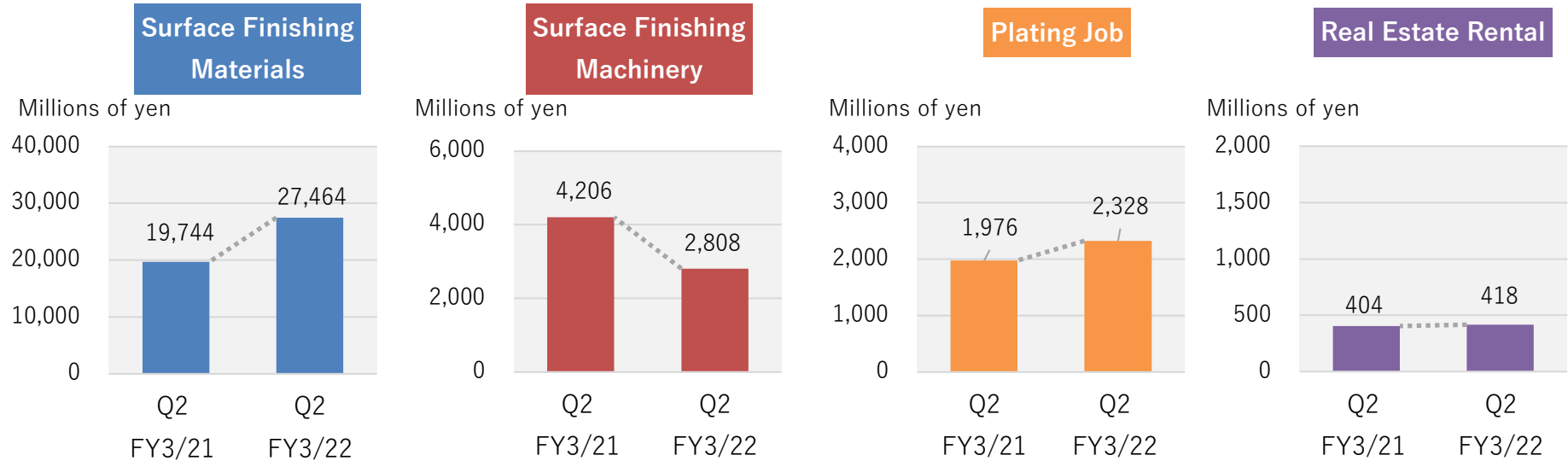
# Quarterly Results



# Changes in Operating profit

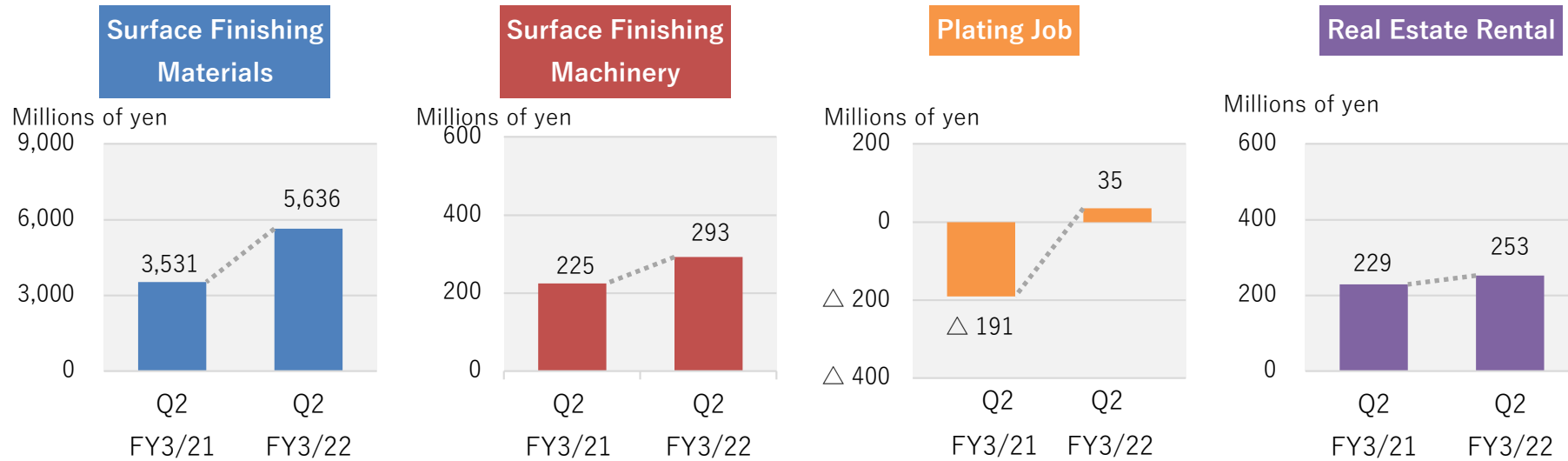


# Sales by Business Segment



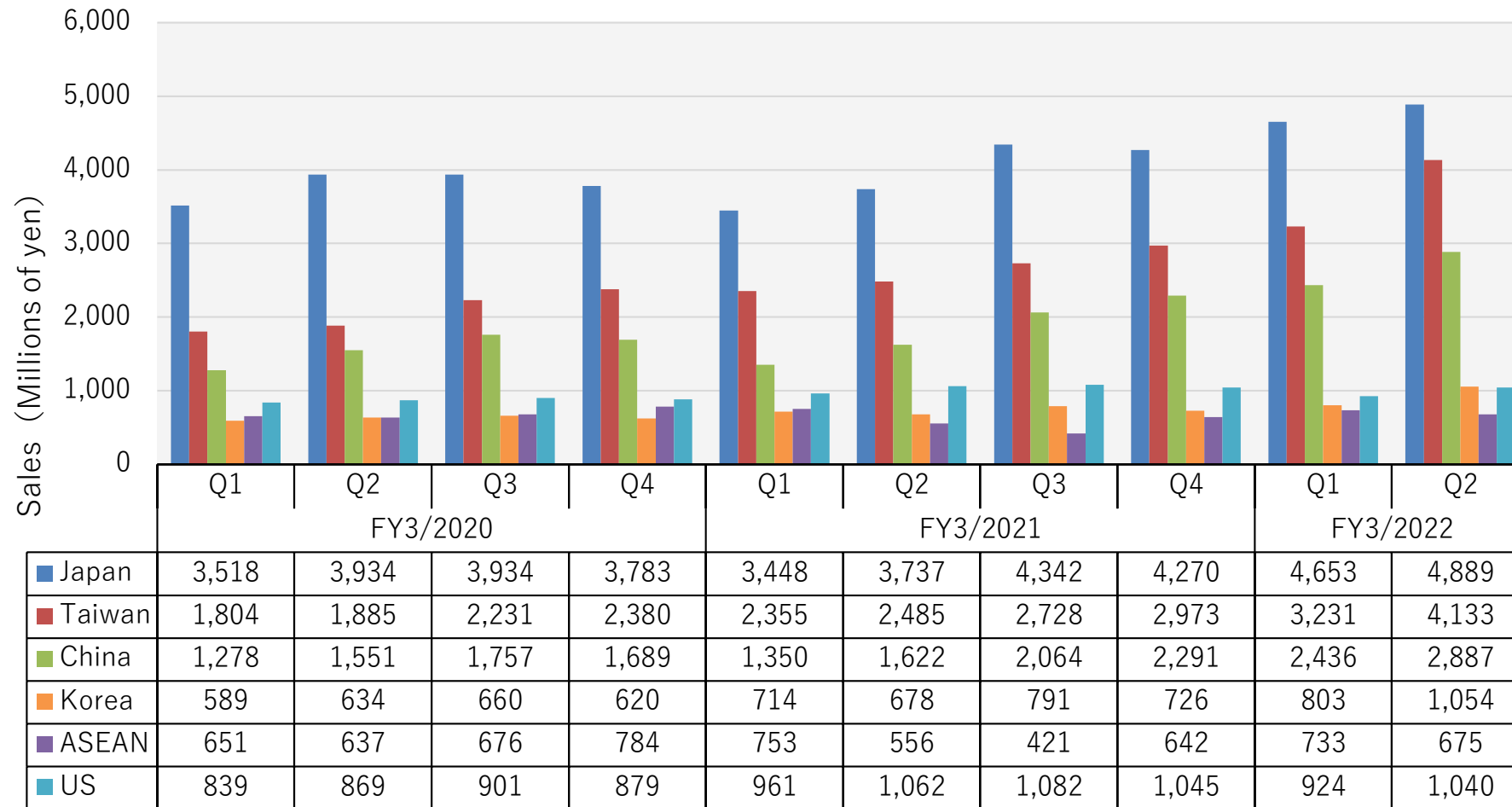
| Millions of yen             | Q2 FY3/21 Results | Q2 FY3/22 Results | Change | Percentage change |
|-----------------------------|-------------------|-------------------|--------|-------------------|
| Surface Finishing Materials | 19,744            | 27,464            | +7,719 | +39.1%            |
| Surface Finishing Machinery | 4,206             | 2,808             | △1,397 | △33.2%            |
| Plating Job                 | 1,976             | 2,328             | +351   | +17.8%            |
| Real Estate Rental          | 404               | 418               | +13    | +3.4%             |

# Operating Income by Business Segment



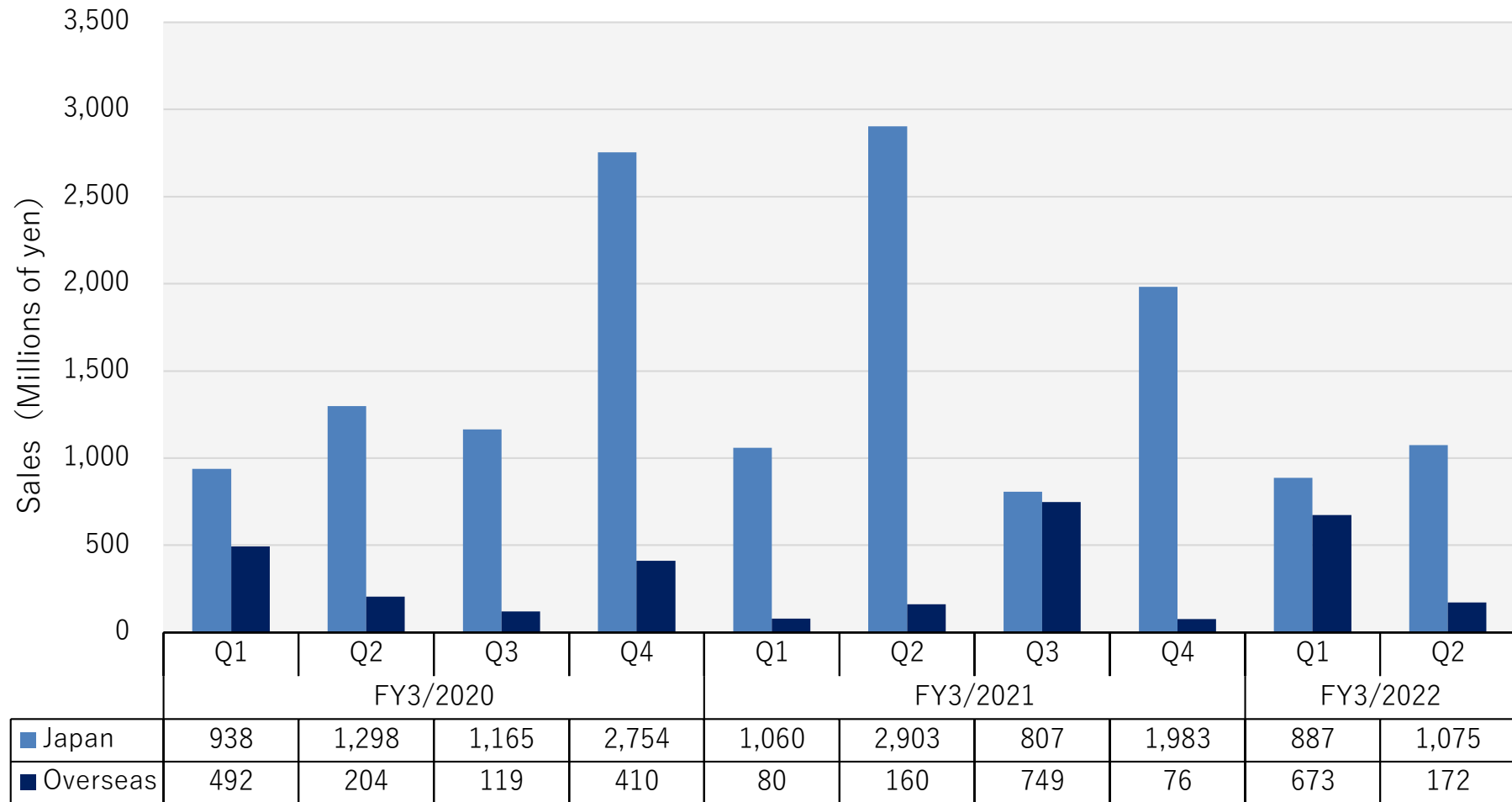
| Millions of yen             | Q2 FY3/21 Results | Q2 FY3/22 Results | Change | Percentage change |
|-----------------------------|-------------------|-------------------|--------|-------------------|
| Surface Finishing Materials | 3,531             | 5,636             | +2,105 | +59.6%            |
| Surface Finishing Machinery | 225               | 293               | +68    | +30.2%            |
| Plating Job                 | △191              | 35                | +226   | -                 |
| Real Estate Rental          | 229               | 253               | +24    | +10.6%            |

# Surface Finishing Materials Business Sales

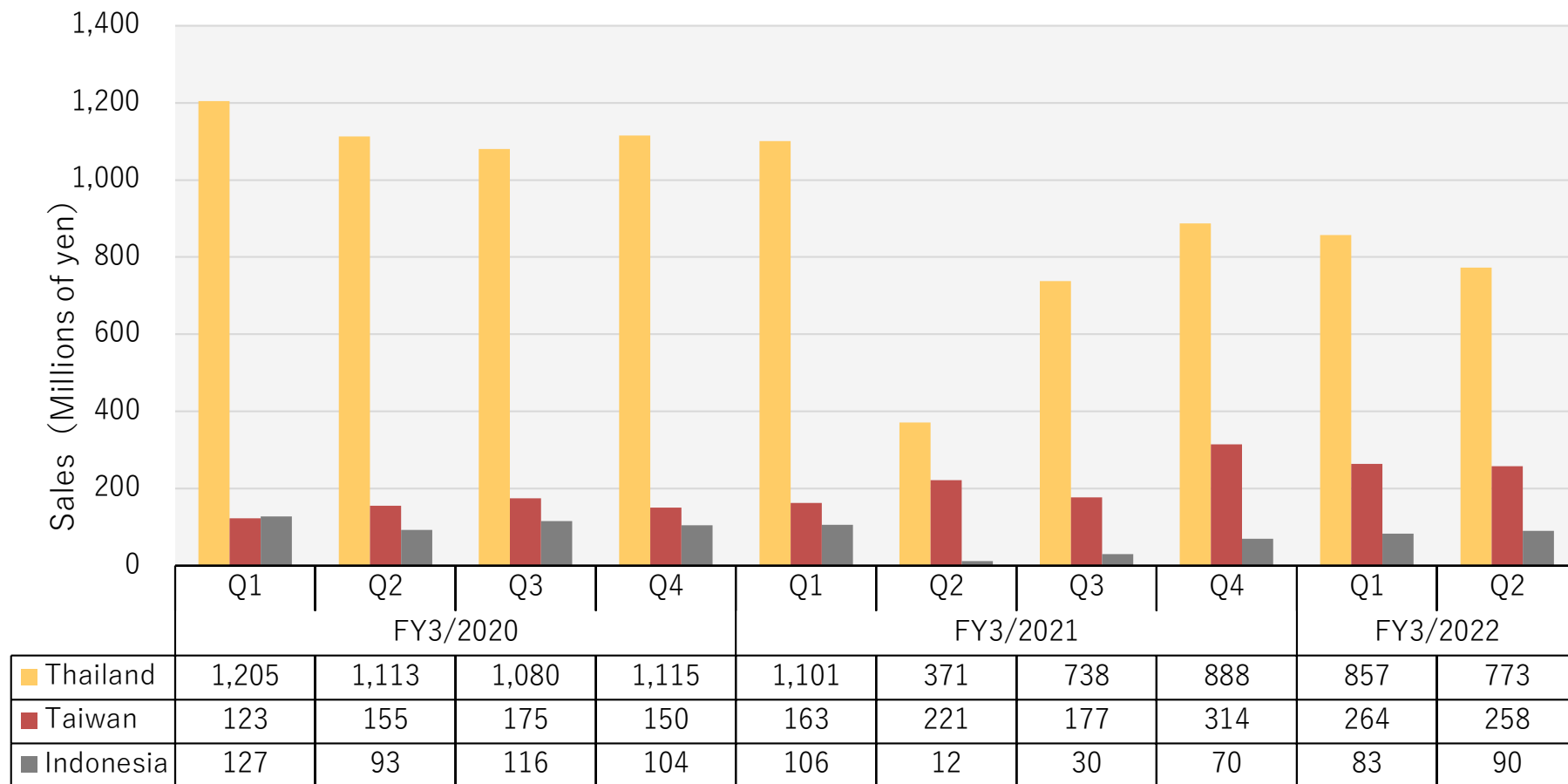




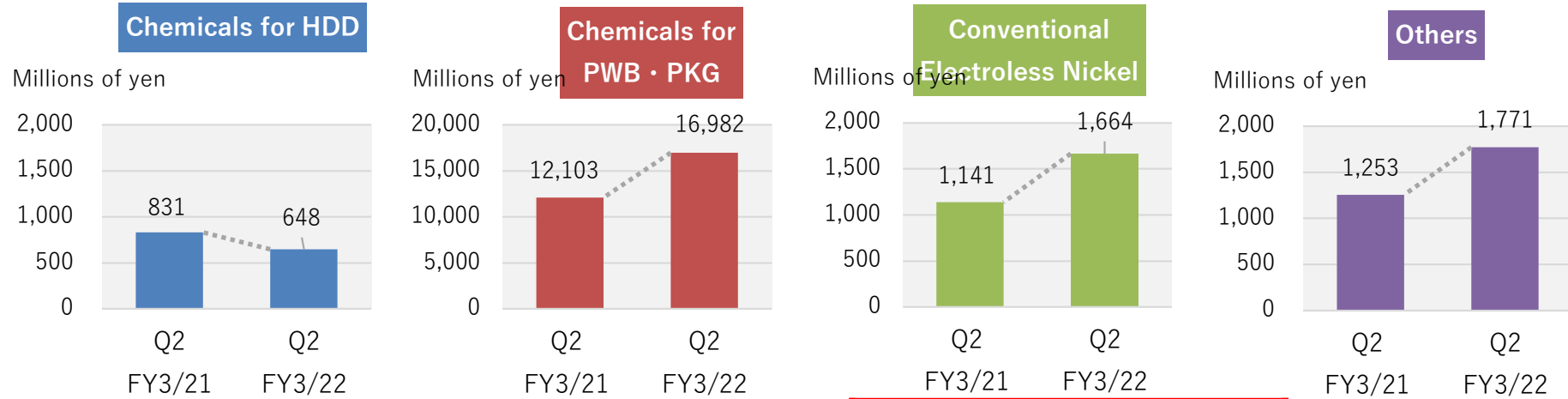
# Surface Finishing Machinery Business Sales



# Plating Job Business Sales



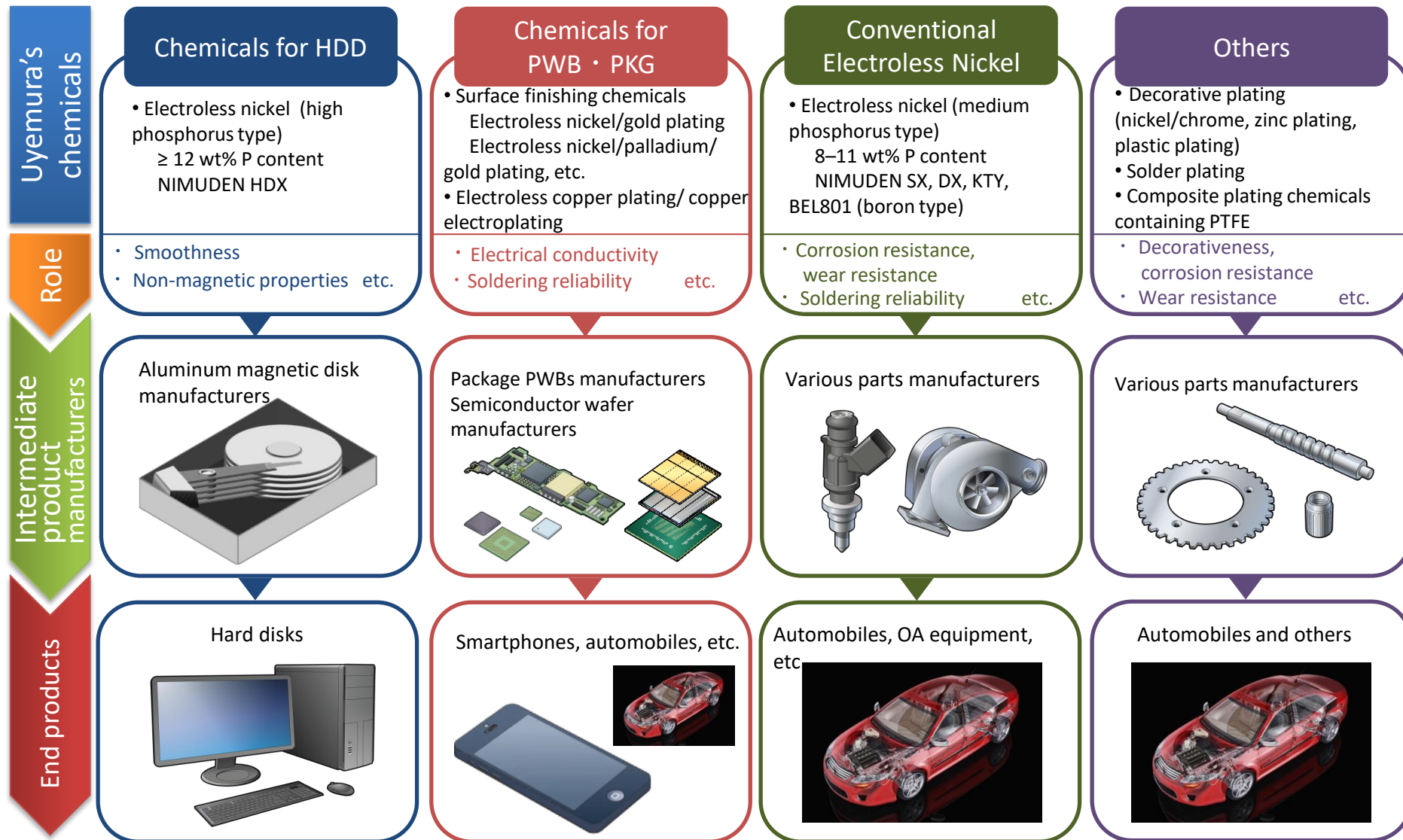
# Sales by Chemicals Categories



| Millions of yen                 | Q2 FY3/21 Results |               | Q2 FY3/22 Results |               | Change         | Percentage change |
|---------------------------------|-------------------|---------------|-------------------|---------------|----------------|-------------------|
|                                 |                   | %             |                   | %             |                |                   |
| Chemicals for HDD               | 831               | 5.4%          | 648               | 3.1%          | △183           | △22.0%            |
| Chemicals for PWB · PKG         | 12,103            | 79.0%         | 16,982            | 80.6%         | + 4,879        | + 40.3%           |
| Conventional Electroless Nickel | 1,141             | 7.4%          | 1,664             | 7.9%          | + 523          | + 45.9%           |
| Others                          | 1,253             | 8.2%          | 1,771             | 8.4%          | + 518          | + 41.4%           |
| <b>Total</b>                    | <b>15,328</b>     | <b>100.0%</b> | <b>21,066</b>     | <b>100.0%</b> | <b>+ 5,738</b> | <b>+ 37.4%</b>    |

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.

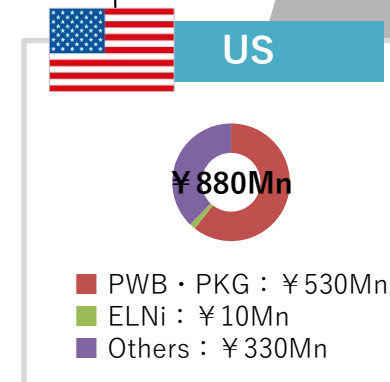
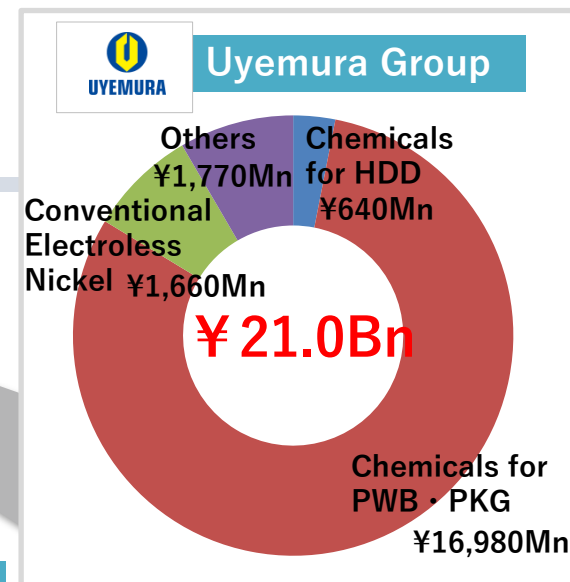
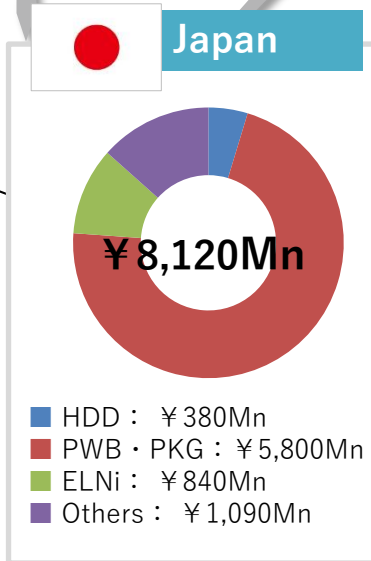
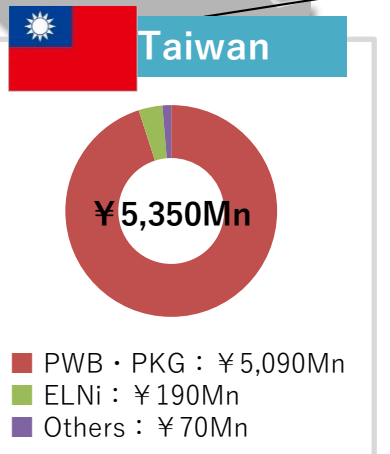
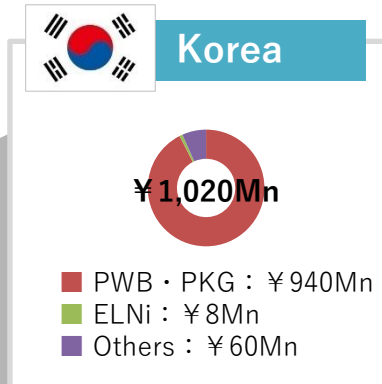
# Chemicals Business – From Uyemura to End Users



# Chemical Sales by Region

## Q2 FY3/22 Results

\*Intersegment sales are included.



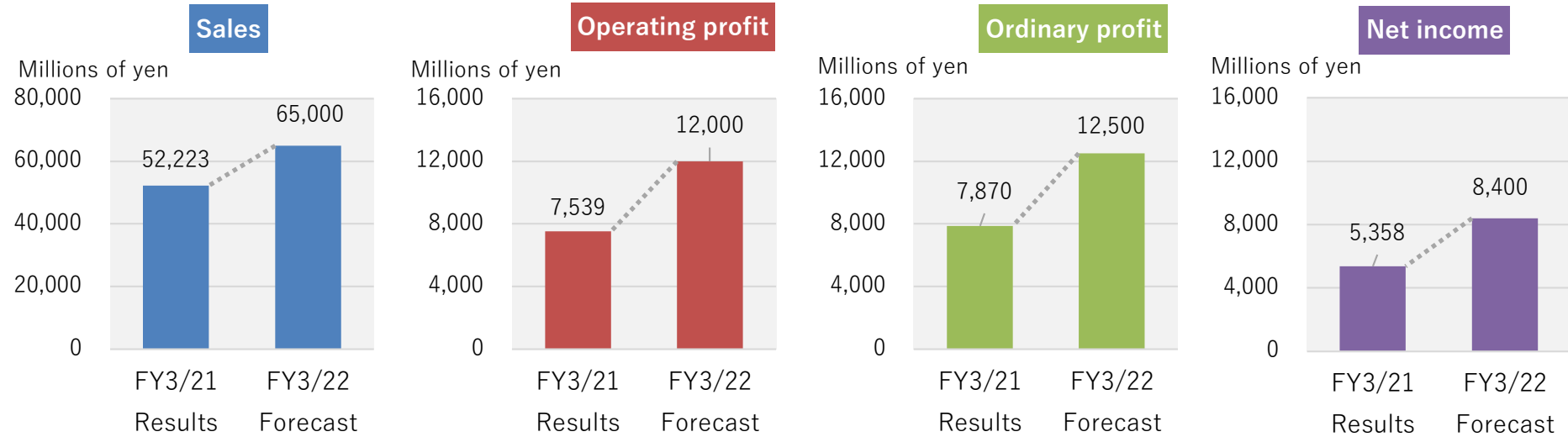
# Revisions to the Consolidated Forecast

| Millions of yen                     | Previous forecast | Revised forecast | Amount change | Percentage change |
|-------------------------------------|-------------------|------------------|---------------|-------------------|
| Sales                               | 55,000            | 65,000           | + 10,000      | + 18.2%           |
| Operating profit                    | 8,400             | 12,000           | + 3,600       | + 42.9%           |
| Ordinary profit                     | 8,700             | 12,500           | + 3,800       | + 43.7%           |
| Net income                          | 6,000             | 8,400            | + 2,400       | + 40.0%           |
| Net income per share for the period | 339.12 yen        | 474.76 yen       |               |                   |

## <Reasons for the revision to the forecast>

Both sales and profits are expected to exceed the previously announced forecast. The reason is that sales of plating chemicals for printed wiring boards (PWBs) and package PWBs are expected to remain firm in the 5G-related market and semiconductor-related market.

# FY3/22 Consolidated Forecast



| Millions of yen     | FY3/21 Results<br>(Full-year) | FY3/22 Forecast<br>(Revised) (Full-year) | Change    | Percentage change |
|---------------------|-------------------------------|--|-----------|-------------------|
| Sales               | 55,947                        | 65,000                                   | +9,052    | +16.2%            |
| Operating profit    | 9,490                         | 12,000                                   | +2,509    | +26.4%            |
| Ordinary profit     | 9,920                         | 12,500                                   | +2,579    | +26.0%            |
| Net income          | 7,128                         | 8,400                                    | +1,271    | +17.8%            |
| Exchange rate: \$US | 106.76 yen                    | 109.05 yen                               | -2.29 yen |                   |

# FY3/22 Consolidated Forecasts

## ● Sales & Operating profit by Business Segment

| Millions of yen             | Sales          |                           |                   |                           | Operating profit |                           |                   |                           |
|-----------------------------|----------------|---------------------------|-------------------|---------------------------|------------------|---------------------------|-------------------|---------------------------|
|                             | FY3/21 Results | FY3/22 Forecast (Revised) | 1H FY3/22 Results | Progress against forecast | FY3/21 Results   | FY3/22 Forecast (Revised) | 1H FY3/22 Results | Progress against forecast |
| Surface Finishing Materials | 43,131         | 55,200                    | 27,464            | 49.8%                     | 8,330            | 11,220                    | 5,636             | 50.2%                     |
| Surface Finishing Machinery | 7,825          | 4,600                     | 2,808             | 61.1%                     | 916              | 380                       | 293               | 77.2%                     |
| Plating Job                 | 4,196          | 4,400                     | 2,328             | 52.9%                     | △222             | △80                       | 35                | -                         |
| Real Estate Rental          | 804            | 800                       | 418               | 52.3%                     | 454              | 480                       | 253               | 52.8%                     |

## ● Sales by Chemicals Categories

| Millions of yen                 | FY3/21 Results | FY3/22 Forecast (Revised) | 1H FY3/22 Results | Progress against forecast |
|---------------------------------|----------------|---------------------------|-------------------|---------------------------|
| Chemicals for HDD               | 1,557          | 1,210                     | 648               | 53.6%                     |
| Chemicals for PWB ・ PKG         | 27,233         | 33,900                    | 16,982            | 50.1%                     |
| Conventional Electroless Nickel | 2,659          | 3,220                     | 1,664             | 51.7%                     |
| Others                          | 3,051          | 3,330                     | 1,771             | 53.2%                     |
| <b>Total</b>                    | <b>34,501</b>  | <b>41,660</b>             | <b>21,066</b>     | <b>50.6%</b>              |

### <Reference> Foreign exchange sensitivity

**Assumed rate for fiscal year ending March 31, 2022:**  
**109.05 yen (JPY/USD)**

#### Impact on full-year results:

**If the yen depreciates by 1 yen**

- Sales: increase by approx. ¥450 million
- Operating profit: increase by approx. ¥50 million

**If the yen appreciates by 1 yen**

- Sales: decrease by approx. ¥450 million
- Operating profit: decrease by approx. ¥50 million

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



# Exchange Rates

NTD



— NTD

CNY



— CNY

USD

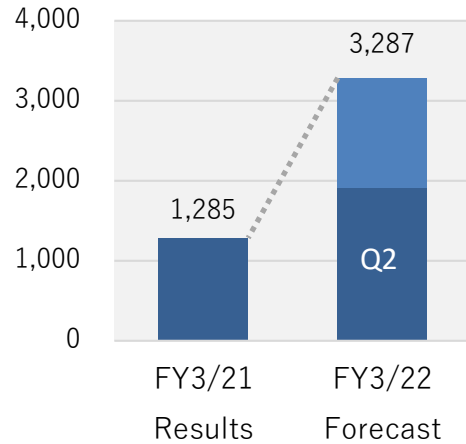


— USD

# Capital Expenditure, Depreciation and R&D Expenses

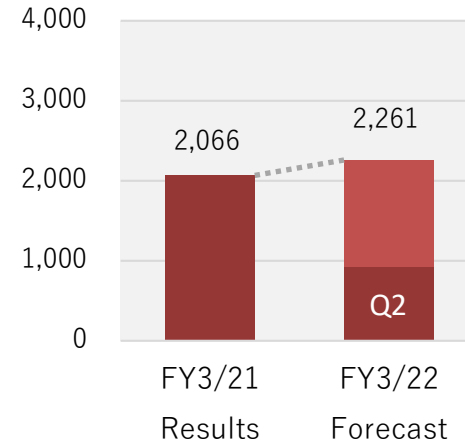
## Capital Expenditure

Millions of yen



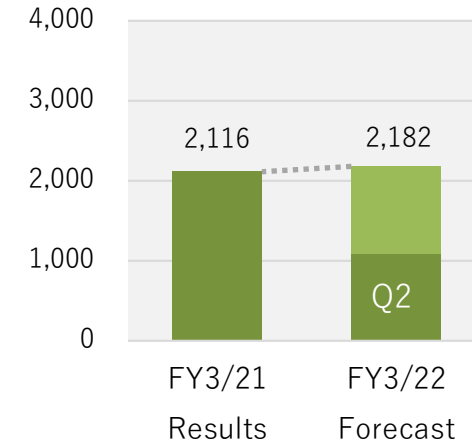
## Depreciation

Millions of yen



## R&D Expenses

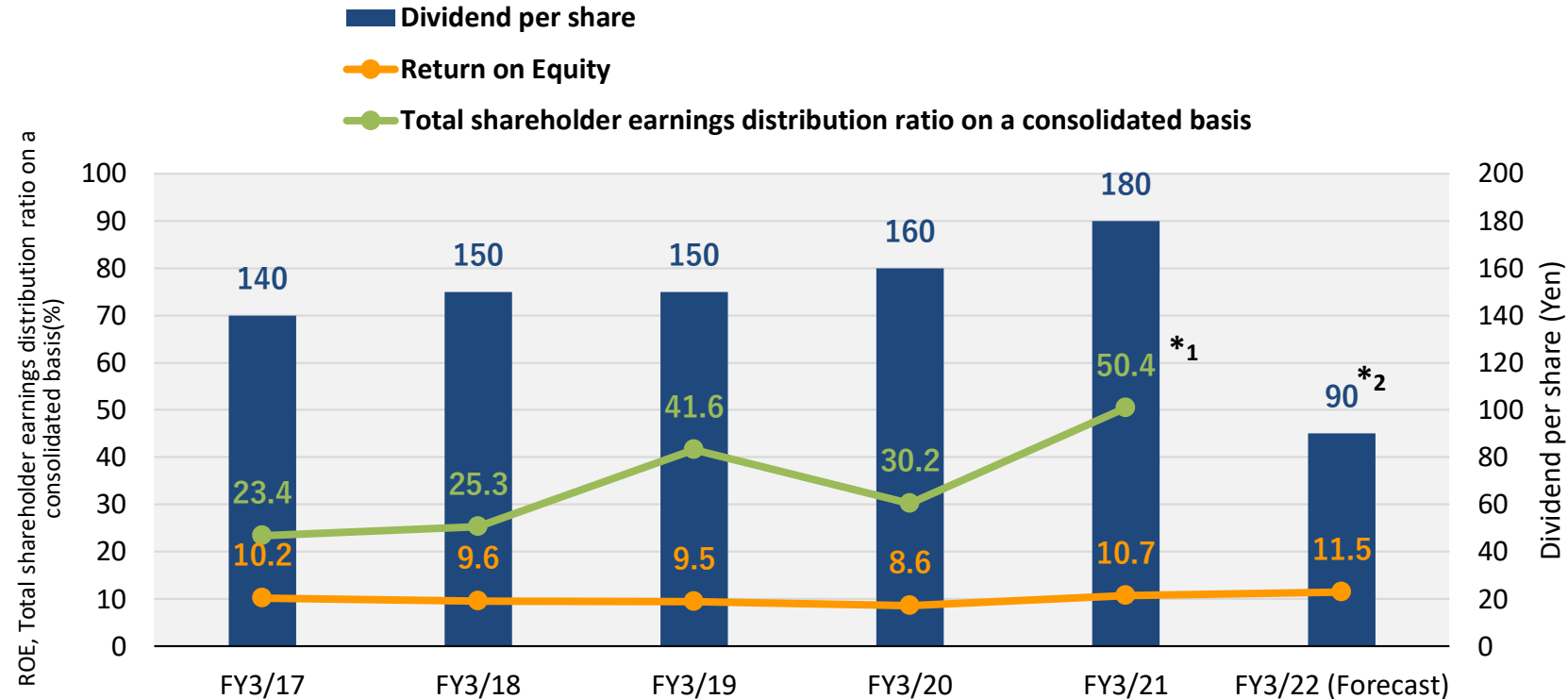
Millions of yen



| Millions of yen     | FY3/21 Results<br>(Full-year) | Q2 FY3/22<br>Results | FY3/22 Forecast<br>(Full-year) |
|---------------------|-------------------------------|----------------------|--------------------------------|
| Capital Expenditure | 1,285                         | 1,919                | 3,287                          |
| Depreciation        | 2,066                         | 926                  | 2,261                          |
| R&D Expenses        | 2,116                         | 1,091                | 2,182                          |

# Capital Policy

Uyemura has a basic policy to maintain a sound foundation for business activities and improve the return on equity. We believe that the consistent payment of dividends in accordance with its operating results is necessary for return of earnings to shareholders. In accordance with this policy, we target 8.5% (10% over the medium and long term) for the return on equity and 30% for the total shareholder earnings distribution ratio on a consolidated basis.



<sup>\* 1.</sup> Uyemura has set a target of implementing a flexible share repurchase of 6 billion yen over the three-year period from the fiscal year ending March 2022 to the fiscal year ending March 2024, and has completed a share repurchase of 1,999,824,500 yen by the end of September 2021.

<sup>\* 2.</sup> Uyemura conducted a 2-for-1 stock split of common stock on July 1, 2021.

The actual amount of dividends before the stock split is shown for the fiscal years ended March 2017 through March 2021.

# Topic: Acquisition of land for Hirakata Plant

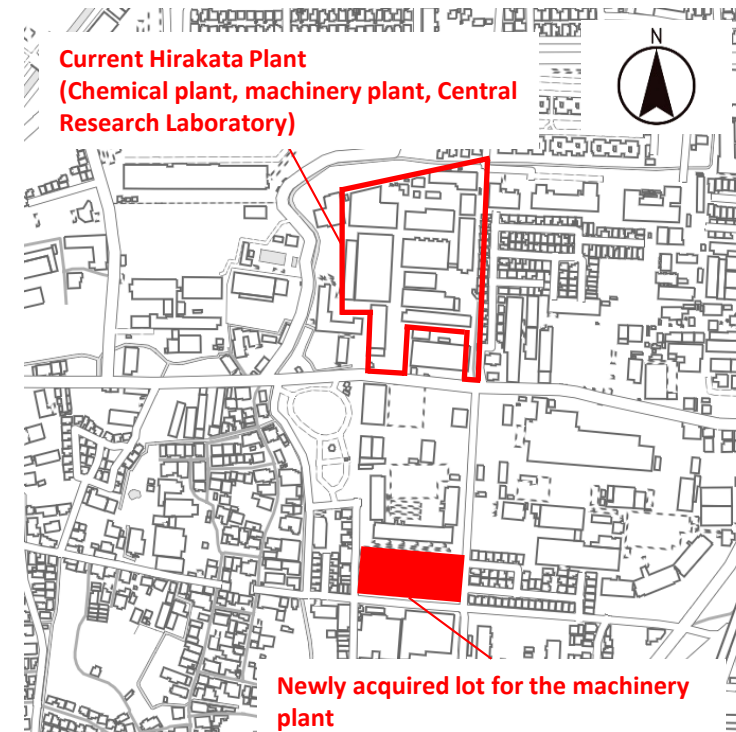
## Plans to relocate the machinery plant and reconstruct the chemical plant

To relocate the machinery plant currently located within the premise of our Hirakara Plant, we have acquired new land for plant construction in a nearby area. The current site of the machinery plant will be used to reconstruct the chemical plant. We will expand chemical production in preparation for rising demand in the semiconductor field.

### Outline of New Machinery Plant

- Location: Deguchi, Hirakata, Osaka
- Total floor area: Approx. 4,978 m<sup>2</sup>
- Total investment: Approx. 3.2 billion yen (land, building, etc.)
- Three stories above the ground, construction to be completed in 2023
- Basic design in line with SDGs and carbon neutrality

Hirakata Plant (Hirakata, Osaka) neighborhood map



# Reference

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**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

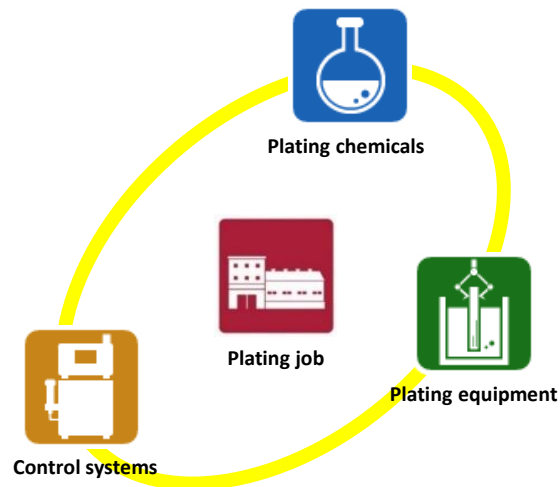
Equipment to efficiently advance the plating process on large amounts of material, or on materials that are difficult to plate on

### 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 automation progress, many electronic components and semiconductors are used. In Europe and China, electrification is accelerating electric vehicles. Japan is responding to diverse possibilities. If the number of electric vehicles increases, demand for motors, batteries and PCUs will also increase. Automation involves many electronic components such as sensors and in-vehicle cameras. A larger number of more advanced electronic components are needed to realize automated driving.

5G: 2020 is positioned as the first year of the 5G era, with a full-fledged spread of compatible devices from 2021. Installation of base stations is also expected to increase until 2023.

Data centers: Demand has increased on the back of stay-at-home demand and telework amid the COVID-19 pandemic. It will continue to grow steadily with an accelerated shift to cloud computing.

- **Plating systems**

As semiconductor, electronic component and package substrate manufacturers are responding to supply shortages, their capital investments are expected to be firm for some time.



# Industries Related to Uyemura

- **Raw materials and logistics related to Uyemura**

Sodium hypophosphite: This raw material is indispensable for electroless plating. The price has been surging since the end of 2021 due to a large reduction in yellow phosphorus production caused by a power shortage in China and other factors. China is currently responding to it, and we expect the power problem to be resolved. Nevertheless, considering the risks associated with concentrating manufacturing bases in one place, we are continuously seeking sources outside China.



Machinery and electronic components: The shortage has been caused by a decrease in production volume during the COVID-19 lockdowns in Southeast Asia. Even if the lockdowns are lifted, production cannot return to the normal state immediately. Therefore, component shortages are expected to continue for some time.

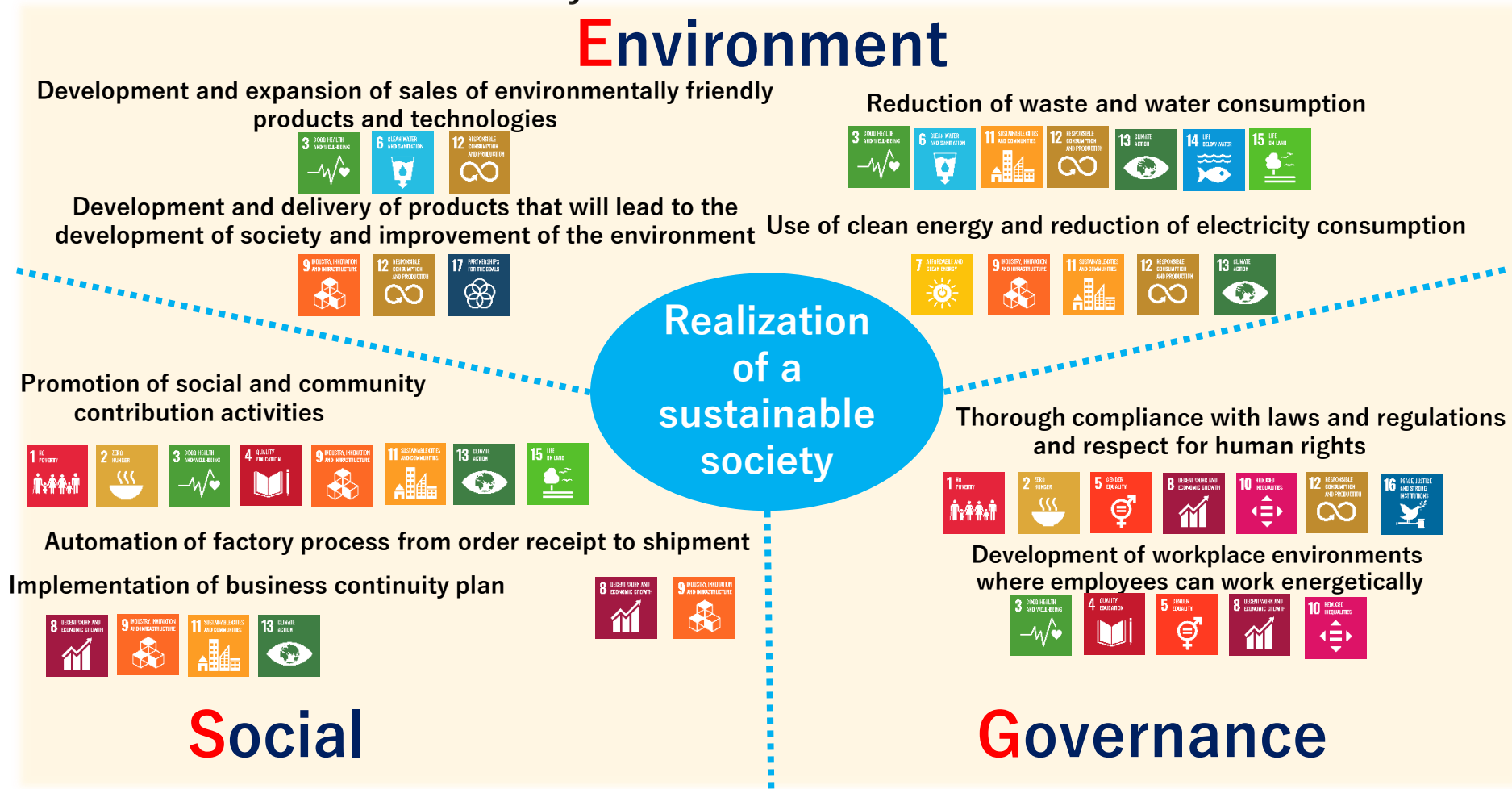
Semiconductors: The supply shortage is expected to continue until 2024, primarily in the automotive industry.

Crude oil: The soaring prices are affecting the manufacturing and transportation costs of all products; manufacturing costs are on the rise.































Containers: The shortage of containers has been caused by delays in various procedures due to COVID-19 pandemic measures such as port and highway blockades in China. In the U.S., the pandemic has also brought a shortage of stevedores and thus reduced processing capacity, leading to a much larger number of cargo vessels waiting to enter ports. In addition, a shortage of vessels has worsened the disruption, having a significant impact on logistics. It is hoped that the situation will be resolved as soon as possible along with containment of COVID-19.







# 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<br>(Establishment)<br>1933<br>(Incorporated) | Japan                |      |
| Sumix Corporation                           | 1963  | Japan                |    |
| Uyemura International Corporation           | 1985  | US                   |      |
| Uyemura International (Hong Kong) Co., Ltd. | 1986  | China<br>(Hong Kong) |    |
| Taiwan Uyemura Co., Ltd.                    | 1987  | Taiwan               |      |
| Sum Hitechs Co., Ltd.                       | 1987  | Thailand             |       |
| Uyemura (Shenzhen) Co., Ltd.                | 1988  | China<br>(Shenzhen)  |       |
| Uyemura International Singapore Pte Ltd     | 1992  | Singapore            |    |
| Uyemura (Malaysia) Sdn. Bhd.                | 1996  | Malaysia             |     |
| Uyemura (Shanghai) Co., Ltd.                | 2002  | China<br>(Shanghai)  |    |
| Uyemura Korea Co., Ltd.                     | 2010  | Korea                |     |
| PT.Uyemura Indonesia                        | 2012  | Indonesia            |     |

 **Sales**
 **R&D**
 **Chemical Production**
 **Machinery Production**
 **Plating Job**
 **Real Estate Rental**

As of September 30, 2021

# Growing together with

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.

## Uyemura Group Companies

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

