

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021 (Nine Months Ended December 31, 2020)

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 10, 2021
 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, 2021 at 15:30 (GMT +9).

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

1. Consolidated Financial Results (April 1, 2020 – December 31, 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	%
Nine months ended Dec. 31, 2020	40,460	8.3	6,528	21.0	6,786	22.2	4,916	27.3
Nine months ended Dec. 31, 2019	37,353	(3.4)	5,395	(18.4)	5,553	(19.4)	3,863	(13.6)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2020: 4,459 (up 46.8%)
 Nine months ended Dec. 31, 2019: 3,039 (down 21.3%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Nine months ended Dec. 31, 2020	555.66	-
Nine months ended Dec. 31, 2019	430.23	-

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2020	81,677	66,728	81.7	7,548.28
As of Mar. 31, 2020	79,117	63,887	80.8	7,202.86

Reference: Shareholders' equity (million yen) As of Dec. 31, 2020: 66,728 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: None

***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 Dec. 31, 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 Dec. 31, 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

Nine months ended Dec. 31, 2020:	8,848,658 shares	Nine months ended Dec. 31, 2019:	8,979,963 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 nine months of the fiscal year under review (hereinafter “the period under review”), the Japanese economy remained unstable mainly due to the worsening employment environment and slowdown in recovery of consumer spending, impacted by the COVID-19 pandemic. Outlook for the global economy also remains extremely uncertain because it is not predictable when the spread of COVID-19 infection will be contained, 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, demand for servers remained solid backed by the commercialization of the 5G mobile communication system and the wider spread of telework. For car electronics, there was a sign of recovery in the number of automobile units sold.

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 40,460 million yen (up 8.3% year-over-year), operating profit 6,528 million yen (up 21.0%), ordinary profit 6,786 million yen (up 22.2%), and profit attributable to owners of parent 4,916 million yen (up 27.3%).

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

1) Surface finishing materials business

Both segment sales and profit of mainstay plating chemicals for printed wiring boards (PWBs) and package PWBs saw year-on-year increases thanks to an increase in demand for 5G-compatible smartphones and other related products, as well as an expanded demand for PCs and data centers against a backdrop of the rapid spread of teleworking and online learning.

Consequently, sales in the surface finishing materials business increased 9.8% year-over-year to 31,180 million yen and segment profit increased 22.2% year-over-year to 5,910 million yen.

2) Surface finishing machinery business

Both segment sales and profit of the surface finishing machinery business 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 35.0% year-over-year to 5,763 million yen and segment profit increased 230.0% year-over-year to 518 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 30.3% year-over-year to 2,922 million yen and segment loss was 255 million yen (compared with segment profit of 84 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 5.0% year-over-year to 605 million yen and segment profit increased 12.5% year-over-year to 347 million yen.

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

(2) Explanation of Financial Position

Total assets increased 2,560 million yen from the end of the previous fiscal year to 81,677 million yen at the end of the period under review. This was primarily attributable to an 1,831 million yen increase in cash and deposits, a 1,749 million yen increase in notes and accounts receivable-trade, and an 869 million yen increase in investment securities, which were partially offset by a 1,019 million yen decrease in work in process, a 553 million yen decrease in buildings and structures, net, and a 307 million yen decrease in machinery, equipment and vehicles, net.

Total liabilities decreased 280 million yen from the end of the previous fiscal year to 14,949 million yen. This was primarily attributable to a 506 million yen decrease in notes and accounts payable-trade and a 391 million yen decrease in income taxes payable, which were partially offset by a 340 million yen increase in deferred tax liabilities.

Total net assets increased 2,840 million yen from the end of the previous fiscal year to 66,728 million yen. This was primarily attributable to a 3,497 million yen increase in retained earnings and a 275 million yen increase in valuation difference on available-for-sale securities, which were partially offset by a 736 million yen decrease in foreign currency translation adjustment and a 199 million yen increase in treasury shares.

As a result, the equity ratio increased by 0.9 percentage point from 80.8% at the end of the previous fiscal year to 81.7%.

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

We have maintained the full-year consolidated forecasts that we announced in the “Notice of Revisions to Consolidated Forecast for the Fiscal Year Ending March 31, 2021” (Japanese version only) on November 11, 2020.

Actual results may differ from these forecasts due to various factors in the future.

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

(Thousands of yen)

	FY3/2020 (As of Mar. 31, 2020)	Third quarter of FY3/2021 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	26,472,648	28,303,960
Notes and accounts receivable-trade	14,874,974	16,624,516
Securities	45,471	44,195
Merchandise and finished goods	2,254,642	2,488,199
Work in process	2,653,921	1,634,602
Raw materials and supplies	1,350,852	1,576,307
Other	1,342,568	1,037,589
Allowance for doubtful accounts	(72,060)	(54,076)
Total current assets	48,923,020	51,655,294
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,991,903	21,805,152
Accumulated depreciation	(12,574,873)	(12,941,433)
Buildings and structures, net	9,417,029	8,863,719
Machinery, equipment and vehicles	11,407,297	11,281,098
Accumulated depreciation	(8,725,302)	(8,906,863)
Machinery, equipment and vehicles, net	2,681,994	2,374,235
Land	4,259,787	4,348,005
Leased assets	297,336	289,512
Accumulated depreciation	(146,690)	(122,276)
Leased assets, net	150,645	167,236
Construction in progress	527,407	402,975
Other	5,463,815	5,387,766
Accumulated depreciation	(4,211,277)	(4,338,847)
Other, net	1,252,537	1,048,918
Total property, plant and equipment	18,289,402	17,205,090
Intangible assets	296,239	286,650
Investments and other assets		
Investment securities	10,791,241	11,660,616
Retirement benefit asset	64,650	67,841
Deferred tax assets	293,805	337,778
Other	527,004	532,501
Allowance for doubtful accounts	(68,275)	(67,933)
Total investments and other assets	11,608,426	12,530,804
Total non-current assets	30,194,068	30,022,544
Total assets	79,117,088	81,677,838

	(Thousands of yen)	
	FY3/2020 (As of Mar. 31, 2020)	Third quarter of FY3/2021 (As of Dec. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,431,413	1,924,681
Electronically recorded obligations-operating	3,789,010	3,527,822
Short-term borrowings	516,642	475,186
Lease obligations	125,823	107,545
Income taxes payable	2,489,948	2,098,530
Provision for bonuses	169,408	55,451
Provision for bonuses for directors (and other officers)	159,150	119,362
Other	1,614,198	2,256,759
Total current liabilities	11,295,595	10,565,340
Non-current liabilities		
Long-term guarantee deposits	624,406	642,810
Lease obligations	179,314	205,616
Deferred tax liabilities	1,821,132	2,161,970
Provision for retirement benefits for directors (and other officers)	182,165	190,865
Retirement benefit liability	846,136	892,993
Other	280,482	289,508
Total non-current liabilities	3,933,637	4,383,764
Total liabilities	15,229,233	14,949,105
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	65,889,258
Treasury shares	(4,327,166)	(4,527,144)
Total shareholders' equity	60,671,056	63,968,799
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	358,230	633,471
Foreign currency translation adjustment	2,881,214	2,144,916
Remeasurements of defined benefit plans	(22,646)	(18,454)
Total accumulated other comprehensive income	3,216,798	2,759,933
Total net assets	63,887,855	66,728,733
Total liabilities and net assets	79,117,088	81,677,838

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

(Thousands of yen)

	First nine months of FY3/2020 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/2021 (Apr. 1, 2020 – Dec. 31, 2020)
Net sales	37,353,379	40,460,794
Cost of sales	24,425,207	26,715,956
Gross profit	12,928,172	13,744,838
Selling, general and administrative expenses	7,532,270	7,216,382
Operating profit	5,395,901	6,528,456
Non-operating income		
Interest income	116,708	112,435
Dividend income	45,866	46,798
Valuable resource recovery income	21,285	52,870
Subsidy income	49,218	78,104
Technical advisory fee income	8,864	-
Other	111,624	116,252
Total non-operating income	353,567	406,460
Non-operating expenses		
Interest expenses	9,571	7,624
Foreign exchange losses	148,990	95,258
Commission expenses	10,045	11,155
Other	27,359	34,829
Total non-operating expenses	195,967	148,867
Ordinary profit	5,553,501	6,786,049
Extraordinary income		
Gain on sales of non-current assets	9,259	11,788
Total extraordinary income	9,259	11,788
Extraordinary losses		
Loss on sales and retirement of non-current assets	63,121	7,929
Total extraordinary losses	63,121	7,929
Profit before income taxes	5,499,640	6,789,908
Income taxes-current	1,498,846	1,702,537
Income taxes-deferred	137,366	170,516
Total income taxes	1,636,213	1,873,053
Profit	3,863,427	4,916,854
Profit attributable to:		
Profit attributable to owners of parent	3,863,427	4,916,854
Other comprehensive income		
Valuation difference on available-for-sale securities	82,273	275,241
Foreign currency translation adjustment	(911,865)	(736,297)
Remeasurements of defined benefit plans, net of tax	5,206	4,191
Total other comprehensive income	(824,385)	(456,864)
Comprehensive income	3,039,041	4,459,989
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,039,041	4,459,989

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

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

II. First nine months of FY3/2021 (Apr. 1, 2020 – Dec. 31, 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	31,160,272	5,762,835	2,922,783	605,631	40,451,522	9,271	40,460,794	-	40,460,794
Intersegment sales and transfers	20,120	1,129	-	-	21,249	-	21,249	(21,249)	-
Total	31,180,393	5,763,964	2,922,783	605,631	40,472,772	9,271	40,482,044	(21,249)	40,460,794
Segment profit (loss)	5,910,053	518,421	(255,880)	347,841	6,520,435	8,020	6,528,456	-	6,528,456

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.