

Results of Operations

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

C. Uyemura & Co., Ltd.

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

February 13, 2024

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

Period under review

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

● Surface finishing materials business

- Both segment sales and profit of the mainstay plating chemicals for package PCBs saw a year-over-year decrease. This was due to the capital investment restraints that lasted from the previous fiscal year in the server market for the data centers.

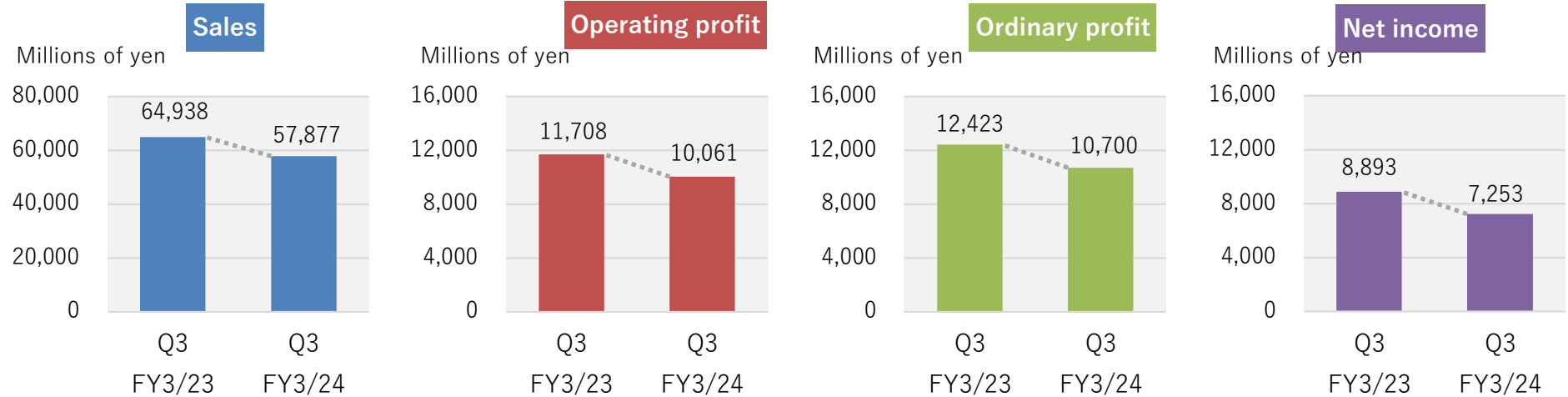
● Surface finishing machinery business

- Sales of equipment for power semiconductors have steadily increased. In addition, we were encouraged by robust orders received for equipment for SAP PKG, for which customers anticipate the future demand. Accordingly, thanks to an increase in sales of the plating equipment for SAP PKG, both segment sales and profit saw a year-over-year increase. We will remain attentive to the development of the SAP PKG market, as it takes more than one year to obtain customers' approval after the equipment is installed, and get it fully operational.

● Plating job business

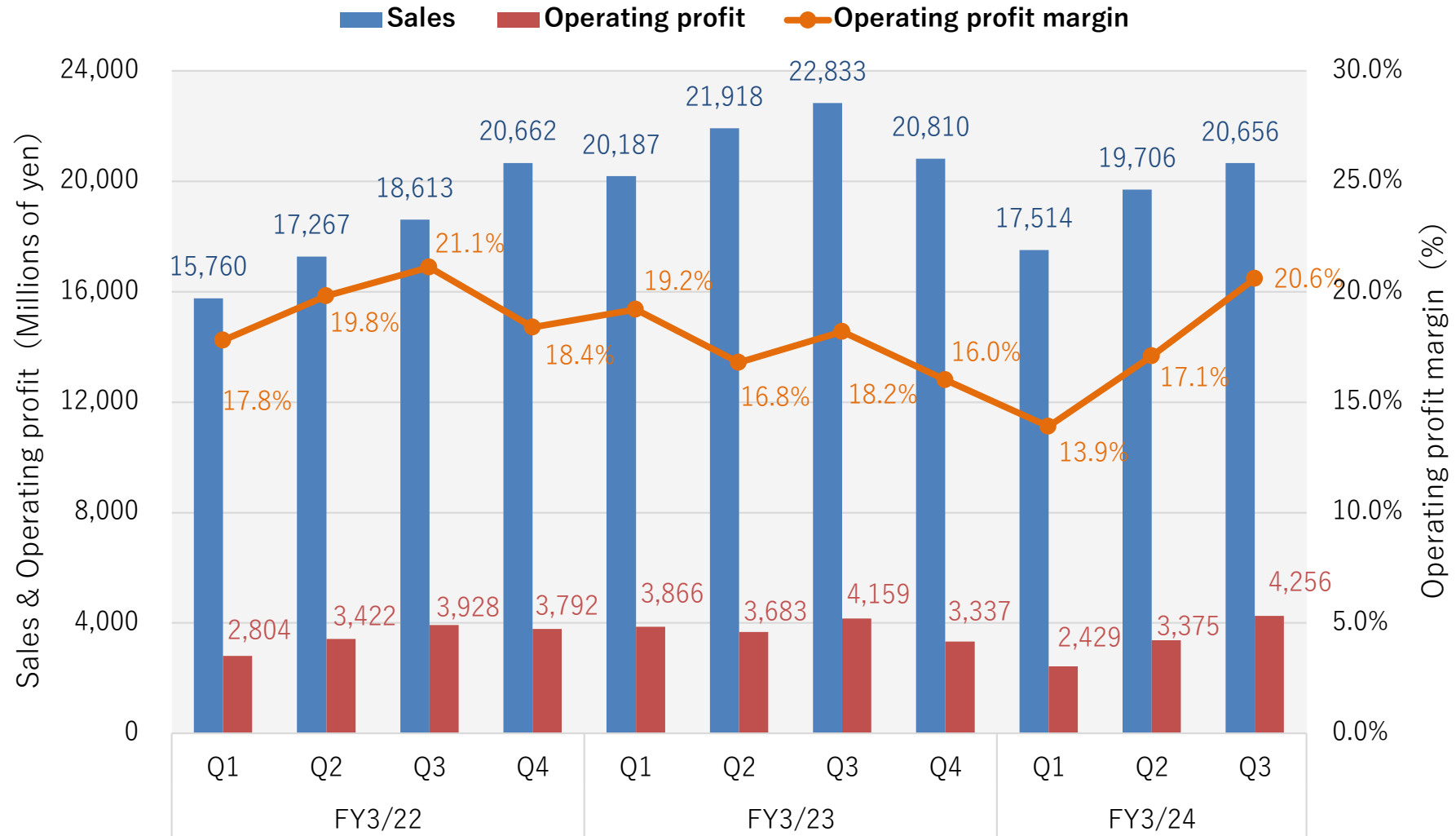
- The automotive industry in Thailand and Indonesia has seen a decline in automobile production, which had a significant impact on our plastic plating business. Furthermore, the spread of electric vehicles and the shift from plastic plating to painting had and will continue to have a significant impact on our plastic plating business. Going forward, we will downsize the plastic plating business, but on the other hand expand the processing business for PCB surface treatment mainly in Thailand.

Q3 FY3/24 Financial Results

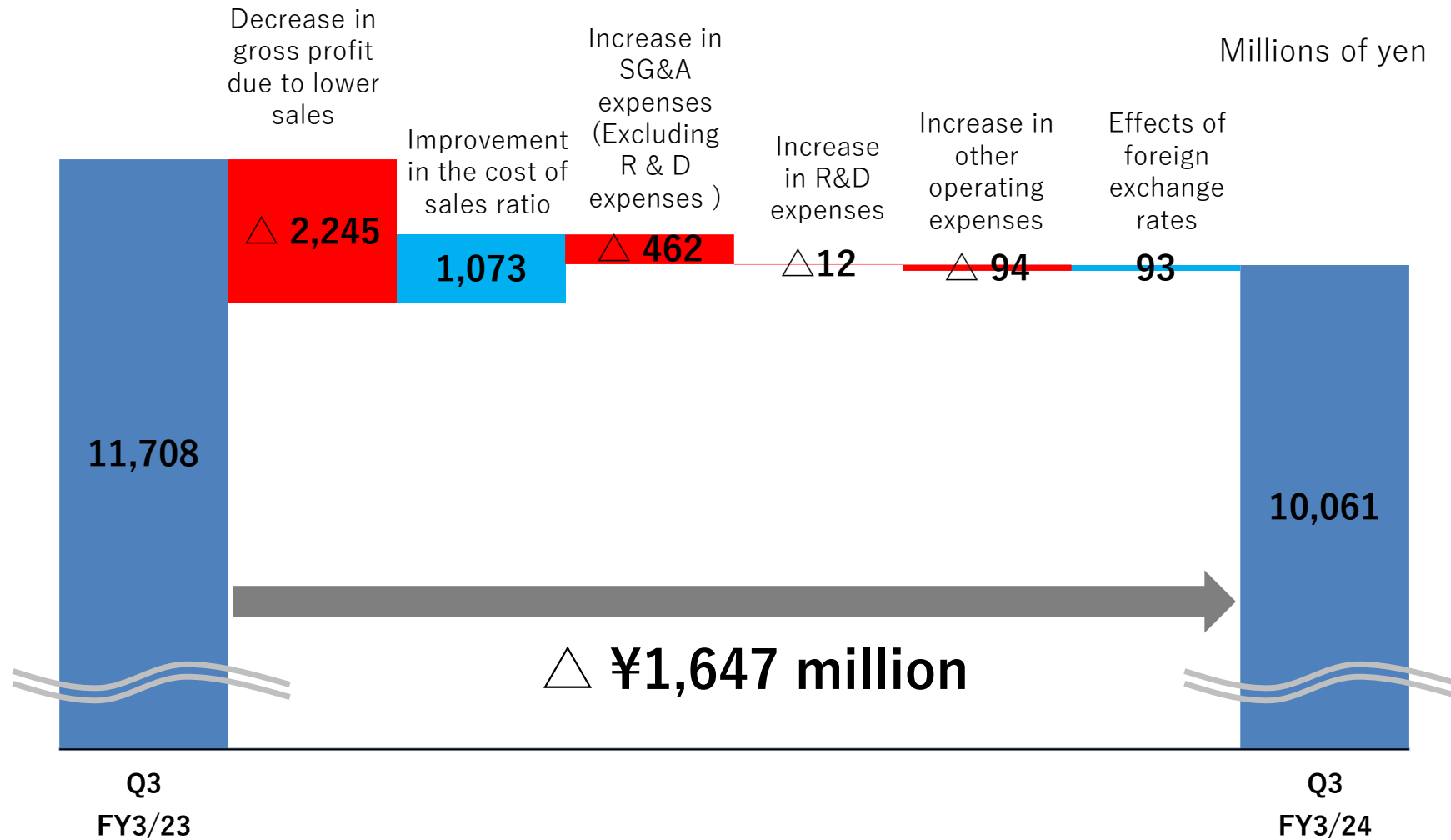


Millions of yen	Q3 FY3/23 Results	Q3 FY3/24 Results	Change	Percentage change
Sales	64,938	57,877	△ 7,061	△ 10.9%
Operating profit	11,708	10,061	△ 1,647	△ 14.1%
Ordinary profit	12,423	10,700	△ 1,723	△ 13.9%
Net income	8,893	7,253	△ 1,640	△ 18.4%
Exchange rate: \$US	128.30 yen	138.24 yen	+ 9.94 yen	

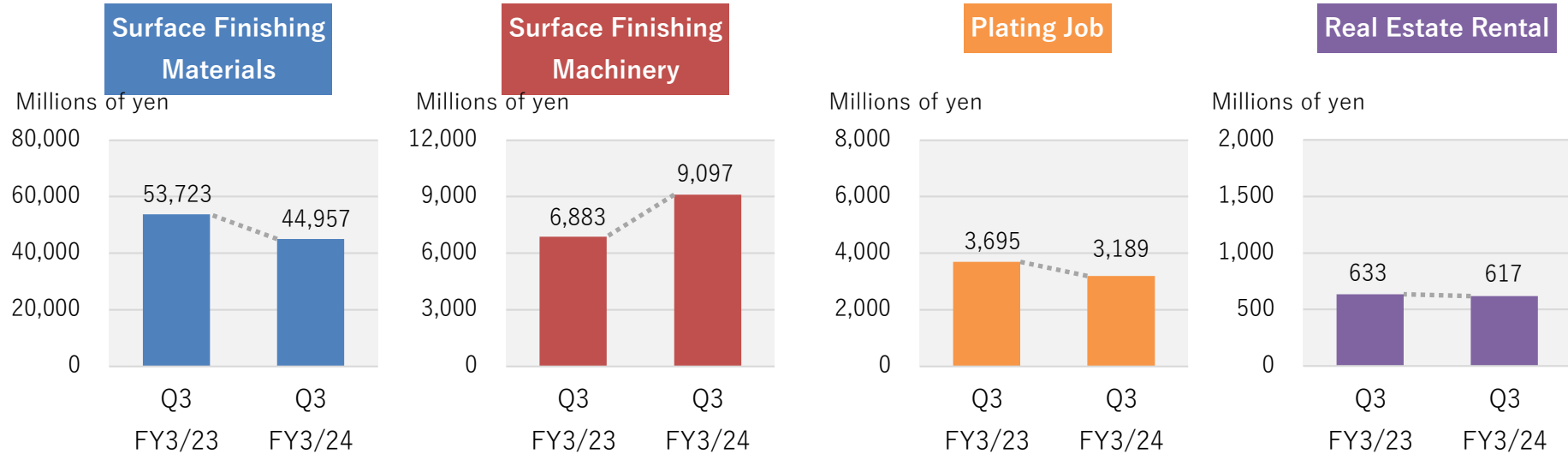
Quarterly Results



Changes in Operating profit

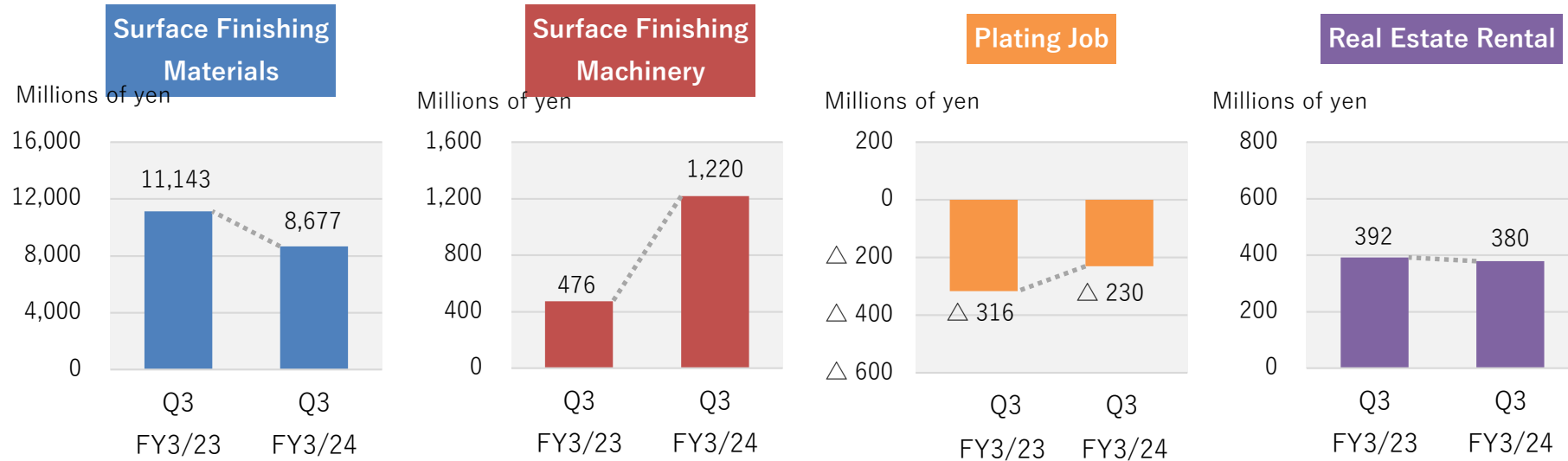


Sales by Business Segment



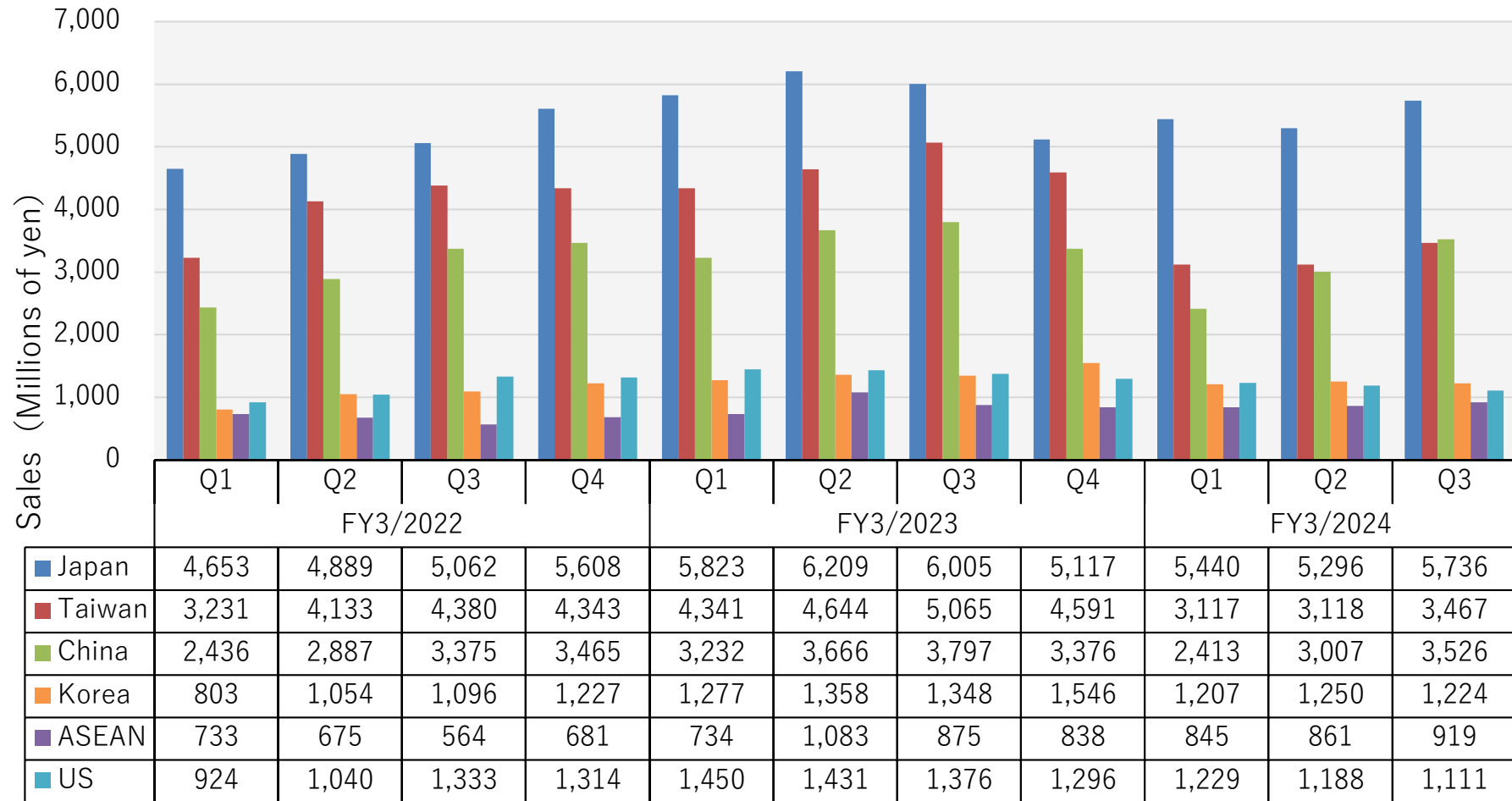
Millions of yen	Q3 FY3/23 Results	Q3 FY3/24 Results	Change	Percentage change
Surface Finishing Materials	53,723	44,957	△ 8,766	△ 16.3%
Surface Finishing Machinery	6,883	9,097	+ 2,214	+ 32.2%
Plating Job	3,695	3,189	△ 506	△ 13.7%
Real Estate Rental	633	617	△ 16	△ 2.5%

Operating Income by Business Segment

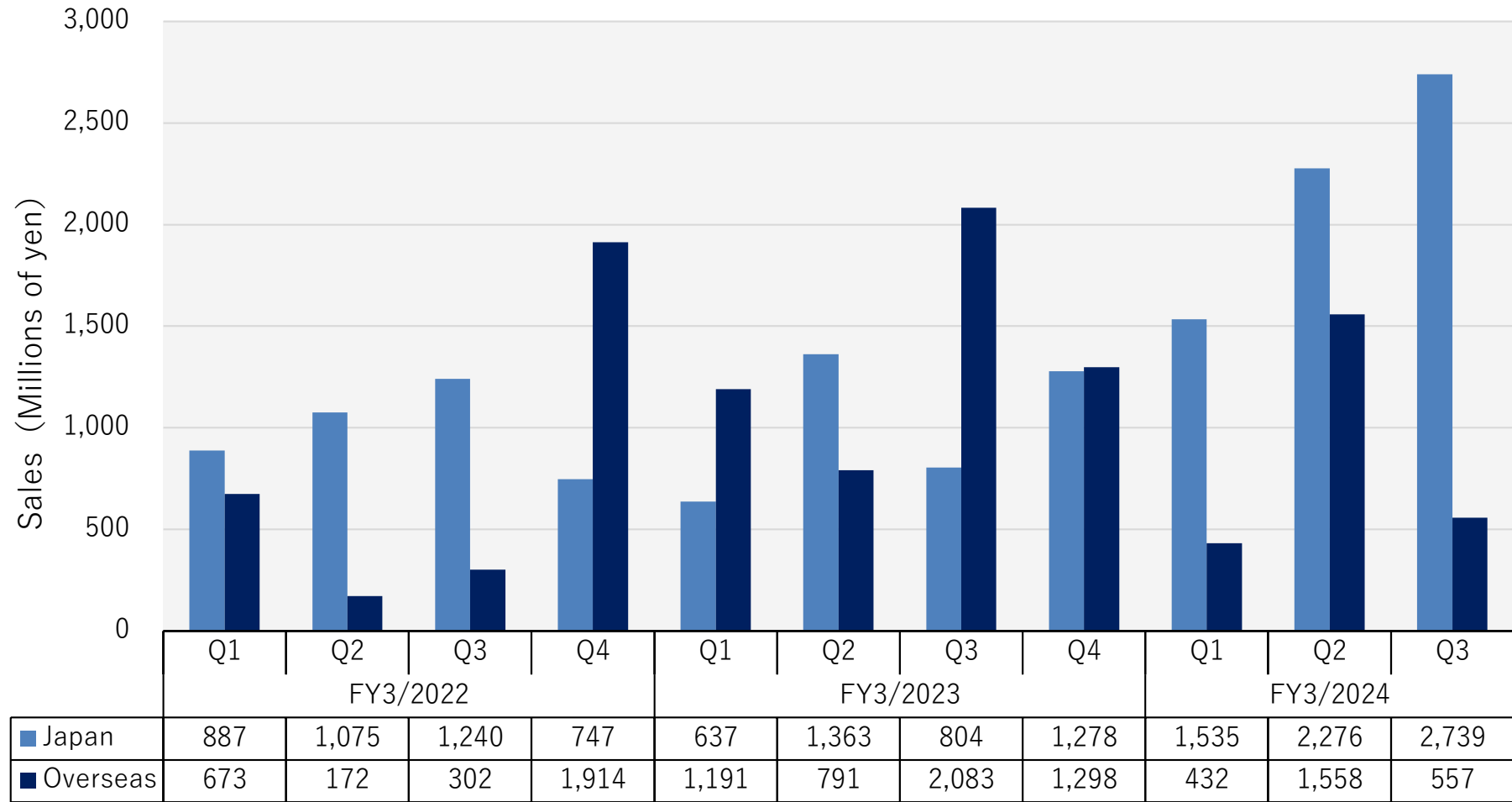


Millions of yen	Q3 FY3/23 Results	Q3 FY3/24 Results	Change	Percentage change
Surface Finishing Materials	11,143	8,677	△ 2,466	△ 22.1%
Surface Finishing Machinery	476	1,220	+ 744	+ 156.3%
Plating Job	△ 316	△ 230	+ 86	△ 27.2%
Real Estate Rental	392	380	△ 12	△ 3.1%

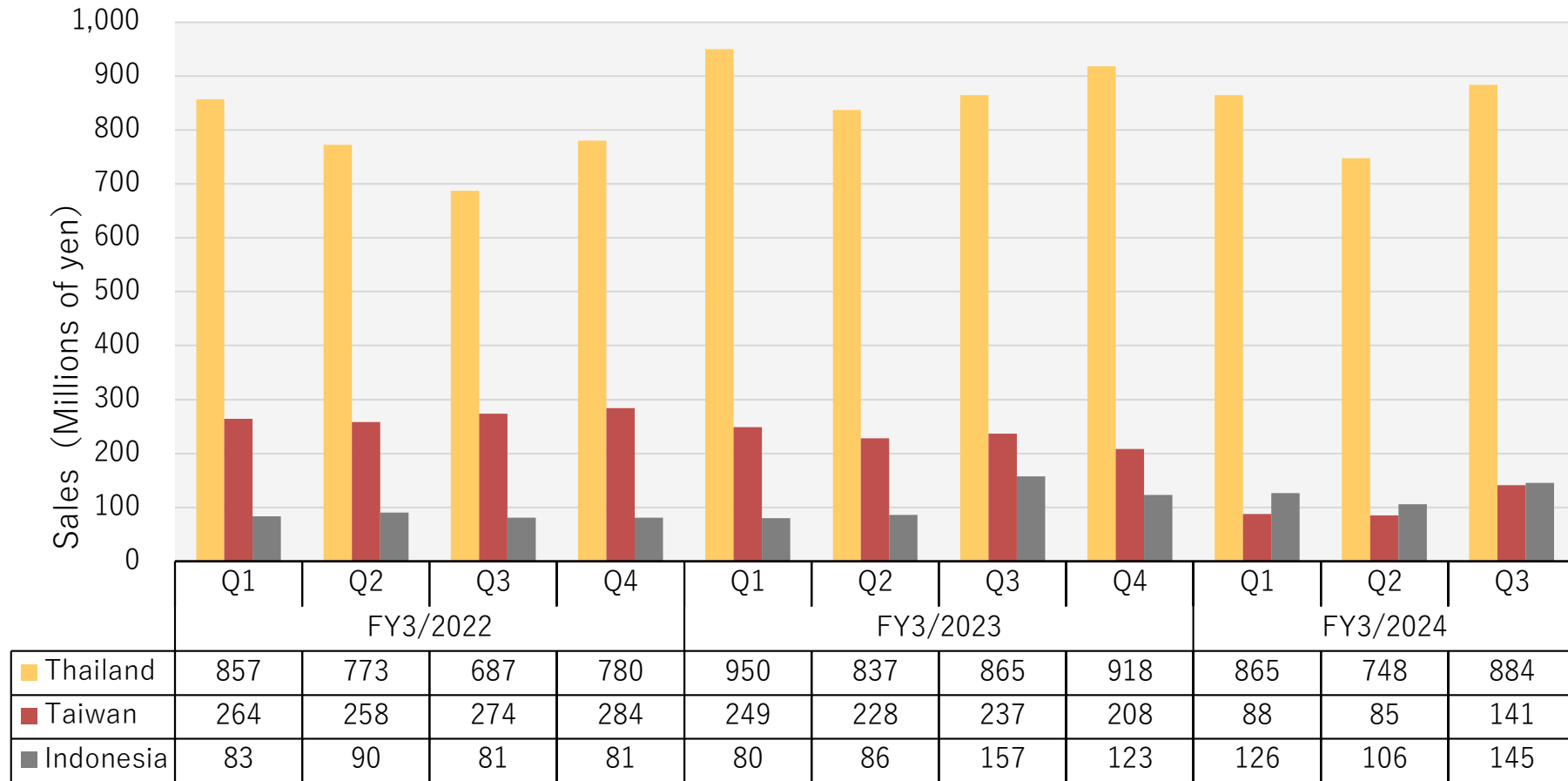
Surface Finishing Materials Business Sales



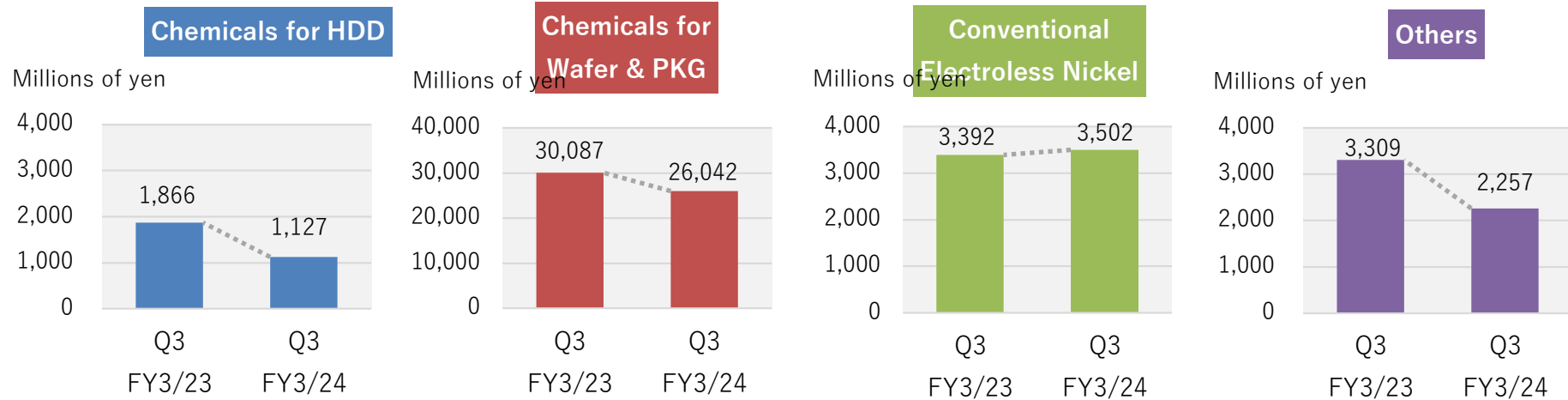
Surface Finishing Machinery Business Sales



Plating Job Business Sales



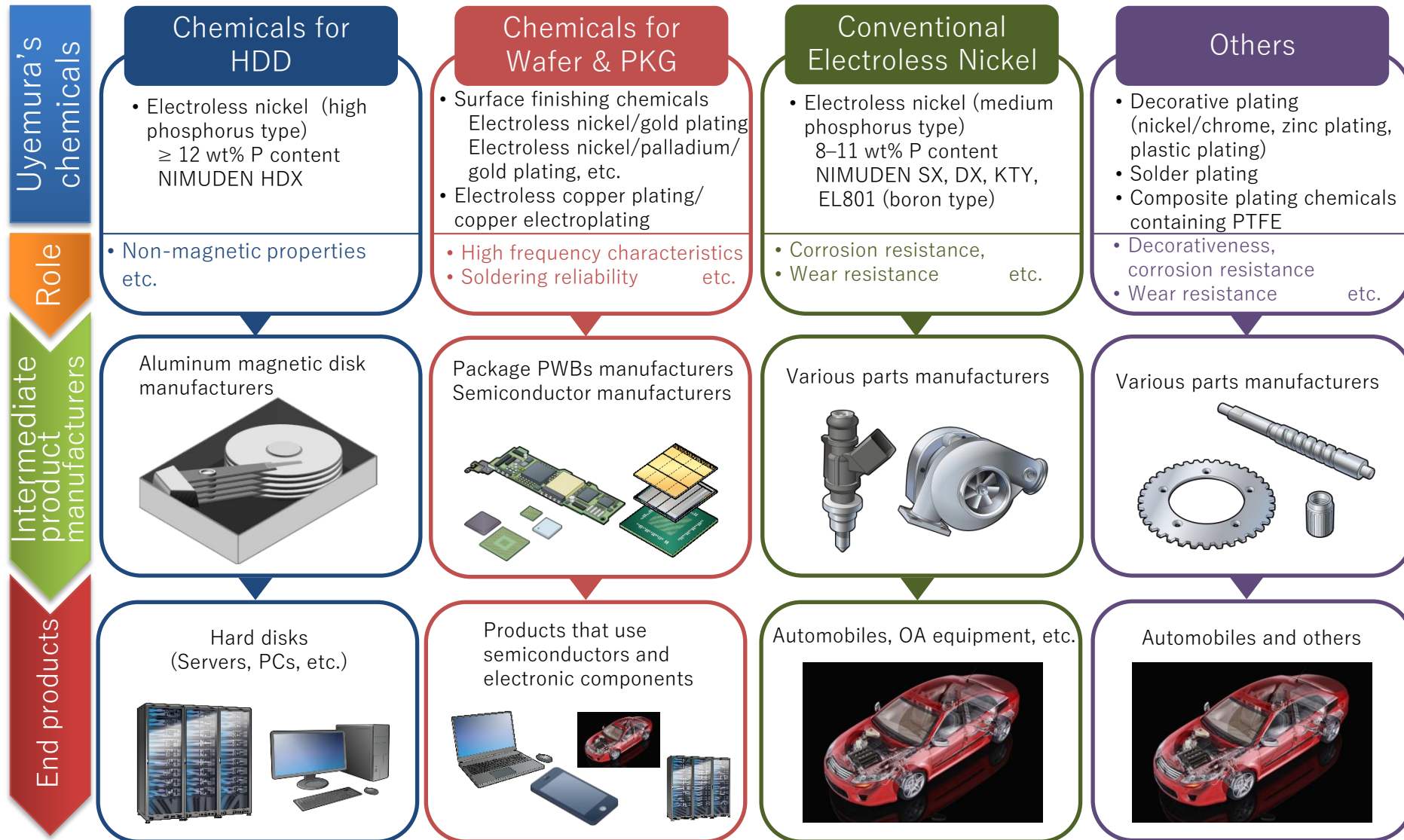
Sales by Chemicals Categories



Millions of yen	Q3 FY3/23 Results		Q3 FY3/24 Results		Change	Percentage change
		%		%		
Chemicals for HDD	1,866	4.8%	1,127	3.4%	△ 738	△ 39.6%
Chemicals for Wafer & PKG	30,087	77.8%	26,042	79.1%	△ 4,045	△ 13.4%
Conventional Electroless Nickel	3,392	8.8%	3,502	10.6%	+ 110	+ 3.3%
Others	3,309	8.6%	2,257	6.9%	△ 1,051	△ 31.8%
Total	38,656	100.0%	32,930	100.0%	△ 5,726	△ 14.8%

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.

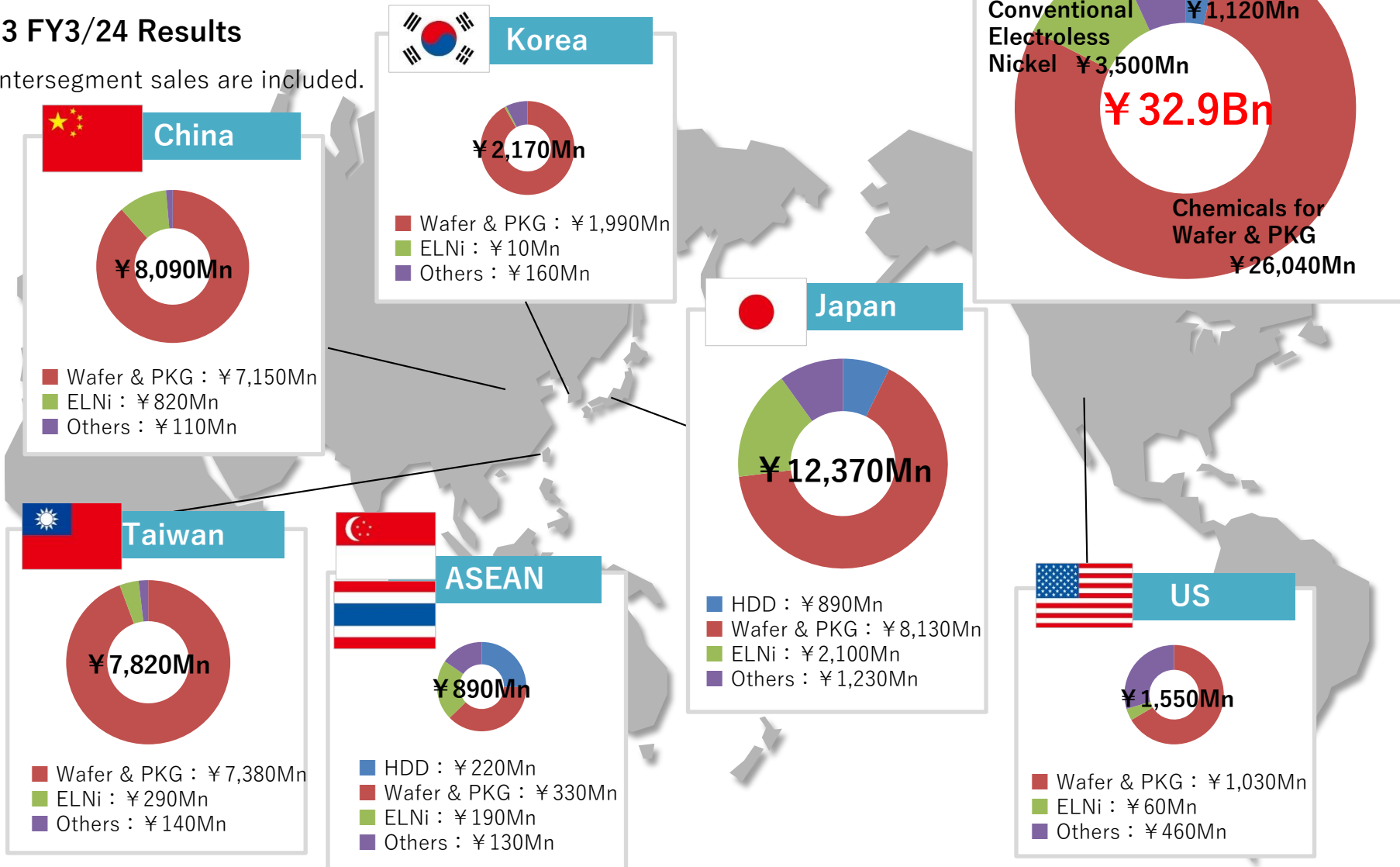
Chemicals Business – From Uyemura to End Users



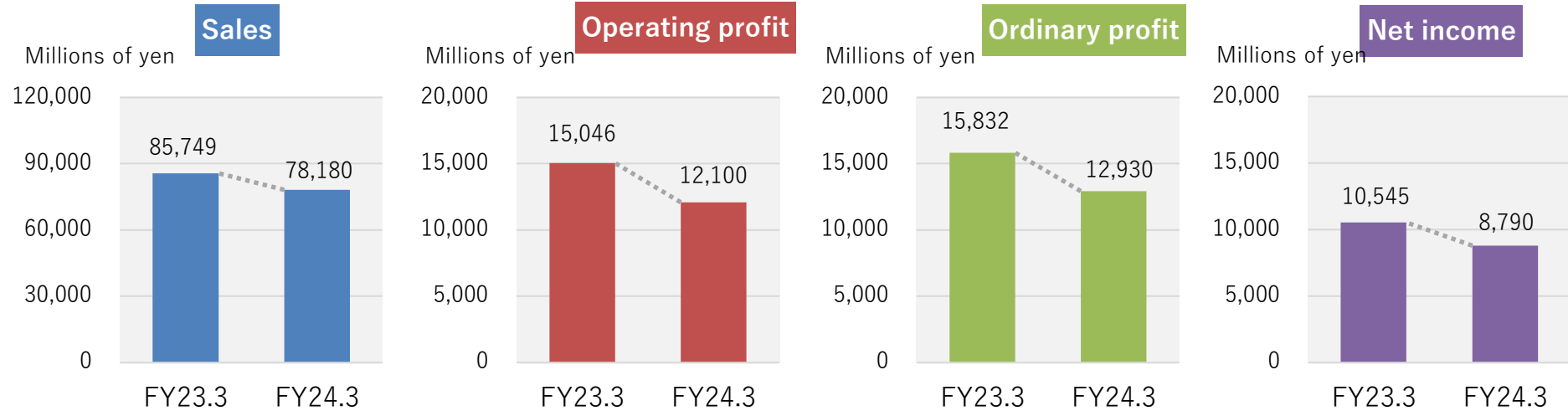
Chemical Sales by Region

Q3 FY3/24 Results

*Intersegment sales are included.



FY3/24 Consolidated Forecast



Millions of yen	FY3/23 Results	FY3/24 Forecast (Revised on Nov.13,2023)	Change	Percentage change
Sales	85,749	78,180	△ 7,569	△ 8.8%
Operating profit	15,046	12,100	△ 2,946	△ 19.6%
Ordinary profit	15,832	12,930	△ 2,902	△ 18.3%
Net income	10,545	8,790	△ 1,755	△ 16.6%
Exchange rate: \$US	131.62 yen	141.12 yen	+ 9.50 yen	

FY3/24 Consolidated Forecasts

● Sales & Operating profit by Business Segment

Millions of yen	Sales				Operating profit			
	FY3/23 Results	FY3/24 Forecast (Revised on Nov.13,2023)	Q3 FY3/24 Results	Progress against forecast	FY3/23 Results	FY3/24 Forecast (Revised on Nov.13,2023)	Q3 FY3/24 Results	Progress against forecast
Surface Finishing Materials	70,494	60,800	44,957	73.9%	13,887	10,950	8,677	79.2%
Surface Finishing Machinery	9,460	12,300	9,097	74.0%	941	1,310	1,220	93.1%
Plating Job	4,946	4,280	3,189	74.5%	△ 316	△ 470	△ 230	-
Real Estate Rental	844	800	617	77.1%	514	310	380	122.6%

● Sales by Chemicals Categories

Millions of yen	FY3/23 Results	FY3/24 Forecast (Revised on Nov.13,2023)	Q3 FY3/24 Results	Progress against forecast
Chemicals for HDD	2,329	1,600	1,127	70.4%
Chemicals for Wafer & PKG	39,198	33,310	26,042	78.2%
Conventional Electroless Nickel	4,437	4,435	3,502	79.0%
Others	4,141	3,080	2,257	73.3%
Total	50,107	42,425	32,930	77.6%

Exchange Rates

NTD



— NTD

CNY



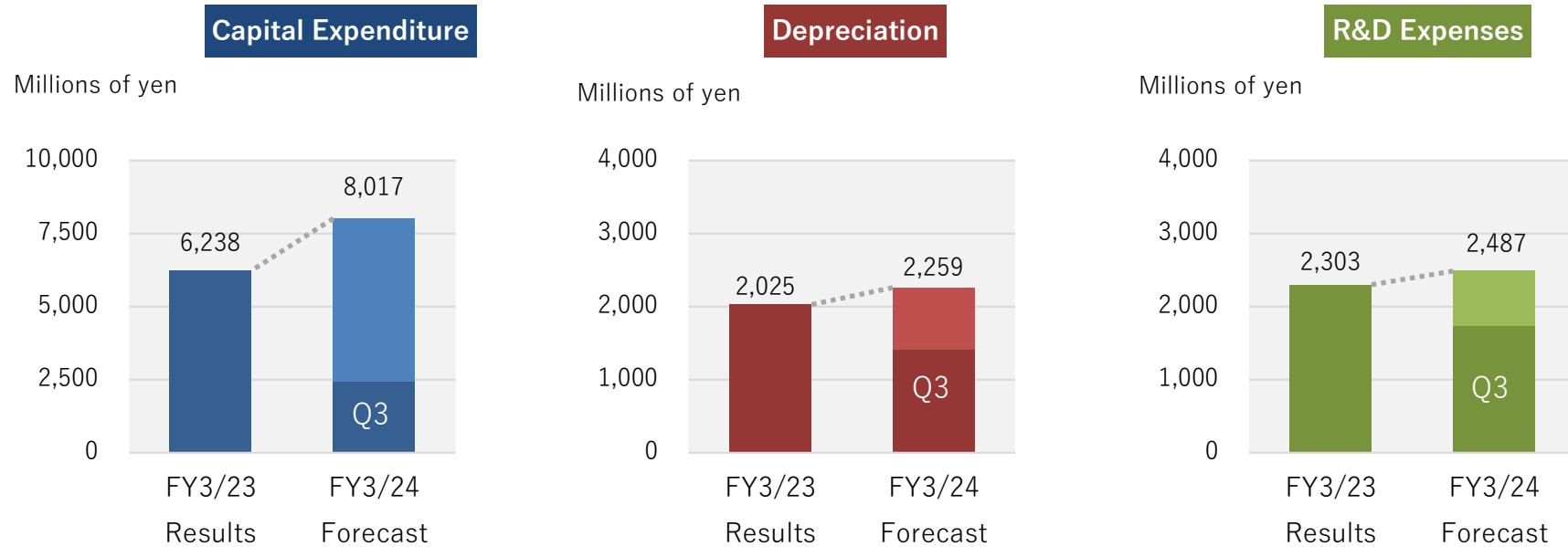
— CNY

USD



— USD

Capital Expenditure, Depreciation and R&D Expenses



Millions of yen	FY3/23 Results (Full-year)	Q3 FY3/24 Results	FY3/24 Forecast (Full-year)
Capital Expenditure	6,238	2,447	8,017
Depreciation	2,025	1,419	2,259
R&D Expenses	2,303	1,735	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

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

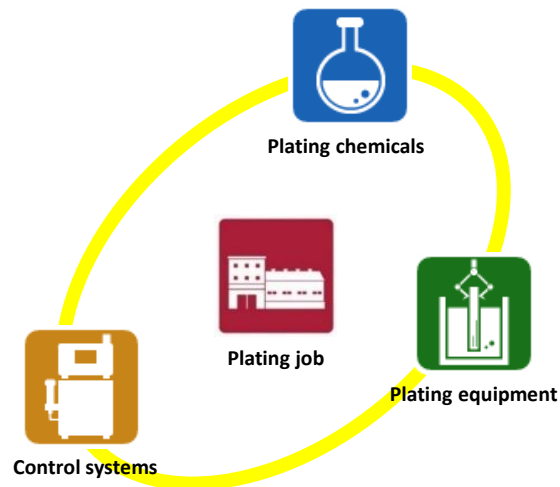
Equipment to efficiently advance the plating process on large amounts of material, or on materials that are difficult to plate on

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: Hard disks are used as storage media for servers. We are improving our products because the server market is demanding further surface smoothing. Our mainstay products are used for key parts for controlling communication between servers and terminal devices. Surface finishing chemicals are also adopted in many smartphones and PCs. 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**

Customers in Japan are expanding their package-related facilities regardless of the market trend. In addition, order received for equipment remains solid in Japan as facilities for automotive power semiconductors are also continuing to expand. In contrast, some customers overseas have cancelled or delayed their expansion plan for package-related facilities.



Industries Related to Uyemura

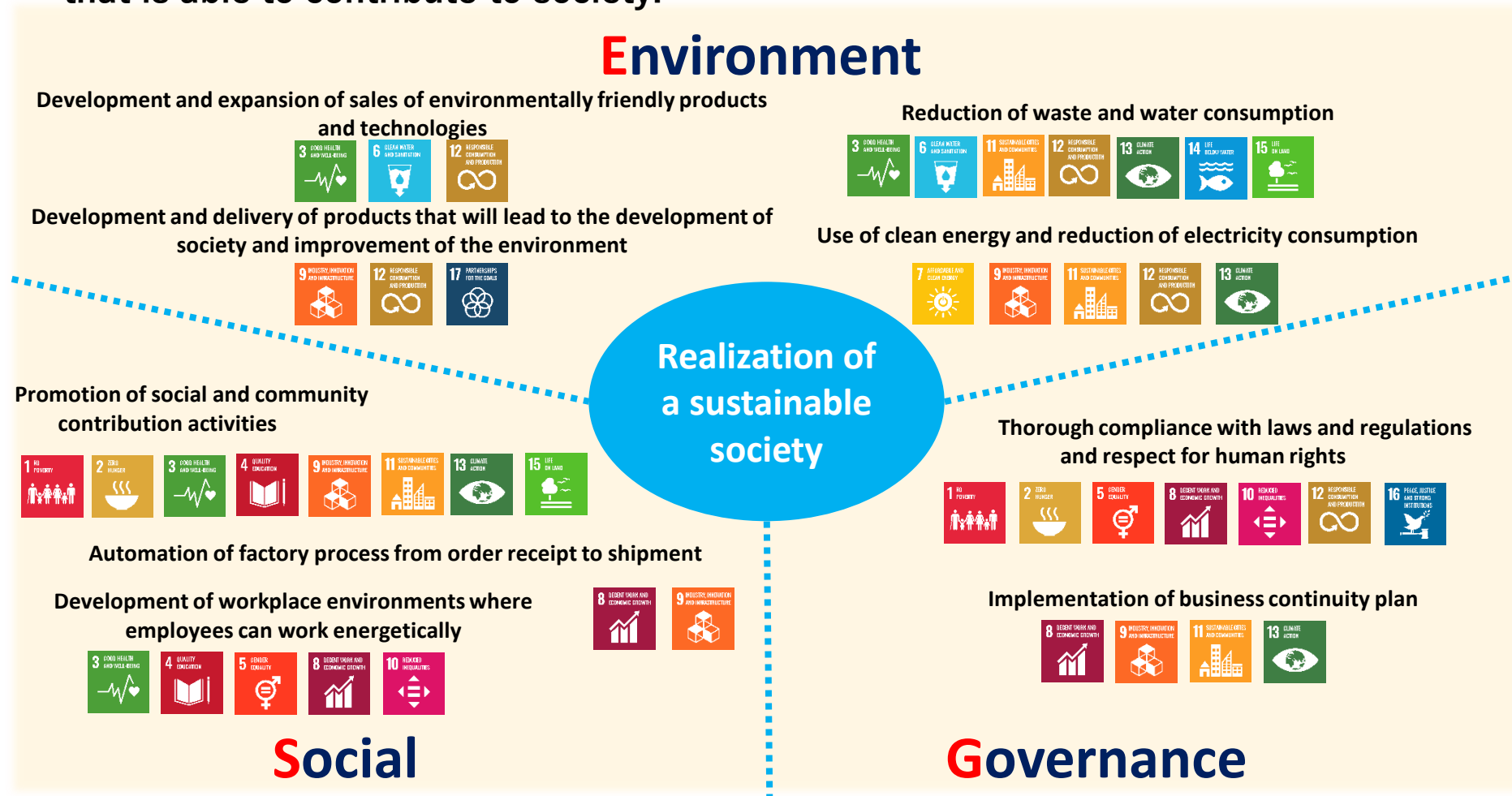
- **Raw materials related to Uyemura**

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. Even so, customers still have difficulties in procuring components. Although it remains to be seen when the demands for data centers recover, production for components for electric vehicles and hybrid vehicles remains strong.















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. We expect a huge demand for surface finishing chemicals for automotive power semiconductors and electronic components to assist autonomous driving. Many material prices of chemicals are however 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