

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023 (Three Months Ended June 30, 2022)

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.**

Listing: Tokyo Stock Exchange

Stock code: 4966

URL: <https://www.uyemura.co.jp/>

Representative: Hiroya Uyemura, President

Contact: Shigeo Sakabe, Managing Director and Head of Corporate Management Division

Telephone: +81-6-6202-8518

Scheduled date of filing of Quarterly Report: August 8, 2022

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 8, 2022 at 15:30 (GMT +9).

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

1. Consolidated Financial Results (April 1, 2022 – June 30, 2022)

(1) Results of operations

(Percentages represent year-over-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2022	20,187	28.1	3,866	37.8	4,294	42.1	3,663	72.9
Three months ended Jun. 30, 2021	15,760	28.1	2,804	43.0	3,022	46.0	2,118	27.7

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2022: 5,177 (up 41.5%)

Three months ended Jun. 30, 2021: 3,657 (up 273.0%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Three months ended Jun. 30, 2022	217.57	–
Three months ended Jun. 30, 2021	121.03	–

Note: The Company conducted a 2-for-1 common stock split effective on July 1, 2021. Net income per share (basic) 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, 2022	100,211	77,576	77.4	4,667.65
As of Mar. 31, 2022	101,189	78,712	77.8	4,567.35

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income) (million yen)

As of Jun. 30, 2022: 77,576

As of Mar. 31, 2022: 78,712

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	–	0.00	–	130.00	130.00
Fiscal year ending Mar. 31, 2023	–				
Fiscal year ending Mar. 31, 2023 (forecast)		0.00	–	180.00	180.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentages represent year-over-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	35,300	6.9	6,400	2.8	6,700	2.1	5,500	21.0	317.91
Full year	75,000	3.7	14,000	0.4	14,600	(0.0)	10,900	12.6	630.03

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 issued (common shares)

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

As of Jun. 30, 2022:	19,756,080 shares	As of Mar. 31, 2022:	19,756,080 shares
----------------------	-------------------	----------------------	-------------------

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

As of Jun. 30, 2022:	3,135,992 shares	As of Mar. 31, 2022:	2,522,368 shares
----------------------	------------------	----------------------	------------------

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2022:	16,838,321 shares	Three months ended Jun. 30, 2021:	17,506,037 shares
-----------------------------------	-------------------	-----------------------------------	-------------------

Note: The Company conducted a 2-for-1 common stock split effective on July 1, 2021. The average number of shares outstanding during the period has 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.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Comprehensive Income	6
For the Three-month Period	6
(3) Notes to Quarterly Consolidated Financial Statements	7
Going Concern Assumption	7
Significant Changes in Shareholders' Equity	7
Segment and Other Information	7

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, 2023 (hereinafter “the period under review”), despite the progress being made in balancing infection controls against COVID-19 and economic activities, the outlook for the Japanese economy remains uncertain. This is due to the concerns over the impacts of the persistent lockdown in Shanghai and other major cities in China as well as the recent situations in Ukraine. In addition, Japanese economy also suffered from the soaring natural resource prices and restrictions on supplies along with the rapid fall of yen.

In the electronic device market, which is the Uyemura Group’s main market area, demands for semiconductors and electronic components remained solid, despite the supply shortage of semiconductors in some areas. This was backed by the progresses being made in electrification, autonomous driving, and digital transformation (DX) of automobiles.

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 net sales for the period under review were 20,187 million yen (up 28.1% year-over-year), operating profit 3,866 million yen (up 37.8%), ordinary profit 4,294 million yen (up 42.1%), and profit attributable to owners of parent 3,663 million yen (up 72.9%).

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 package PWBs saw year-over-year increases thanks to an increase in demand in the high-speed communication market and semiconductor market.

Consequently, net sales in the surface finishing materials business increased 31.9% year-over-year to 16,859 million yen and segment profit increased 46.8% year-over-year to 3,575 million yen.

2) Surface finishing machinery business

Segment sales of the surface finishing machinery business increased year-over-year thanks to the strong demands for the surface finishing machineries for semiconductors and electronic components especially in Taiwan market. However, segment profit decreased year-over-year due to the soaring prices of various components used to manufacture the surface finishing machineries such as resin plates, electronic components, and filters.

Consequently, net sales in the surface finishing machinery business increased 17.2% year-over-year to 1,828 million yen but segment profit decreased 36.0% year-over-year to 137 million yen.

3) Plating job business

While Taiwan showed a strong performance, the business environment remained challenging for automotive industries in Thailand and Indonesia. This is due to the persistent production adjustments of various automobile manufacturers resulting from the impacts of COVID-19 and also the soaring prices of raw materials such as non-ferrous metals and others.

Consequently, net sales in the plating job business increased 6.3% year-over-year to 1,281 million yen but segment profit decreased 34.8% year-over-year to 15 million yen.

4) Real estate rental business

The occupancy rate of properties owned by the Company remained strong including office buildings for rent in Shin-Osaka.

Consequently, net sales in the real estate rental business increased 1.6% year-over-year to 211 million yen and segment profit increased 4.7% year-over-year to 133 million yen.

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

(2) Explanation of Financial Position

Total assets at the end of the period under review decreased 977 million yen from the end of the previous fiscal year to 100,211 million yen. This was primarily attributable to a 608 million yen increase in notes receivable-trade, and a 206 million yen increase in contract assets, which were partially offset by a 1,017 million yen decrease in accounts receivable-trade and an 869 million yen decrease in cash and deposits.

Total liabilities increased 157 million yen from the end of the previous fiscal year to 22,634 million yen. This was primarily attributable to a 560 million yen increase in contract liabilities, and a 373 million yen increase in electronically recorded obligations-operating, which were partially offset by a 992 million yen decrease in notes and accounts payable-trade and a 412 million yen decrease in income taxes payable.

Total net assets decreased 1,135 million yen from the end of the previous fiscal year to 77,576 million yen. This was primarily attributable to a 1,700 million yen increase in foreign currency translation adjustment and a 1,423 million yen increase in retained earnings, which were more than offset by a 4,077 million yen increase in treasury shares.

As a result, the equity ratio decreased by 0.4 percentage points from 77.8% at the end of the previous fiscal year to 77.4%.

(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, 2022” released on May 13, 2022.

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)	
	FY3/2022 (As of Mar. 31, 2022)	First quarter of FY3/2023 (As of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	31,052,681	30,183,568
Notes and accounts receivable-trade, and contract assets	21,291,971	21,089,725
Securities	51,629	52,777
Merchandise and finished goods	4,462,996	4,618,434
Work in process	2,740,296	2,633,800
Raw materials and supplies	3,752,141	3,915,113
Other	2,763,683	3,112,966
Allowance for doubtful accounts	(118,500)	(136,031)
Total current assets	65,996,900	65,470,354
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,200,066	23,640,410
Accumulated depreciation	(14,565,835)	(14,970,308)
Buildings and structures, net	8,634,230	8,670,101
Machinery, equipment and vehicles	12,386,592	13,054,218
Accumulated depreciation	(10,089,611)	(10,705,963)
Machinery, equipment and vehicles, net	2,296,981	2,348,254
Land	6,100,030	5,826,219
Leased assets	632,136	633,678
Accumulated depreciation	(172,631)	(202,466)
Leased assets, net	459,504	431,212
Construction in progress	80,488	110,562
Other	5,906,725	6,120,220
Accumulated depreciation	(4,795,595)	(4,969,484)
Other, net	1,111,130	1,150,735
Total property, plant and equipment	18,682,365	18,537,086
Intangible assets	332,714	334,643
Investments and other assets		
Investment securities	14,786,928	14,463,238
Retirement benefit asset	187,004	176,781
Deferred tax assets	572,463	575,444
Other	705,357	731,593
Allowance for doubtful accounts	(74,571)	(77,732)
Total investments and other assets	16,177,182	15,869,325
Total non-current assets	35,192,261	34,741,054
Total assets	101,189,162	100,211,409

	(Thousands of yen)	
	FY3/2022 (As of Mar. 31, 2022)	First quarter of FY3/2023 (As of Jun. 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,113,405	3,121,371
Electronically recorded obligations-operating	4,233,185	4,606,253
Short-term borrowings	457,789	461,700
Lease liabilities	198,163	208,729
Income taxes payable	2,680,544	2,267,629
Contract liabilities	3,255,950	3,816,636
Provision for bonuses	170,901	115,751
Provision for bonuses for directors (and other officers)	213,050	53,262
Other	2,146,079	2,683,606
Total current liabilities	17,469,070	17,334,940
Non-current liabilities		
Long-term guarantee deposits	680,334	681,176
Lease liabilities	460,663	454,958
Deferred tax liabilities	2,142,944	2,350,454
Retirement benefit liability	1,111,771	1,176,137
Long-term accounts payable-other	255,664	255,664
Other	356,401	381,357
Total non-current liabilities	5,007,780	5,299,749
Total liabilities	22,476,850	22,634,690
Net assets		
Shareholders' equity		
Share capital	1,336,936	1,336,936
Capital surplus	1,276,650	1,280,980
Retained earnings	76,245,125	77,668,249
Treasury shares	(6,515,214)	(10,592,240)
Total shareholders' equity	72,343,497	69,693,925
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	707,807	521,881
Foreign currency translation adjustment	5,610,272	7,310,810
Remeasurements of defined benefit plans	50,733	50,101
Total accumulated other comprehensive income	6,368,814	7,882,793
Total net assets	78,712,311	77,576,719
Total liabilities and net assets	101,189,162	100,211,409

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

	(Thousands of yen)	
	First three months of FY3/2022 (Apr. 1, 2021 – Jun. 30, 2021)	First three months of FY3/2023 (Apr. 1, 2022 – Jun. 30, 2022)
Net sales	15,760,773	20,187,198
Cost of sales	10,404,279	13,500,125
Gross profit	5,356,493	6,687,072
Selling, general and administrative expenses	2,551,496	2,820,453
Operating profit	2,804,997	3,866,619
Non-operating income		
Interest income	33,745	34,615
Dividend income	34,052	40,584
Valuable resource recovery income	17,145	13,947
Foreign exchange gains	69,952	285,424
Subsidy income	37,802	63,340
Technical advisory fee income	9,955	2,823
Other	27,738	15,052
Total non-operating income	230,392	455,788
Non-operating expenses		
Interest expenses	2,510	7,101
Commission expenses	3,564	4,157
Commission for purchase of treasury shares	5,396	8,947
Other	1,148	7,706
Total non-operating expenses	12,619	27,913
Ordinary profit	3,022,770	4,294,494
Extraordinary income		
Gain on sale of non-current assets	11,997	639,918
Gain on sale of investment securities	–	65,492
Total extraordinary income	11,997	705,411
Extraordinary losses		
Loss on sale and retirement of non-current assets	8,486	352
Total extraordinary losses	8,486	352
Profit before income taxes	3,026,281	4,999,553
Income taxes-current	727,297	1,033,995
Income taxes-deferred	180,285	302,051
Total income taxes	907,582	1,336,046
Profit	2,118,699	3,663,506
Profit attributable to:		
Owners of parent	2,118,699	3,663,506
Other comprehensive income		
Valuation difference on available-for-sale securities	18,389	(185,926)
Foreign currency translation adjustment	1,521,536	1,700,538
Remeasurements of defined benefit plans, net of tax	(701)	(632)
Total other comprehensive income	1,539,224	1,513,979
Comprehensive income	3,657,923	5,177,486
Comprehensive income attributable to:		
Owners of parent	3,657,923	5,177,486

(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 March 10, 2022, and also the partial changes resolved by its Board of Directors meeting held on May 13, 2022, the Company acquired 613,600 shares of its treasury shares. Primarily from these events, treasury shares increased 4,077,025 thousand yen during the period under review to 10,592,240 thousand yen as of the end of the period under review.

Segment and Other Information**Segment Information**

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

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									
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.

II. First three months of FY3/2023 (Apr. 1, 2022 – Jun. 30, 2022)

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	5,823,458	637,456	—	—	6,460,914	5,834	6,466,749	—	6,466,749
Taiwan	4,341,606	973,471	249,811	—	5,564,888	—	5,564,888	—	5,564,888
China	3,232,372	196,675	—	—	3,429,048	—	3,429,048	—	3,429,048
South Korea	1,277,474	327	—	—	1,277,801	—	1,277,801	—	1,277,801
Singapore	709,747	2,676	—	—	712,424	—	712,424	—	712,424
Thailand	24,737	—	950,919	—	975,656	—	975,656	—	975,656
North America	1,450,464	18,109	—	—	1,468,574	—	1,468,574	—	1,468,574
Other	—	—	80,950	—	80,950	—	80,950	—	80,950
Revenue from contracts with customers	16,859,862	1,828,716	1,281,681	—	19,970,260	5,834	19,976,095	—	19,976,095
Other revenue	—	—	—	211,103	211,103	—	211,103	—	211,103
Sales to third parties	16,859,862	1,828,716	1,281,681	211,103	20,181,363	5,834	20,187,198	—	20,187,198
Intersegment sales and transfers	—	—	—	—	—	—	—	—	—
Total	16,859,862	1,828,716	1,281,681	211,103	20,181,363	5,834	20,187,198	—	20,187,198
Segment profit	3,575,227	137,373	15,712	133,105	3,861,419	5,199	3,866,619	—	3,866,619

- 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.

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.