

**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022
(Three Months Ended June 30, 2021)**

[Japanese GAAP]

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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 August 6, 2021 at 15:30 (GMT +9).

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

1. Consolidated Financial Results (April 1, 2021 – June 30, 2021)

(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	%
Three months ended Jun. 30, 2021	15,760	28.1	2,804	43.0	3,022	46.0	2,118	27.7
Three months ended Jun. 30, 2020	12,301	4.6	1,961	40.1	2,070	38.2	1,658	51.5

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2021: 3,657 (up 273.0%)

Three months ended Jun. 30, 2020: 980 (down 7.6%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Three months ended Jun. 30, 2021	121.03	-
Three months ended Jun. 30, 2020	93.54	-

Notes: 1. Beginning with the first quarter of the fiscal year ending on March 31, 2022, the Company has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). All figures for the three months ended June 30, 2021 incorporate this accounting standard.

2. The Company conducted a 2-for-1 common stock split effective on July 1, 2021. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2021	86,704	69,839	80.5	4,042.12
As of Mar. 31, 2021	85,105	69,473	81.6	3,929.41

Reference: Shareholders' equity (million yen) As of Jun. 30, 2021: 69,839 As of Mar. 31, 2021: 69,473

Notes: 1. Beginning with the first quarter of the fiscal year ending on March 31, 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures as of June 30, 2021 incorporate this accounting standard.

2. The Company conducted a 2-for-1 common stock split effective on July 1, 2021. Net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	0.00	-	180.00	180.00
Fiscal year ending Mar. 31, 2022	-	-	-	-	-
Fiscal year ending Mar. 31, 2022 (forecast)	-	0.00	-	90.00	90.00

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. The Company conducted a 2-for-1 common stock split effective on July 1, 2021. Figures for the fiscal year ended March 31, 2021 are the actual amount of dividends before the stock split.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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
First half	25,700	(2.4)	4,000	5.3	4,100	2.4	3,000	2.7	169.56
Full year	55,000	(1.7)	8,400	(11.5)	8,700	(12.3)	6,000	(15.8)	339.12

Notes: 1. Revisions to the most recently announced consolidated forecast: None

2. The Company conducted a 2-for-1 common stock split effective on July 1, 2021. Net income per share in the consolidated forecast for the fiscal year ending March 31, 2022 are adjusted to reflect the stock split.

*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: For details, see “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 7 of the attachments.

(4) Number of shares outstanding (common shares)

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

As of Jun. 30, 2021: 19,756,080 shares As of Mar. 31, 2021: 19,756,080 shares

2) Number of treasury shares at the end of the period

As of Jun. 30, 2021: 2,478,140 shares As of Mar. 31, 2021: 2,075,648 shares

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2021: 17,506,037 shares Three months ended Jun. 30, 2020: 17,730,934 shares

Note: The Company conducted a 2-for-1 common stock split effective on July 1, 2021. The number of shares outstanding at the end of the period, number of treasury shares at the end of the period and average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

*** 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 three months of the fiscal year ending on March 31, 2022 (hereinafter “the period under review”), the Japanese economy saw some signs of recovery with the gradual resumption of economic activities amid the lingering impact of the pandemic. However, the situation remained unstable due to the resurgence of COVID-19 caused by the spread of its variants. Furthermore, despite an expected pickup in economic activities along with the expansion of vaccinations in the future, the outlook for the Japanese economy also remains extremely uncertain because it is not predictable when the spread of COVID-19 infection will be contained.

In the electronic device market, which is the Uyemura Group’s main market area, demand for servers remained solid backed by the commercialization of the 5G (5th generation mobile communication system) related technologies and the wider spread of telework. In the car electronics segment, on-board semiconductors and electronic components faced a tight supply-demand balance, affected by a shortage of semiconductors.

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 15,760 million yen (up 28.1% year-over-year), operating profit 2,804 million yen (up 43.0%), ordinary profit 3,022 million yen (up 46.0%), and profit attributable to owners of parent 2,118 million yen (up 27.7%). Due to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), net sales increased by 457 million yen, and operating profit and ordinary profit increased by 121 million yen each.

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-over-year increases thanks to an increase in demand for 5G-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 33.1% year-over-year to 12,781 million yen and segment profit increased 40.1% year-over-year to 2,435 million yen.

2) Surface finishing machinery business

Both segment sales and profit of the surface finishing machinery business increased year-over-year because of strong sales of plating machines for manufacturers of electronic and automobile components in Greater China.

Consequently, sales in the surface finishing machinery business increased 36.7% year-over-year to 1,560 million yen and segment profit increased 130.6% year-over-year to 214 million yen. Due to the application of the Accounting Standard for Revenue Recognition, net sales increased by 457 million yen and segment profit increased by 121 million yen.

3) Plating job business

Segment sales of the plating job business decreased year-over-year, affected by the continued slowdown of the automotive industry in Thailand and Indonesia due to the spread of COVID-19.

Consequently, sales in the plating job business decreased 12.0% year-over-year to 1,206 million yen and segment profit increased 148.9% year-over-year to 24 million yen.

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 3.1% year-over-year to 207 million yen and

segment profit increased 7.4% year-over-year to 127 million yen.

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

(2) Explanation of Financial Position

Total assets increased 1,599 million yen from the end of the previous fiscal year to 86,704 million yen at the end of the period under review. This was primarily attributable to a 2,255 million yen decrease in cash and deposits, which were partially offset by a 1,669 million yen increase in notes and accounts receivable-trade, and contract assets, a 660 million yen increase in merchandise and finished goods, a 449 million yen increase in work in process and a 264 million yen increase in raw materials and supplies.

Total liabilities increased 1,233 million yen from the end of the previous fiscal year to 16,865 million yen. This was primarily attributable to a 901 million yen increase in notes and accounts payable-trade, a 255 million yen increase in long-term accounts payable-other and a 226 million yen increase in deferred tax liabilities, which were partially offset by a 918 million yen decrease in income taxes payable.

Total net assets increased 365 million yen from the end of the previous fiscal year to 69,839 million yen. This was primarily attributable to a 1,521 million yen increase in foreign currency translation adjustment and a 597 million yen increase in retained earnings, which were partially offset by a 1,770 million yen increase in treasury shares.

As a result, the equity ratio decreased by 1.1 percentage points from 81.6% at the end of the previous fiscal year to 80.5%.

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

We have maintained the first-half and full-year consolidated forecasts that we announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021” on May 14, 2021.

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)	
	FY3/2021 (As of Mar. 31, 2021)	First quarter of FY3/2022 (As of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	30,541,231	28,285,794
Notes and accounts receivable-trade	15,780,705	-
Notes and accounts receivable-trade, and contract assets	-	17,450,498
Securities	44,077	48,668
Merchandise and finished goods	2,995,296	3,655,586
Work in process	1,578,340	2,028,107
Raw materials and supplies	1,709,607	1,974,594
Other	1,070,264	1,647,727
Allowance for doubtful accounts	(66,027)	(71,848)
Total current assets	53,653,495	55,019,130
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,053,017	22,415,978
Accumulated depreciation	(13,176,134)	(13,545,037)
Buildings and structures, net	8,876,883	8,870,940
Machinery, equipment and vehicles	11,569,374	11,943,966
Accumulated depreciation	(9,153,911)	(9,518,912)
Machinery, equipment and vehicles, net	2,415,462	2,425,053
Land	4,382,771	4,477,116
Leased assets	356,133	357,034
Accumulated depreciation	(134,982)	(142,863)
Leased assets, net	221,151	214,171
Construction in progress	306,188	280,186
Other	5,466,948	5,676,774
Accumulated depreciation	(4,457,641)	(4,578,857)
Other, net	1,009,307	1,097,917
Total property, plant and equipment	17,211,764	17,365,384
Intangible assets	303,129	302,575
Investments and other assets		
Investment securities	12,865,612	12,881,372
Retirement benefit asset	151,616	153,123
Deferred tax assets	453,072	502,439
Other	535,635	551,907
Allowance for doubtful accounts	(68,829)	(71,357)
Total investments and other assets	13,937,108	14,017,484
Total non-current assets	31,452,002	31,685,444
Total assets	85,105,498	86,704,575

	(Thousands of yen)	
	FY3/2021 (As of Mar. 31, 2021)	First quarter of FY3/2022 (As of Jun. 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,224,067	3,125,695
Electronically recorded obligations-operating	3,533,356	3,755,860
Short-term borrowings	473,063	478,543
Lease obligations	116,169	134,642
Income taxes payable	2,362,751	1,444,244
Provision for bonuses	164,659	105,921
Provision for bonuses for directors (and other officers)	177,250	44,312
Other	2,238,245	2,989,599
Total current liabilities	11,289,563	12,078,819
Non-current liabilities		
Long-term guarantee deposits	648,549	682,142
Lease obligations	245,140	275,363
Deferred tax liabilities	2,035,492	2,262,489
Provision for retirement benefits for directors (and other officers)	193,765	-
Retirement benefit liability	917,074	986,827
Long-term accounts payable-other	-	255,664
Other	302,214	323,709
Total non-current liabilities	4,342,235	4,786,196
Total liabilities	15,631,799	16,865,015
Net assets		
Shareholders' equity		
Share capital	1,336,936	1,336,936
Capital surplus	1,269,750	1,269,750
Retained earnings	68,100,768	68,697,921
Treasury shares	(4,527,433)	(6,297,950)
Total shareholders' equity	66,180,021	65,006,658
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	747,353	765,743
Foreign currency translation adjustment	2,505,718	4,027,255
Remeasurements of defined benefit plans	40,604	39,902
Total accumulated other comprehensive income	3,293,677	4,832,901
Total net assets	69,473,699	69,839,559
Total liabilities and net assets	85,105,498	86,704,575

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

	(Thousands of yen)	
	First three months of FY3/2021 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/2022 (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	12,301,214	15,760,773
Cost of sales	7,951,801	10,404,279
Gross profit	4,349,412	5,356,493
Selling, general and administrative expenses	2,387,771	2,551,496
Operating profit	1,961,641	2,804,997
Non-operating income		
Interest income	42,794	33,745
Dividend income	28,207	34,052
Valuable resource recovery income	8,718	17,145
Foreign exchange gains	-	69,952
Subsidy income	61,537	37,802
Technical advisory fee income	-	9,955
Other	33,093	27,738
Total non-operating income	174,351	230,392
Non-operating expenses		
Interest expenses	3,092	2,510
Foreign exchange losses	42,164	-
Commission expenses	3,689	3,564
Commission for purchase of treasury shares	563	5,396
Other	15,867	1,148
Total non-operating expenses	65,377	12,619
Ordinary profit	2,070,615	3,022,770
Extraordinary income		
Gain on sale of non-current assets	2,589	11,997
Total extraordinary income	2,589	11,997
Extraordinary losses		
Loss on sale and retirement of non-current assets	239	8,486
Total extraordinary losses	239	8,486
Profit before income taxes	2,072,965	3,026,281
Income taxes-current	377,833	727,297
Income taxes-deferred	36,561	180,285
Total income taxes	414,395	907,582
Profit	1,658,570	2,118,699
Profit attributable to:		
Profit attributable to owners of parent	1,658,570	2,118,699
Other comprehensive income		
Valuation difference on available-for-sale securities	130,231	18,389
Foreign currency translation adjustment	(809,468)	1,521,536
Remeasurements of defined benefit plans, net of tax	1,397	(701)
Total other comprehensive income	(677,839)	1,539,224
Comprehensive income	980,731	3,657,923
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	980,731	3,657,923

(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 May 14, 2021, the Company acquired 201,200 shares of its treasury shares. Primarily from this acquisition, treasury shares increased 1,770,516 thousand yen during the period under review to 6,297,950 thousand yen as of the end of the period under review.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Beginning with the period under review, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Based on this application, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. As a result, for contracts to which the acceptance inspection method was previously applied and for which the performance obligation is to be satisfied over a certain period of time, the Company has changed to a method of estimating the progress toward fulfillment of performance obligations and recognizing revenue based on the progress over a certain period of time.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment prescribed in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting policies, if it is applied prior to the period under review, is added to or subtracted from retained earnings at the beginning of the period under review. The new standard is then applied beginning with this amount of retained earnings. However, the Company has applied the method prescribed in Paragraph 86 of this standard and has not retrospectively applied the new accounting policies to contracts in which almost all revenue were recognized in accordance with the previous treatment prior to the beginning of the period under review. In addition, the Company has applied the method prescribed in Paragraph 86, Article 1 of the Accounting Standard for Revenue Recognition, and accounted for contract changes made prior to the beginning of the period under review based on the contract terms after reflecting all contract changes, and added or subtracted the cumulative effect of such changes to retained earnings at the beginning of the period under review.

As a result, net sales increased by 457 million yen, cost of sales increased by 336 million yen, and operating profit, ordinary profit and profit before income taxes increased by 121 million yen each in the period under review. In addition, the new standard increased retained earnings at the beginning of the period under review by 54 million yen.

Due to the application of the Accounting Standard for Revenue Recognition, notes and accounts receivable-trade that were presented in the current assets section of the consolidated balance sheet in the previous fiscal year is, from the period under review, included in notes and accounts receivable-trade, and contract assets. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year's consolidated financial statements to conform to the new presentation. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information on revenue from contracts with customers broken down for the first quarter of the previous fiscal year.

Application of the Accounting Standards for Fair Value Measurement

Beginning with the period under review, the Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019) and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of this change on the quarterly consolidated financial statements.

Segment and Other Information

Segment Information

I. First three months of FY3/2021 (Apr. 1, 2020 – Jun. 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				
Net sales									
Sales to third parties	9,584,159	1,141,336	1,371,101	201,504	12,298,102	3,111	12,301,214	-	12,301,214
Intersegment sales and transfers	15,897	760	-	-	16,657	-	16,657	(16,657)	-
Total	9,600,056	1,142,096	1,371,101	201,504	12,314,759	3,111	12,317,871	(16,657)	12,301,214
Segment profit	1,738,495	93,111	9,687	118,405	1,959,700	1,940	1,961,641	-	1,961,641

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 three months of FY3/2022 (Apr. 1, 2021 – Jun. 30, 2021)

1. Information related to sales and profit or loss for each reportable segment and on breakdown of revenues

(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				
Net sales									
Japan	4,653,566	887,481	-	-	5,541,048	4,181	5,545,229	-	5,545,229
Taiwan	3,231,580	159,929	264,860	-	3,656,370	-	3,656,370	-	3,656,370
China	2,436,003	297,579	-	-	2,733,582	-	2,733,582	-	2,733,582
South Korea	803,143	3,997	-	-	807,141	-	807,141	-	807,141
Singapore	674,452	201,028	-	-	875,481	-	875,481	-	875,481
Thailand	58,741	-	857,531	-	916,272	-	916,272	-	916,272
North America	924,495	10,589	-	-	935,084	-	935,084	-	935,084
Other	-	-	83,762	-	83,762	-	83,762	-	83,762
Revenue from contracts with customers	12,781,983	1,560,605	1,206,154	-	15,548,744	4,181	15,552,925	-	15,552,925
Other revenue	-	-	-	207,847	207,847	-	207,847	-	207,847
Sales to third parties	12,781,983	1,560,605	1,206,154	207,847	15,756,591	4,181	15,760,773	-	15,760,773
Intersegment sales and transfers	-	88	-	-	88	-	88	(88)	-
Total	12,781,983	1,560,693	1,206,154	207,847	15,756,679	4,181	15,760,861	(88)	15,760,773
Segment profit	2,435,445	214,678	24,115	127,142	2,801,382	3,614	2,804,997	-	2,804,997

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.

3. Net sales are broken down by reportable segment into the countries or regions where the Company and its consolidated subsidiaries are located.

2. Information related to revisions for reportable segments

As described in (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies, the Company has applied the Accounting Standard for Revenue Recognition beginning with the period under review and changed the method for calculating segment profit or loss. Due to this change, compared with the previous method, net sales in Japan and segment profit increased 457 million yen and 121 million yen, respectively, in the Surface Finishing Machinery segment in the period under review.

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.