

## **Results of Operations**

### for the Fiscal Year Ending March 31, 2024

#### C. Uyemura & Co., Ltd.

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

May 10, 2024 Updated on May 17, 2024



## **Overview of Consolidated Financial Results** for the Fiscal Year Ended March 31, 2024

[Accounting period]

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

#### • 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 fiscal 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-overyear increase thanks to the increased sales of plating equipment for semiconductors and electronic components 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.



## FY3/24 Financial Results



2024/5/17



## **Quarterly Results**





## **Changes in Operating profit**





## **Sales by Business Segment**



**Real Estate Rental** 

844

824

 $\triangle$  19

△ 2.4%



## **Operating Income by Business Segment**





### **Surface Finishing Materials Business Sales**





## **Surface Finishing Machinery Business Sales**





### **Plating Job Business Sales**





## **Sales by Chemicals Categories**



Millions of yon	FY3/23 Re	esults	FY3/24 Results		Change	Percentage	
wimons of yen		%		%	Change	change	
Chemicals for HDD	2,329	4.6%	1,772	3.9%	riangle 557	<b>△ 23.9%</b>	
Chemicals for Wafer & PKG	39,198	78.2%	36,153	78.6%	△ 3,045	<b>△ 7.8%</b>	
<b>Conventional Electroless Nickel</b>	4,437	8.9%	4,796	10.4%	+ 358	+8.1%	
Others	4,141	8.3%	3,253	7.1%	<b>△ 888</b>	△ <b>21.4%</b>	
Total	50,107	100.0%	45,975	100.0%	△ 4,132	∆ <b>8.2%</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**

Uyemura's chemicals	Chemicals for HDD • Electroless nickel (high phosphorus type) ≥ 12 wt% P content NIMUDEN HDX	<ul> <li>Chemicals for Wafer &amp; PKG</li> <li>Surface finishing chemicals Electroless nickel/gold plating Electroless nickel/palladium/ gold plating, etc.</li> <li>Electroless copper plating/ copper electroplating</li> </ul>	Conventional Electroless Nickel • Electroless nickel (medium phosphorus type) 8–11 wt% P content NIMUDEN SX, DX, KTY, EL801 (boron type)	Others <ul> <li>Decorative plating (nickel/chrome, zinc plating, plastic plating)</li> <li>Solder plating</li> <li>Composite plating chemicals containing PTEF</li> </ul>
Role	Non-magnetic properties etc.	<ul> <li>High frequency characteristics</li> <li>Soldering reliability etc.</li> </ul>	<ul> <li>Corrosion resistance,</li> <li>Wear resistance etc.</li> </ul>	Decorativeness, corrosion resistance     Wear resistance etc.
Intermediate product manufacturers	Aluminum magnetic disk manufacturers	Package PWBs manufacturers Semiconductor manufacturers	Various parts manufacturers	Various parts manufacturers
End products	Hard disks (Servers, PCs, etc.)	Products that use semiconductors and electronic components	Automobiles, OA equipment, etc.	Automobiles and others





## FY3/25 Consolidated Forecast



Millions of yen	FY3/24 Results	FY3/25 Forecast	Change	Percentage change
Sales	80,256	81,150	+ 894	+1.1%
Operating profit	14,994	13,110	△ 1,884	<b>△ 12.6%</b>
Ordinary profit	15,871	13,570	△ 2,301	△ 14.5%
Net income	10,920	9,720	△ 1,200	riangle 11.0%
Exchange rate: \$US	140.67 yen	151.41 yen	+10.74 yen	



## FY3/25 Consolidated Forecasts

	Sales	&	Operating	profit k	ЭУ	<b>Business</b>	Segment
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		Sales			Operating profit			
Millions of yen	FY3/24 Results	FY3/25 Forecast	Change	Percentage change	FY3/24 Results	FY3/25 Forecast	Change	Percentage change
Surface Finishing Materials	60,583	66,415	+ 5,831	+9.6%	12,477	12,489	+11	+0.1%
Surface Finishing Machinery	14,528	9,237	△ 5,291	△ 36.4%	2,421	283	△ 2,138	<b>△ 88.3%</b>
Plating Job	4,298	4,687	+ 389	+9.1%	△ 346	17	+ 363	-
Real Estate Rental	824	797	△ 26	<b>△ 3.3%</b>	422	311	△ 110	<b>△ 26.2%</b>

#### • Sales by Chemicals Categories

Millions of yen	FY3/24 Results	FY3/25 Forecast	Change	Percentage change
Chemicals for HDD	1,772	2,720	+ 947	+ 53.5%
Chemicals for Wafer & PKG	36,153	38,610	+ 2,456	+6.8%
Conventional Electroless Nickel	4,796	4,810	+13	+0.3%
Others	3,253	4,010	+ 756	+23.3%
Total	45,975	50,150	+ 4,174	+9.1%

<reference> Foreign exchange sensitivity</reference>
Assumed rate for fiscal year ending March 31, 2025:
151.41 yen (JPY/USD)
Impact on full-year results:
If the yen depreciates by 1 yen
<ul> <li>Sales: increase by approx. ¥350 million</li> </ul>
<ul> <li>Operating profit: increase by approx. ¥50 million</li> </ul>
If the yen appreciates by 1 yen
<ul> <li>Sales: decrease by approx. ¥350 million</li> </ul>
<ul> <li>Operating profit: decrease by approx. ¥50 million</li> </ul>
*It is assumed that other currencies move in tandem with the US dollar.



#### **Exchange Rates**



2024/5/17

## **Capital Expenditure, Depreciation and R&D Expenses**







Millions of yen	FY3/23 Results	FY3/24 Results	FY3/25 Forecast
Capital Expenditure	6,238	3,014	4,960
Depreciation	2,025	1,991	2,469
R&D Expenses	2,303	2,303	2,609

2024/5/17



### Formulation of the Mid-Term Business Plan for Fiscal Years 3/2025-3/2027

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



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

Investment in Growth	20 billion yen	<ul> <li>Enhancing ultra-fine wire circuit conductor formation technology</li> <li>Enhancing surface treatment technology for new materials</li> </ul>	<ul> <li>Enhancing environmentally friendly products</li> <li>Enhancing chemical supply system for clean rooms</li> </ul>
Investment in Improvement	4 billion yen	<ul> <li>Improving efficiency and manufacturing quality</li> <li>Enhancing development analysis capabilities</li> </ul>	<ul> <li>Improving responsiveness to natural disasters</li> <li>Thorough compliance with environmental regulations</li> </ul>
Internal Reserves	10 billion yen	Securing internal reserves for M&A transactions, unexpected events, and natural disasters	

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Updated on

May 17, 2024



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  $200 \, \text{yen}$ 



- 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.

## **Topic: Construction Plan of New Product Warehouse** (Settsu City, Osaka Prefecture)





- Location: Torikaihonmachi 3-chome, Settsu City, Osaka Prefecture
- Total floor area: Approx. 7,677m<sup>2</sup>
- Planned investment amount : Approx. 2,792 million yen (Design and construction)
- Warehouse equipped with automatic racks and a shipping control system
- Warehouse buildings are planned to be completed at the end of June 2026 (Full-scale operation is planned to start in February 2027)

#### New product warehouse concept



## UYEMURA

## **Topic: Shanghai Technical Center to Be Established**











- Location: No. 17-10, Beihe Road, Shanghai International Chemical New Materials Innovation Center, Plot F6-4, Shanghai Chemical Industry Zone, 201424, China
- Total investment: approx. 16,500 thousand yuan (for building, analytical equipment, etc.)
- Clean rooms, laboratory, analysis laboratory, and other facilities fully equipped

#### Business Commencement: April 15, 2024



## **Business Environment**



## 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**





## **Business Environment**

#### Current market condition

- Domestic market: PC-related products are returning to their pre-COVID-19 disaster level, but server-related products continue to experience a large decline in shipments due to inventory adjustments. Power devices are relatively firm with a low declining rate.
- 2. Overseas market: Almost similar trend as the domestic market including demand for automobiles

\*Forecast that potential demand for semiconductor-related products will return after inventory adjustment

#### Technologies we are currently focusing on

Next-generation package technology, substrate technology for telecommunication, car electronics technology, and environment-related technologies

#### > Technologies we should focus on going forward

Wiring technology and bump bonding technology for advanced package

Surface finishing technology for next-generation bonding materials and environment-friendly total technology development



## **Technology Required for Advanced Package**





1) Introducing high-reliability base materials
 2) Making progress in high-reliability bonding technology
 3) Taking on a challenge of power consumption reduction

Universal Chiplet Interconnect Express (UCle): Building an open ecosystem, UCle, March 2022

#### **O** UYEMURA Possibility of Glass-core Application to Advanced Package



### Proposal of Seed Layer for Glass Core (MOSL: Metal Oxide UVEMURA Seed Layer)



Seed layer plating can resolve both concerns.

# Proposal of Bump Formation Technology for Advanced Package



New Energy and Industrial Technology Development Organization (NEDO) Research and Development Project of the Enhanced Infrastructures for Post-5G Information and Communication Systems (JPNP20017)



## **Technology Required for Next-generation Power Semiconductors**



Assumed application is inverters for rail vehicles

Vertical axis (energy loss) is 100 for Si power semiconductors



Source: Current Status and Future of Semiconductor and Digital Industry Strategy, published by METI on November 29, 2023

#### SiC features

1) Power loss reduction

- 2) High operating temperature
- 3) High speed switching motion
- 4) High heat dissipation effect

#### Materials for high operating temperature

 $\rightarrow$  Sintering materials, encapsulation materials, surface finishing, etc.

Wolfspeed

23.0%

STMicro

21.0%

# Proposal for the Development of Processes Appropriate for New Bonding Materials (Ag sintering, Cu sintering)





Technology Report, Yole development, November 2021



## **ESG and SDG Related Initiatives**

Under the Uyemura Group slogan of "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 Reduction of waste and water consumption Development and expansion of sales of environmentally friendly products and technologies 3 サイモの人に 「現象と感知を 00 J Development and delivery of products that will lead to the Use of clean energy and reduction of electricity consumption development of society and improvement of the environment 17 attessues R **Realization of a** sustainable Social Governance society Promotion of social and community contribution activities Thorough compliance with laws and regulations and 15 Bodzini Red respect for human rights 8 85506 Automation of factory process from order receipt to shipment Implementation of business continuity plan **Development of workplace environments** where employees can work energetically ₹Ē► Please refer to our website for detailed information on our initiatives.



## Environmentally Friendly Products: Proactive approach to SDGs

#### 1. Pb-free plating bath

- Electroless Ni plating bath mainly for general bathes.
- Pb-free electro Sn plating bath, such as pure Sn and Sn-Ag bath for electronic parts
- 2. Cyan-free bath
  - Electroless Au plating bath with no supply of cyanide-free and fee cyanide for wafers and electronic parts.
- 3. Desmear-free process
  - Process without the use of dangerous permanganate for substrates
- 4. Formalin-free bath and process without the use of formalin
  - Development of formalin-free electroless Cu bath for wafers
- 5. PFOS-free bath and PFOA-free bath
  - PTFE composite plating mainly for automobile parts
- 6. Wastewater treatment
  - Plating solution recycle unit
- 7.  $CO_2$  reduction
  - Low-melting-point bonding material plating and final surface finishing suitable for low-melting-point bonding



13 CLIMATE ACTION

## Proposal for the Reduction in Wastewater through a Regeneration System of Electrolytic Copper Plating Bath



#### Illustrative image of electrolytic copper plating regeneration system



#### Conventional

Electrolytic copper plating solution is totally waste after a certain period of use due to waste accumulation

#### New proposal

Overall performance of plating solution is constant with a regeneration system that decomposes a part of plating solution and removes waste

 $\rightarrow$  Semi-permanent plating solution life

# Proposal of Low-melting-point Solder Bonding Technology

2) Examination of final surface finishing suitable for low-

Low-melting point  $\rightarrow$  Power saving  $\rightarrow$  CO<sub>2</sub> reduction

1) Bump plating for low-melting- point solder materials



Solder/solder joint for low temperature reflow by multi plating method, Wafer-level Packaging Symposium, January 2023



## **Uyemura Group Companies**

Company name	Foundation	Location	Business
C.Uyemura & Co., Ltd.	1848 (Establishment) 1933 (Incorporated)	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	🐼 🔼 🔋 松
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 A R&D Chemica Product	l 🔀 Machiner ion Productio	ry 🙌 Plating Jo	b 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**

C.Uyemura & Co., Ltd. Japan

• USA

- Hong Kong
- Shenzhen
- Shanghai

- Taiwan
- Korea Uyemura Korea Co., Ltd.
- Singapore
- Malaysia Uyemura (Malaysia) Sdn. Bhd.
- Sum Hitechs Co., Ltd. • Thailand
- Indonesia PT. Uyemura Indonesia
- Uyemura International Corporation
- Uyemura International (Hong Kong) Co., Ltd
- Uyemura (Shenzhen) Co., Ltd.
- Uyemura (Shanghai) Co., Ltd.
- - Taiwan Uyemura Co., Ltd.

  - Uyemura International (Singapore) Pte Ltd