



November 11, 2020

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2021
(Six Months Ended September 30, 2020)**

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Second Section of the Tokyo Stock Exchange
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 Scheduled date of filing of Quarterly Report: November 11, 2020
 Starting date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on November 11, 2020 at 13:20 (GMT +9).

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

1. Consolidated Financial Results (April 1, 2020 – September 30, 2020)

(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	%
Six months ended Sep. 30, 2020	26,319	8.2	3,799	12.4	4,003	15.1	2,920	19.4
Six months ended Sep. 30, 2019	24,335	(3.3)	3,380	(16.3)	3,477	(18.6)	2,445	(11.3)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2020: 2,706 (up 57.2%)
 Six months ended Sep. 30, 2019: 1,721 (up 11.1%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2020	329.85	-
Six months ended Sep. 30, 2019	271.66	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2020	78,788	64,975	82.5	7,349.95
As of Mar. 31, 2020	79,117	63,887	80.8	7,202.86

Reference: Shareholders' equity (million yen) As of Sep. 30, 2020: 64,975 As of Mar. 31, 2020: 63,887

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	0.00	-	160.00	160.00
Fiscal year ending Mar. 31, 2021	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2021 (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, 2021 (April 1, 2020 – March 31, 2021)

(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	52,600	0.7	7,800	3.4	8,200	4.2	5,200	(3.0)	580.85

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: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

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

As of Sep. 30, 2020:	9,878,040 shares	As of Mar. 31, 2020:	9,878,040 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2020:	1,037,787 shares	As of Mar. 31, 2020:	1,008,245 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	8,852,860 shares	Six months ended Sep. 30, 2019:	9,001,898 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

For the first half of the fiscal year under review (hereinafter “the period under review”), the Japanese economy deteriorated rapidly as consumer spending and corporate activities were significantly restricted to prevent the spread of the COVID-19 infection. Outlook for the global economy also remains extremely uncertain due to factors such as growing concerns over the re-spread of the COVID-19 infection as well as impacts of the U.S.-China trade friction, despite signs of economic activities resuming around China and other countries.

In the electronic devices market, which is the Uyemura Group’s main market area, market for products for automobiles remained weak due to the COVID-19 pandemic. However, demand for servers remained solid backed by the commercialization of the 5G mobile communication system and the wider spread of telework.

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 26,319 million yen (up 8.2% year-over-year), operating profit 3,799 million yen (up 12.4%), ordinary profit 4,003 million yen (up 15.1%), and profit attributable to owners of parent 2,920 million yen (up 19.4%).

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 for car electronics were sluggish due to a decrease in the number of automobile units sold. Nevertheless, both segment sales and profit increased year-over-year because of a continued strong demand for semiconductors and electronic components used for PCs and data centers that got a boost from the rapid spread of teleworking and online learning.

Consequently, sales in the surface finishing materials business increased 8.4% year-over-year to 19,744 million yen and segment profit increased 18.7% year-over-year to 3,531 million yen.

2) Surface finishing machinery business

Sales and segment profit increased year-over-year because of an increase in sales of high value-added plating machines for semiconductor wafers in addition to sales of mechanical equipment for the aircraft industry.

Consequently, sales in the surface finishing machinery business increased 40.9% year-over-year to 4,206 million yen and segment profit increased 81.9% year-over-year to 225 million yen.

3) Plating job business

Both segment sales and profit of the plating job business decreased year-over-year, affected by the continued slowdown of the automotive industry in Thailand and Indonesia.

Consequently, sales in the plating job business decreased 29.9% year-over-year to 1,976 million yen and segment loss was 191 million yen (compared with segment profit of 73 million yen in the same period of the previous fiscal 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 5.3% year-over-year to 404 million yen and segment profit increased 12.1% year-over-year to 229 million yen.

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

(2) Explanation of Financial Position

1) Changes in financial position

Total assets decreased 328 million yen from the end of the previous fiscal year to 78,788 million yen at the end of the period under review. This was primarily attributable to a 1,619 million yen decrease in work in process and a 345 million yen decrease in buildings and structures, net, which were partially offset by a 778 million yen increase in investment securities, a 660 million yen increase in merchandise and finished goods and a 512 million yen increase in cash and deposits.

Total liabilities decreased 1,415 million yen from the end of the previous fiscal year to 13,813 million yen. This was primarily attributable to a 988 million yen decrease in electronically recorded obligations-operating and a 450 million yen decrease in notes and accounts payable-trade, which were partially offset by a 201 million yen increase in deferred tax liabilities and a 112 million yen increase in provision for bonuses.

Total net assets increased 1,087 million yen from the end of the previous fiscal year to 64,975 million yen. This was primarily attributable to a 1,501 million yen increase in retained earnings, which was partially offset by a 422 million yen decrease in foreign currency translation adjustment.

As a result, the equity ratio increased by 1.7 percentage point from 80.8% at the end of the previous fiscal year to 82.5%.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the period under review decreased 554 million yen from the end of the previous fiscal year to 22,590 million yen.

A summary of cash flows for the period year under review is as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 3,545 million yen (compared with net cash provided of 1,663 million yen in the same period of the previous fiscal year). Positive factors included profit before income taxes of 4,010 million yen, depreciation of 1,048 million yen, and a 641 million yen decrease in inventories, while negative factors included income taxes paid of 1,155 million yen and a 1,125 million yen decrease in trade payables.

(Cash flows from investing activities)

Net cash used in investing activities was 2,297 million yen (compared with net cash used of 1,173 million yen in the same period of the previous fiscal year). Positive factors included proceeds from withdrawal of time deposits of 123 million yen, while negative factors included payments into time deposits of 1,218 million yen and purchase of non-current assets of 749 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 1,667 million yen (compared with 1,495 million yen used in the same period of the previous fiscal year). Negative factors included dividends paid of 1,419 million yen and purchase of treasury shares of 199 million yen.

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

Based on recent performance trends, we have revised the full-year consolidated forecasts that we announced on May 14, 2020.

For more details, please refer to the press release titled “Revisions to Consolidated Forecast for the Fiscal Year Ending March 31, 2021” (Japanese version only) announced today (November 11, 2020).

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

(Thousands of yen)

	FY3/2020 (As of Mar. 31, 2020)	Second quarter of FY3/2021 (As of Sep. 30, 2020)
Assets		
Current assets		
Cash and deposits	26,472,648	26,984,775
Notes and accounts receivable-trade	14,874,974	15,106,815
Securities	45,471	43,398
Merchandise and finished goods	2,254,642	2,914,746
Work in process	2,653,921	1,034,307
Raw materials and supplies	1,350,852	1,591,967
Other	1,342,568	886,348
Allowance for doubtful accounts	(72,060)	(54,456)
Total current assets	48,923,020	48,507,902
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,991,903	21,889,120
Accumulated depreciation	(12,574,873)	(12,817,745)
Buildings and structures, net	9,417,029	9,071,374
Machinery, equipment and vehicles	11,407,297	11,424,784
Accumulated depreciation	(8,725,302)	(8,915,107)
Machinery, equipment and vehicles, net	2,681,994	2,509,676
Land	4,259,787	4,237,706
Leased assets	297,336	301,898
Accumulated depreciation	(146,690)	(132,650)
Leased assets, net	150,645	169,247
Construction in progress	527,407	518,288
Other	5,463,815	5,407,962
Accumulated depreciation	(4,211,277)	(4,305,779)
Other, net	1,252,537	1,102,182
Total property, plant and equipment	18,289,402	17,608,476
Intangible assets	296,239	289,058
Investments and other assets		
Investment securities	10,791,241	11,569,604
Retirement benefit asset	64,650	66,886
Deferred tax assets	293,805	290,077
Other	527,004	524,091
Allowance for doubtful accounts	(68,275)	(67,116)
Total investments and other assets	11,608,426	12,383,542
Total non-current assets	30,194,068	30,281,078
Total assets	79,117,088	78,788,981

	(Thousands of yen)	
	FY3/2020 (As of Mar. 31, 2020)	Second quarter of FY3/2021 (As of Sep. 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,431,413	1,980,825
Electronically recorded obligations-operating	3,789,010	2,800,524
Short-term borrowings	516,642	533,727
Lease obligations	125,823	114,604
Income taxes payable	2,489,948	2,260,855
Provision for bonuses	169,408	281,644
Provision for bonuses for directors (and other officers)	159,150	79,575
Other	1,614,198	1,557,703
Total current liabilities	11,295,595	9,609,461
Non-current liabilities		
Long-term guarantee deposits	624,406	623,126
Lease obligations	179,314	201,653
Deferred tax liabilities	1,821,132	2,023,132
Provision for retirement benefits for directors (and other officers)	182,165	187,875
Retirement benefit liability	846,136	883,183
Other	280,482	285,170
Total non-current liabilities	3,933,637	4,204,141
Total liabilities	15,229,233	13,813,603
Net assets		
Shareholders' equity		
Share capital	1,336,936	1,336,936
Capital surplus	1,269,750	1,269,750
Retained earnings	62,391,536	63,892,539
Treasury shares	(4,327,166)	(4,527,144)
Total shareholders' equity	60,671,056	61,972,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	358,230	564,055
Foreign currency translation adjustment	2,881,214	2,459,093
Remeasurements of defined benefit plans	(22,646)	(19,851)
Total accumulated other comprehensive income	3,216,798	3,003,296
Total net assets	63,887,855	64,975,377
Total liabilities and net assets	79,117,088	78,788,981

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

(Thousands of yen)

	First six months of FY3/2020 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/2021 (Apr. 1, 2020 – Sep. 30, 2020)
Net sales	24,335,532	26,319,911
Cost of sales	15,938,193	17,771,902
Gross profit	8,397,339	8,548,009
Selling, general and administrative expenses	5,017,054	4,748,623
Operating profit	3,380,285	3,799,385
Non-operating income		
Interest income	72,110	79,359
Dividend income	36,931	34,006
Valuable resource recovery income	19,558	50,198
Subsidy income	49,106	68,308
Technical advisory fee income	7,875	-
Other	71,502	90,398
Total non-operating income	257,083	322,270
Non-operating expenses		
Interest expenses	6,865	5,777
Foreign exchange losses	123,447	70,856
Commission expenses	6,744	7,901
Other	22,925	33,704
Total non-operating expenses	159,982	118,239
Ordinary profit	3,477,386	4,003,415
Extraordinary income		
Gain on sales of non-current assets	2,165	10,673
Total extraordinary income	2,165	10,673
Extraordinary losses		
Loss on sales and retirement of non-current assets	12,827	4,009
Total extraordinary losses	12,827	4,009
Profit before income taxes	3,466,723	4,010,079
Income taxes-current	1,028,471	977,649
Income taxes-deferred	(7,240)	112,294
Total income taxes	1,021,231	1,089,944
Profit	2,445,492	2,920,135
Profit attributable to:		
Profit attributable to owners of parent	2,445,492	2,920,135
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,484)	205,824
Foreign currency translation adjustment	(715,617)	(422,120)
Remeasurements of defined benefit plans, net of tax	3,471	2,794
Total other comprehensive income	(723,630)	(213,501)
Comprehensive income	1,721,861	2,706,633
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,721,861	2,706,633

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY3/2020 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/2021 (Apr. 1, 2020 – Sep. 30, 2020)
Cash flows from operating activities		
Profit before income taxes	3,466,723	4,010,079
Depreciation	1,032,835	1,048,408
Increase (decrease) in allowance for doubtful accounts	(35,470)	(15,285)
Increase (decrease) in provision for bonuses for directors (and other officers)	(83,325)	(79,575)
Increase (decrease) in retirement benefit liability	33,009	40,692
Decrease (increase) in retirement benefit asset	4,233	(2,235)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(29,160)	5,710
Interest and dividend income	(109,041)	(113,365)
Interest expenses	6,865	5,777
Losses (gains) on sales and retirement of non-current assets	10,732	(6,663)
Decrease (increase) in trade receivables	840,472	(376,298)
Decrease (increase) in inventories	(459,609)	641,484
Increase (decrease) in trade payables	(899,161)	(1,125,848)
Other, net	(775,939)	555,724
Subtotal	3,003,165	4,588,605
Interest and dividends received	116,570	117,176
Interest paid	(6,641)	(5,318)
Income taxes paid	(1,450,063)	(1,155,154)
Net cash provided by (used in) operating activities	1,663,031	3,545,309
Cash flows from investing activities		
Payments into time deposits	(245,238)	(1,218,504)
Proceeds from withdrawal of time deposits	285,537	123,040
Purchase of non-current assets	(1,243,451)	(749,464)
Proceeds from sales of non-current assets	2,671	18,818
Purchase of investment securities	(5,152)	(504,225)
Other, net	32,396	33,062
Net cash provided by (used in) investing activities	(1,173,237)	(2,297,273)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(78,098)	20,720
Repayments of lease obligations	(66,701)	(68,831)
Purchase of treasury shares	(103)	(199,978)
Dividends paid	(1,350,286)	(1,419,167)
Net cash provided by (used in) financing activities	(1,495,190)	(1,667,256)
Effect of exchange rate change on cash and cash equivalents	(361,223)	(135,625)
Net increase (decrease) in cash and cash equivalents	(1,366,620)	(554,846)
Cash and cash equivalents at beginning of period	30,593,368	23,145,215
Cash and cash equivalents at end of period	29,226,747	22,590,369

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment Information

I. First six months of FY3/2020 (Apr. 1, 2019 – Sep. 30, 2019)

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	18,193,471	2,933,701	2,818,207	383,949	24,329,329	6,202	24,335,532	-	24,335,532
Intersegment sales and transfers	22,223	51,280	-	-	73,504	-	73,504	(73,504)	-
Total	18,215,695	2,984,981	2,818,207	383,949	24,402,834	6,202	24,409,037	(73,504)	24,335,532
Segment profit	2,973,807	123,776	73,177	204,394	3,375,156	5,129	3,380,285	-	3,380,285

Notes: 1. The "Other" business segment consists of activities that are not included in any of the four reportable segments, and its sales include loyalty revenue.

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

II. First six months of FY3/2021 (Apr. 1, 2020 – Sep. 30, 2020)

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	19,727,860	4,205,613	1,976,218	404,284	26,313,976	5,934	26,319,911	-	26,319,911
Intersegment sales and transfers	16,536	1,075	-	-	17,611	-	17,611	(17,611)	-
Total	19,744,396	4,206,688	1,976,218	404,284	26,331,588	5,934	26,337,523	(17,611)	26,319,911
Segment profit (loss)	3,531,054	225,197	(191,018)	229,065	3,794,297	5,087	3,799,385	-	3,799,385

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 revenue.

2. Total segment profit (loss) 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.