

**Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2020
(Nine Months Ended December 31, 2019)**

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Second Section of the Tokyo Stock Exchange
 Stock code: 4966 URL: <https://www.uyemura.co.jp/>
 Representative: Hiroya Uyemura, President
 Contact: Shigeo Sakabe, Director and Head of Corporate Management Division
 Telephone: +81-6-6202-8518
 Scheduled date of filing of Quarterly Report: February 10, 2020
 Starting date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on February 10, 2020 at 15:30 (GMT +9).

(All amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results (April 1, 2019 – December 31, 2019)

(1) Results of operations (Percentages represent year-over-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2019	37,353	(3.4)	5,395	(18.4)	5,553	(19.4)	3,863	(13.6)
Nine months ended Dec. 31, 2018	38,679	7.5	6,613	3.0	6,887	4.9	4,469	1.7

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2019: 3,039 (down 21.3%)
 Nine months ended Dec. 31, 2018: 3,862 (down 21.8%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Nine months ended Dec. 31, 2019	430.23	-
Nine months ended Dec. 31, 2018	496.49	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2019	78,101	62,008	79.4	6,974.21
As of Mar. 31, 2019	77,943	61,142	78.4	6,792.21

Reference: Shareholders' equity (million yen) As of Dec. 31, 2019: 62,008 As of Mar. 31, 2019: 61,142

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	0.00	-	150.00	150.00
Fiscal year ending Mar. 31, 2020	-	0.00	-		
Fiscal year ending Mar. 31, 2020 (forecast)				160.00	160.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent year-over-year changes.)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	50,000	(3.8)	7,000	(14.8)	7,200	(15.8)	5,500	(2.7)	612.47

Note: Revisions to the most recently announced consolidated forecast: Yes

***Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of the specific method for accounting treatment for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 7 of the attachments for further information.

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Dec. 31, 2019:	9,878,040 shares	As of Mar. 31, 2019:	9,878,040 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2019:	986,945 shares	As of Mar. 31, 2019:	876,129 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2019:	8,979,963 shares	Nine months ended Dec. 31, 2018:	9,001,915 shares
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***The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.**

***Cautionary statement with respect to forward-looking statements and other special items**

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. For discussion of the assumptions and notes of caution for usage, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attachments.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The Japanese economy for the first nine months of the fiscal year under review (hereinafter “the period under review”) remained on track to recovery as corporate earnings stayed resilient, and employment conditions and personal income moderately improved. However, concern over the prolonged U.S.-China trade friction has made the economic outlook more cautious.

In the electronic devices market, which is the Uyemura Group’s main market area, production volume of on-board electronics components remained firm along with a movement to ensure automotive safety and improved convenience. Meanwhile, despite a continued slowdown due to weak demand, the smartphone market showed a sign of recovery in demand toward the introduction of the 5G mobile communication system.

In this environment, the Group has focused on the development of high value-added products, and proposal and sales activities for these products to make the operations more profitable.

As a result, consolidated sales for the period under review were 37,353 million yen (down 3.4% year-over-year), operating profit 5,395 million yen (down 18.4% year-over-year), ordinary profit 5,553 million yen (down 19.4% year-over-year), and profit attributable to owners of parent 3,863 million yen (down 13.6% year-over-year).

The results of operations by business segment are shown as below.

1) Surface finishing materials business

Sales of the mainstay plating chemicals for printed wiring boards (PWBs) and package PWBs decreased year-over-year due to a decreased demand for high-end smartphones despite a continued strong demand for car electronics products.

Consequently, sales in the surface finishing materials business decreased 5.3% year-over-year to 28,397 million yen, and a segment profit decreased 23.2% year-over-year to 4,837 million yen.

2) Surface finishing machinery business

The order-taking environment for machinery business was improving as electronics components and automotive parts manufacturers in Japan were taking a positive attitude toward capital investments. This caused the segment to exceed sales and a segment profit for the third quarter of the previous fiscal year.

Consequently, sales in the surface finishing machinery business increased 25.1% year-over-year to 4,269 million yen with a segment profit of 157 million yen (compared with a segment loss of 1 million yen in the same period of the previous fiscal year).

3) Plating job business

Both segment sales and profit of the plating job business decreased year-over-year, affected by the slowdown in the automotive industry in Thailand and the withdrawal from this business in Japan.

Consequently, sales in the plating job business decreased 14.0% year-over-year to 4,191 million yen with a segment profit of 84 million yen (down 15.6% year-over-year).

4) Real estate rental business

Both segment sales and profit of the real estate rental business increased year-over-year thanks to the rent revision for an office building for rent in Shin-Osaka.

Consequently, sales in the real estate rental business increased 4.7% year-over-year to 577 million yen, and segment profit increased 48.9% year-over-year to 309 million yen.

It is noted that sales of the segments above include intersegment sales and transfers.

(2) Explanation of Financial Position

Total assets increased 158 million yen from the end of the previous fiscal year to 78,101 million yen at the end of the period under review. This was primarily attributable to a 5,279 million yen increase in investment securities, an 832 million yen increase in buildings and structures, net and an 828 million yen increase in work in process, which were partially offset by a 6,693 million yen decrease in cash and deposits with banks, a 976 million yen decrease in construction in progress, a 331 million yen decrease in notes and accounts receivable-trade and a 147 million yen decrease in raw materials and supplies.

Total liabilities decreased 707 million yen from the end of the previous fiscal year to 16,092 million yen. This was primarily attributable to a 960 million yen decrease in income taxes payable and a 204 million yen decrease in notes and accounts payable-trade, which were partially offset by a 318 million yen increase in electronically recorded obligations-operating and a 176 million yen increase in deferred tax liabilities.

Total net assets increased 865 million yen from the end of the previous fiscal year to 62,008 million yen. This was primarily attributable to a 2,513 million yen increase in retained earnings, which was partially offset by a 911 million yen decrease in foreign currency translation adjustments and an 823 million yen increase in treasury shares.

As a result, the equity ratio increased by 1.0 percentage point from 78.4% at the end of the previous fiscal year to 79.4%.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

We have revised the full-year consolidated forecast that we announced on May 13, 2019 in consideration of the recent trend in business performance.

For more details, please refer to the press release titled “Revision to Consolidated Forecast for the Fiscal Year Ending March 31, 2020” announced today (February 10, 2020).

2. Quarterly Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheets**

(Thousands of yen)

	FY3/2019 (As of Mar. 31, 2019)	Third quarter of FY3/2020 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits with banks	34,029,803	27,335,808
Notes and accounts receivable-trade	13,694,398	13,362,932
Marketable securities	37,285	42,129
Merchandise and finished goods	2,197,452	2,125,789
Work in process	2,004,378	2,832,847
Raw materials and supplies	1,395,019	1,247,978
Other current assets	1,134,913	2,507,028
Allowance for doubtful accounts	(90,756)	(70,293)
Total current assets	54,402,496	49,384,221
Fixed assets		
Tangible fixed assets		
Buildings and structures	20,882,827	21,870,555
Accumulated depreciation	(12,533,007)	(12,688,470)
Buildings and structures, net	8,349,819	9,182,085
Machinery and vehicles	10,729,213	11,022,796
Accumulated depreciation	(8,322,632)	(8,514,709)
Machinery and vehicles, net	2,406,580	2,508,087
Land	4,691,456	4,655,742
Lease assets	235,613	286,790
Accumulated depreciation	(121,810)	(142,632)
Lease assets, net	113,803	144,157
Construction in progress	1,874,685	898,603
Other tangible fixed assets	5,084,699	5,336,073
Accumulated depreciation	(3,848,718)	(4,088,006)
Other tangible fixed assets, net	1,235,980	1,248,067
Total tangible fixed assets	18,672,326	18,636,743
Intangible assets	269,301	249,839
Investments and other assets		
Investment securities	3,768,139	9,047,141
Net defined benefit asset	83,983	81,123
Deferred tax assets	268,048	262,305
Other investments and other assets	548,250	506,564
Allowance for doubtful accounts	(69,513)	(66,853)
Total investments and other assets	4,598,908	9,830,281
Total fixed assets	23,540,536	28,716,865
Total assets	77,943,032	78,101,086

	(Thousands of yen)	
	FY3/2019 (As of Mar. 31, 2019)	Third quarter of FY3/2020 (As of Dec. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,866,067	2,661,562
Electronically recorded obligations-operating	4,057,985	4,376,528
Short-term loans payable	511,503	475,405
Current portion of long-term loans payable	41,813	-
Lease obligations	54,715	124,255
Income taxes payable	2,687,876	1,727,372
Accrued bonuses	152,879	55,977
Allowance for directors' bonuses	166,650	124,987
Other current liabilities	2,238,815	2,256,793
Total current liabilities	12,778,309	11,802,883
Long-term liabilities		
Long-term guarantee deposit	608,068	623,914
Lease obligations	93,333	162,478
Deferred tax liabilities	2,131,537	2,307,538
Allowance for directors' retirement benefits	205,525	179,265
Net defined benefit liability	720,210	755,781
Other long-term liabilities	263,158	260,855
Total long-term liabilities	4,021,833	4,289,833
Total liabilities	16,800,142	16,092,716
Net assets		
Shareholders' equity		
Common stock	1,336,936	1,336,936
Capital surplus	1,269,750	1,269,750
Retained earnings	58,382,870	60,896,011
Treasury shares	(3,327,258)	(4,150,533)
Total shareholders' equity	57,662,299	59,352,165
Accumulated other comprehensive income		
Cumulative securities holding gain	717,304	799,577
Foreign currency translation adjustments	2,780,323	1,868,457
Remeasurements of defined benefit plans	(17,036)	(11,829)
Total accumulated other comprehensive income	3,480,590	2,656,205
Total net assets	61,142,889	62,008,370
Total liabilities and net assets	77,943,032	78,101,086

(2) Consolidated Statements of Income and Comprehensive Income
(For the Nine-month Period)

(Thousands of yen)

	First nine months of FY3/2019 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/2020 (Apr. 1, 2019 – Dec. 31, 2019)
Sales	38,679,884	37,353,379
Cost of goods sold	24,535,182	24,425,207
Gross profit	14,144,701	12,928,172
Selling, general and administrative expenses	7,531,501	7,532,270
Operating profit	6,613,200	5,395,901
Non-operating income		
Interests received	87,972	116,708
Dividends received	43,270	45,866
Gains on valuable resources recovery	41,533	21,285
Subsidy income	-	49,218
Technical advisory fee	64,239	8,864
Other non-operating income	124,644	111,624
Total non-operating income	361,660	353,567
Non-operating expenses		
Interest expense	17,060	9,571
Foreign exchange losses	41,827	148,990
Commission fee	10,882	10,045
Other non-operating expenses	17,368	27,359
Total non-operating expenses	87,138	195,967
Ordinary profit	6,887,721	5,553,501
Extraordinary income		
Gains on sales of fixed assets	9,863	9,259
Total extraordinary income	9,863	9,259
Extraordinary loss		
Loss on disposal and sales of fixed assets	14,881	63,121
Impairment loss	122,929	-
Extra retirement payments	26,000	-
Total extraordinary losses	163,810	63,121
Profit before income taxes	6,733,774	5,499,640
Income taxes-current	2,031,481	1,498,846
Income taxes-deferred	232,938	137,366
Total income taxes	2,264,420	1,636,213
Profit	4,469,354	3,863,427
Profit attributable to:		
Owners of parent	4,469,354	3,863,427
Other comprehensive income		
Cumulative securities holding gain	(308,024)	82,273
Foreign currency translation adjustments	(302,933)	(911,865)
Remeasurements of defined benefit plans, net of tax	4,129	5,206
Total other comprehensive income	(606,828)	(824,385)
Comprehensive income	3,862,526	3,039,041
Comprehensive income attributable to:		
Owners of parent	3,862,526	3,039,041

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Following the resolution approved by its Board of Directors meeting held on October 10, 2019, the Company acquired 110,800 shares (823,171 thousand yen) of its treasury shares. Primarily from this acquisition, treasury shares increased 823,274 thousand yen during the period under review to 4,150,533 thousand yen as of the end of the period under review.

Changes in Accounting Policies

(Application of IFRS 16 *Leases*)

Our overseas subsidiaries adopting IFRS have applied IFRS 16 *Leases* (hereinafter “the standard”) from the first quarter of the fiscal year ending March 31, 2020. The standard requires a lessee to recognize, in principle, all leases as asset and liability on the balance sheet. The Group recognizes the cumulative effect of applying the standard at the date of initial application in accordance with the transitional measure permitted under the standard.

The effect of applying the standard on the quarterly consolidated financial statements is insignificant.

Segment and Other Information

Segment Information

I. First nine months of FY3/2019 (Apr. 1, 2018 – Dec. 31, 2018)

1. Information related to sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment	Amounts shown on consolidated statements of income/ comprehensive income (Note 2)
	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Subtotal				
Sales									
Sales to third parties	29,872,717	3,374,184	4,872,173	551,049	38,670,124	9,760	38,679,884	-	38,679,884
Intersegment sales and transfers	99,957	38,323	394	-	138,675	-	138,675	(138,675)	-
Total	29,972,674	3,412,507	4,872,567	551,049	38,808,799	9,760	38,818,559	(138,675)	38,679,884
Segment profit (loss)	6,297,943	(1,037)	100,407	207,661	6,604,976	8,223	6,613,200	-	6,613,200

Notes: 1. The “Other” business segment consists of activities that are not included in any of the four reportable segments, and its sales include royalty income.

2. Total segment profit (loss) is equal to operating profit shown on the consolidated statements of income and comprehensive income.

2. Information related to impairment losses on fixed assets or goodwill, etc. for each reportable segment

Significant impairment losses related to fixed assets

An impairment loss of 122,929 thousand yen was recognized in the plating job business segment.

II. First nine months of FY3/2020 (Apr. 1, 2019 – Dec. 31, 2019)

Information related to sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment	Amounts shown on consolidated statements of income/ comprehensive income (Note 2)
	Surface Finishing Materials	Surface Finishing Machinery	Plating Job	Real Estate Rental	Subtotal				
Sales									
Sales to third parties	28,356,808	4,218,934	4,191,549	577,022	37,344,315	9,064	37,353,379	-	37,353,379
Intersegment sales and transfers	40,575	50,295	-	-	90,870	-	90,870	(90,870)	-
Total	28,397,384	4,269,229	4,191,549	577,022	37,435,186	9,064	37,444,250	(90,870)	37,353,379
Segment profit	4,837,269	157,077	84,727	309,281	5,388,356	7,545	5,395,901	-	5,395,901

Notes: 1. The “Other” business segment consists of activities that are not included in any of the four reportable segments, and its sales include royalty income.

2. Total segment profit is equal to operating profit shown on the quarterly consolidated statements of income and comprehensive income.

Note: This report of consolidated financial results is solely a translation of summary of Japanese “Kessan Tanshin” (including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer English translation. All readers are recommended to refer to the original version in Japanese of the report for complete information.