

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024
(Six Months Ended September 30, 2023)**

[Japanese GAAP]

Company name: **C. Uyemura & Co., Ltd.** Listing: Tokyo Stock Exchange
Stock code: 4966 URL: <https://www.uyemura.co.jp/en/>
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Scheduled date of filing of Quarterly Report: November 13, 2023
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 13, 2023 at 13:20 (GMT +9).

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

1. Consolidated Financial Results (April 1, 2023–September 30, 2023)

(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, 2023	37,220	(11.6)	5,804	(23.1)	6,256	(24.2)	4,057	(32.1)
Six months ended Sep. 30, 2022	42,105	27.5	7,549	21.3	8,258	25.9	5,978	31.6

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2023: 7,290 (down 29.3%)
Six months ended Sep. 30, 2022: 10,313 (up 62.9%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2023	248.78	–
Six months ended Sep. 30, 2022	358.92	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2023	110,278	85,710	77.7	5,315.89
As of Mar. 31, 2023	107,267	84,364	78.6	5,125.00

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

As of Sep. 30, 2023: 85,710 As of Mar. 31, 2023: 84,364

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	–	0.00	–	180.00	180.00
Fiscal year ending Mar. 31, 2024	–	0.00			
Fiscal year ending Mar. 31, 2024 (forecast)			–	180.00	180.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(Percentages represent year-over-year changes.)

	Net 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	78,180	(8.8)	12,100	(19.6)	12,930	(18.3)	8,790	(16.6)	542.02

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 issued (common shares)

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

As of Sep. 30, 2023:	19,756,080 shares	As of Mar. 31, 2023:	19,756,080 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2023:	3,632,629 shares	As of Mar. 31, 2023:	3,294,764 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023:	16,310,636 shares	Six months ended Sep. 30, 2022:	16,657,888 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 ending on March 31, 2024 (hereinafter “the period under review”), we saw moves toward normalization in social and economic activities in accordance with the relaxation of movement restrictions against COVID-19. However, the outlook for the Japanese economy remained uncertain. This was due to the price increases caused by the prolonged situation in Russia and Ukraine, soaring global resources prices, and the depreciation of the yen.

In the electronic device market, which is the Uyemura Group’s main market area, the demand of our products for automobiles remained firm backed by the recovery of production volume and the widespread availability of electric vehicles. However, the demand for PCs and smartphones dropped in addition to slowing growth of the data center market. Accordingly, the electronic device market environment as a whole became tough.

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 37,220 million yen (down 11.6% year-over-year), operating profit 5,804 million yen (down 23.1%), ordinary profit 6,256 million yen (down 24.2%), and profit attributable to owners of parent 4,057 million yen (down 32.1%).

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

1) Surface finishing materials business

Both segment sales and profit of the mainstay plating chemicals for package PWBs saw a year-over-year decrease. This was due to the capital investment restraints that lasted from the second half of the previous year in the server market for data centers and the inventory adjustment made for the lower sales volume of PCs and smartphones.

Consequently, net sales in the surface finishing materials business decreased 17.8% year-over-year to 28,976 million yen and segment profit decreased 31.7% year-over-year to 4,966 million yen.

2) Surface finishing machinery business

Both segment sales and profit of the surface finishing machinery business saw a year-over-year increase thanks to the increased sales of plating equipment for semiconductors and electronic components in Japan and China. Consequently, net sales in the surface finishing machinery business increased 45.3% year-over-year to 5,804 million yen and segment profit increased 235.0% year-over-year to 771 million yen.

3) Plating job business

The plating job business saw a year-over-year decrease in segment sales and reported a segment loss. This was due to the sluggish demand for plastic plating job as the automobile industry in Thailand and Indonesia faced the rapid spread of electric vehicles and the increasing adoption of painted parts.

Consequently, net sales in the plating job business decreased 17.0% year-over-year to 2,021 million yen with segment loss of 194 million yen (compared with segment loss of 227 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 saw a year-over-year decrease due to the slightly lower occupancy rates of properties owned by the Company.

Consequently, net sales in the real estate rental business decreased 3.4% year-over-year to 408 million yen and segment profit decreased 3.4% year-over-year to 251 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 at the end of the period under review increased 3,010 million yen from the end of the previous fiscal year to 110,278 million yen. This was primarily attributable to a 1,903 million yen increase in notes and accounts receivable-trade and contract assets, a 606 million yen increase in construction in progress, and a 575 million yen increase in investment securities, which were partially offset by a 549 million yen decrease in raw materials and supplies, a 480 million yen decrease in merchandise and finished goods, and a 254 million yen decrease in cash and deposits.

Total liabilities increased 1,664 million yen from the end of the previous fiscal year to 24,567 million yen. This was primarily attributable to a 1,701 million yen increase in electronically recorded obligations-operating, a 495 million yen increase in deferred tax liabilities, and a 412 million yen increase in contract liabilities, which were partially offset by a 624 million yen decrease in notes and accounts payable-trade and a 409 million yen decrease in income taxes payable.

Total net assets increased 1,346 million yen from the end of the previous fiscal year to 85,710 million yen. This was primarily attributable to a 2,827 million yen increase in foreign currency translation adjustment and a 1,094 million yen increase in retained earnings, which were partially offset by a 2,976 million yen increase in treasury shares.

As a result, the equity ratio decreased by 0.9 percentage points from 78.6% at the end of the previous fiscal year to 77.7%.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the period under review increased 189 million yen from the end of the previous fiscal year to 26,727 million yen.

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

(Cash flows from operating activities)

Net cash provided by operating activities was 4,827 million yen (compared with net cash provided of 5,303 million yen in the same period of the previous fiscal year). Positive factors included profit before income taxes of 6,153 million yen, a 1,513 million yen decrease in inventories, and depreciation of 923 million yen, while negative factors included income taxes paid of 2,180 million yen and a 1,169 million yen increase in trade receivables.

(Cash flows from investing activities)

Net cash provided by investing activities was 377 million yen (compared with net cash provided of 374 million yen in the same period of the previous fiscal year). Positive factors included proceeds from withdrawal of time deposits of 2,573 million yen, while negative factors included payments into time deposits of 1,711 million yen and purchase of non-current assets of 502 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 6,126 million yen (compared with 7,359 million yen used in the same period of the previous fiscal year). Negative factors included purchase of treasury shares of 2,999 million yen and dividends paid of 2,963 million yen.

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

Based on recent performance trends, we have revised the full-year consolidated forecast that we announced on May 12, 2023.

For more details, please refer to the press release titled “Notice Regarding the Differences between Consolidated Financial Forecasts and Actual Results for the First Half, and Revisions of Consolidated Financial Forecasts for FY2024” announced today (November 13, 2023).

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

	(Thousands of yen)	
	FY3/2023 (As of Mar. 31, 2023)	Second quarter of FY3/2024 (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	32,623,358	32,368,557
Notes and accounts receivable-trade, and contract assets	20,613,740	22,517,602
Securities	34,338	27,172
Merchandise and finished goods	4,593,499	4,113,169
Work in process	2,435,820	2,533,679
Raw materials and supplies	4,169,220	3,619,534
Other	3,839,924	4,464,622
Allowance for doubtful accounts	(144,833)	(152,367)
Total current assets	68,165,069	69,491,970
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,877,279	24,542,706
Accumulated depreciation	(16,115,034)	(16,893,633)
Buildings and structures, net	7,762,244	7,649,073
Machinery, equipment and vehicles	13,449,581	14,426,893
Accumulated depreciation	(11,455,951)	(12,320,101)
Machinery, equipment and vehicles, net	1,993,630	2,106,791
Land	9,694,831	9,889,534
Leased assets	742,638	782,736
Accumulated depreciation	(258,944)	(312,830)
Leased assets, net	483,694	469,906
Construction in progress	686,723	1,292,771
Other	6,524,178	7,154,901
Accumulated depreciation	(5,192,725)	(5,535,201)
Other, net	1,331,453	1,619,699
Total property, plant and equipment	21,952,576	23,027,776
Intangible assets	349,222	340,428
Investments and other assets		
Investment securities	15,211,617	15,787,275
Retirement benefit asset	208,230	195,446
Deferred tax assets	656,993	674,232
Other	801,070	840,709
Allowance for doubtful accounts	(77,073)	(79,523)
Total investments and other assets	16,800,839	17,418,139
Total non-current assets	39,102,638	40,786,345
Total assets	107,267,707	110,278,315

	(Thousands of yen)	
	FY3/2023 (As of Mar. 31, 2023)	Second quarter of FY3/2024 (As of Sep. 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,765,262	3,140,397
Electronically recorded obligations-operating	4,412,753	6,113,917
Short-term borrowings	400,000	400,000
Lease liabilities	252,395	282,199
Income taxes payable	2,461,972	2,052,916
Contract liabilities	3,870,318	4,282,676
Provision for bonuses	175,809	361,548
Provision for bonuses for directors (and other officers)	234,250	117,125
Other	2,074,519	1,699,487
Total current liabilities	17,647,282	18,450,268
Non-current liabilities		
Long-term guarantee deposits	681,595	656,434
Lease liabilities	486,511	729,931
Deferred tax liabilities	2,307,869	2,803,260
Retirement benefit liability	1,126,191	1,257,574
Long-term accounts payable-other	255,664	251,413
Other	398,287	418,933
Total non-current liabilities	5,256,121	6,117,547
Total liabilities	22,903,403	24,567,815
Net assets		
Shareholders' equity		
Share capital	1,336,936	1,336,936
Capital surplus	1,286,257	1,281,043
Retained earnings	84,550,250	85,644,939
Treasury shares	(11,497,123)	(14,473,448)
Total shareholders' equity	75,676,320	73,789,471
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	428,034	834,851
Foreign currency translation adjustment	8,216,719	11,044,690
Remeasurements of defined benefit plans	43,228	41,487
Total accumulated other comprehensive income	8,687,983	11,921,028
Total net assets	84,364,303	85,710,500
Total liabilities and net assets	107,267,707	110,278,315

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

	(Thousands of yen)	
	First six months of FY3/2023 (Apr. 1, 2022–Sep. 30, 2022)	First six months of FY3/2024 (Apr. 1, 2023–Sep. 30, 2023)
Net sales	42,105,823	37,220,849
Cost of sales	28,657,569	25,231,764
Gross profit	13,448,253	11,989,085
Selling, general and administrative expenses	5,898,547	6,184,603
Operating profit	7,549,706	5,804,481
Non-operating income		
Interest income	80,746	156,605
Dividend income	48,111	51,304
Valuable resource recovery income	21,491	35,303
Foreign exchange gains	489,735	164,874
Subsidy income	71,624	10,404
Technical advisory fee income	7,390	5,216
Other	42,561	59,067
Total non-operating income	761,661	482,776
Non-operating expenses		
Interest expenses	7,544	7,434
Commission expenses	17,958	9,272
Commission for purchase of treasury shares	12,130	7,561
Loss on disposal of inventories	1,702	–
Other	13,365	6,507
Total non-operating expenses	52,701	30,776
Ordinary profit	8,258,666	6,256,481
Extraordinary income		
Gain on sale of non-current assets	641,478	2,666
Gain on redemption of investment securities	65,492	–
Total extraordinary income	706,971	2,666
Extraordinary losses		
Loss on sale and retirement of non-current assets	1,994	5,375
Compensation expenses	–	100,000
Total extraordinary losses	1,994	105,375
Profit before income taxes	8,963,643	6,153,773
Income taxes-current	2,403,891	1,756,935
Income taxes-deferred	580,901	339,110
Total income taxes	2,984,793	2,096,046
Profit	5,978,849	4,057,726
Profit attributable to:		
Owners of parent	5,978,849	4,057,726
Other comprehensive income		
Valuation difference on available-for-sale securities	(207,465)	406,816
Foreign currency translation adjustment	4,543,157	2,827,970
Remeasurements of defined benefit plans, net of tax	(1,264)	(1,741)
Total other comprehensive income	4,334,427	3,233,045
Comprehensive income	10,313,276	7,290,772
Comprehensive income attributable to:		
Owners of parent	10,313,276	7,290,772

(3) Consolidated Statements of Cash Flows

	(Thousands of yen)	
	First six months of FY3/2023 (Apr. 1, 2022–Sep. 30, 2022)	First six months of FY3/2024 (Apr. 1, 2023–Sep. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	8,963,643	6,153,773
Depreciation	965,647	923,594
Increase (decrease) in allowance for doubtful accounts	69,016	2,606
Increase (decrease) in provision for bonuses for directors (and other officers)	(106,525)	(117,125)
Increase (decrease) in retirement benefit liability	41,624	43,084
Decrease (increase) in retirement benefit asset	8,102	13,546
Interest and dividend income	(128,857)	(207,910)
Interest expenses	7,544	7,434
Loss (gain) on redemption of investment securities	(65,492)	–
Loss (gain) on sale and retirement of non-current assets	(639,484)	2,708
Decrease (increase) in trade receivables	(512,884)	(1,169,211)
Decrease (increase) in inventories	13,258	1,513,967
Increase (decrease) in trade payables	19,819	243,884
Other, net	(919,267)	(625,898)
Subtotal	7,716,145	6,784,454
Interest and dividends received	126,557	231,579
Interest paid	(7,229)	(7,671)
Income taxes paid	(2,532,328)	(2,180,540)
Net cash provided by (used in) operating activities	5,303,145	4,827,821
Cash flows from investing activities		
Payments into time deposits	(1,247,275)	(1,711,734)
Proceeds from withdrawal of time deposits	1,231,637	2,573,781
Purchase of non-current assets	(841,428)	(502,279)
Proceeds from sale of non-current assets	1,076,929	2,774
Purchase of investment securities	(6,868)	(6,082)
Proceeds from redemption of investment securities	110,357	–
Other, net	51,413	20,691
Net cash provided by (used in) investing activities	374,765	377,151
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,489	–
Repayments of lease liabilities	(121,329)	(163,791)
Purchase of treasury shares	(4,999,922)	(2,999,852)
Dividends paid	(2,240,382)	(2,963,036)
Net cash provided by (used in) financing activities	(7,359,144)	(6,126,680)
Effect of exchange rate change on cash and cash equivalents	1,642,197	1,110,772
Net increase (decrease) in cash and cash equivalents	(39,036)	189,064
Cash and cash equivalents at beginning of period	26,280,122	26,537,992
Cash and cash equivalents at end of period	26,241,086	26,727,056

(4) 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 12, 2023, the Company acquired 344,100 treasury shares. In addition, the number of treasury shares decreased 6,306 shares due to disposal of treasury shares as restricted stock compensation which was implemented on August 4, 2023. Primarily because of these share transactions, the amount of the treasury shares increased 2,976,325 thousand yen during the period under review to 14,473,448 thousand yen as of the end of the period under review.

Segment and Other Information**Segment Information**

I. First six months of FY3/2023 (Apr. 1, 2022–Sep. 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	12,032,656	2,000,844	–	–	14,033,501	11,091	14,044,593	–	14,044,593
Taiwan	8,985,746	1,404,845	478,272	–	10,868,864	–	10,868,864	–	10,868,864
China	6,899,062	262,990	–	–	7,162,053	–	7,162,053	–	7,162,053
South Korea	2,636,304	1,371	–	–	2,637,675	–	2,637,675	–	2,637,675
Singapore	1,757,774	283,943	–	–	2,041,718	–	2,041,718	–	2,041,718
Thailand	59,965	–	1,788,905	–	1,848,870	–	1,848,870	–	1,848,870
North America	2,882,298	29,459	–	–	2,911,757	–	2,911,757	–	2,911,757
Other	–	–	167,940	–	167,940	–	167,940	–	167,940
Revenue from contracts with customers	35,253,807	3,983,456	2,435,117	–	41,672,381	11,091	41,683,473	–	41,683,473
Other revenue	–	–	–	422,349	422,349	–	422,349	–	422,349
Sales to third parties	35,253,807	3,983,456	2,435,117	422,349	42,094,731	11,091	42,105,823	–	42,105,823
Intersegment sales and transfers	–	11,697	–	–	11,697	–	11,697	(11,697)	–
Total	35,253,807	3,995,153	2,435,117	422,349	42,106,428	11,091	42,117,520	(11,697)	42,105,823
Segment profit (loss)	7,276,719	230,314	(227,825)	260,552	7,539,761	9,945	7,549,706	–	7,549,706

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.

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 six months of FY3/2024 (Apr. 1, 2023–Sep. 30, 2023)

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	10,736,632	3,812,815	–	–	14,549,448	9,930	14,559,378	–	14,559,378
Taiwan	6,236,694	765,761	174,586	–	7,177,042	–	7,177,042	–	7,177,042
China	5,420,823	1,182,260	–	–	6,603,084	–	6,603,084	–	6,603,084
South Korea	2,458,146	985	–	–	2,459,131	–	2,459,131	–	2,459,131
Singapore	1,536,252	24,980	–	–	1,561,233	–	1,561,233	–	1,561,233
Thailand	170,647	–	1,614,598	–	1,785,246	–	1,785,246	–	1,785,246
North America	2,417,744	17,522	–	–	2,435,267	–	2,435,267	–	2,435,267
Other	–	–	232,370	–	232,370	–	232,370	–	232,370
Revenue from contracts with customers	28,976,942	5,804,327	2,021,555	–	36,802,825	9,930	36,812,755	–	36,812,755
Other revenue	–	–	–	408,094	408,094	–	408,094	–	408,094
Sales to third parties Intersegment sales and transfers	28,976,942	5,804,327	2,021,555	408,094	37,210,919	9,930	37,220,849	–	37,220,849
	–	–	–	–	–	–	–	–	–
Total	28,976,942	5,804,327	2,021,555	408,094	37,210,919	9,930	37,220,849	–	37,220,849
Segment profit (loss)	4,966,696	771,490	(194,190)	251,632	5,795,630	8,851	5,804,481	–	5,804,481

- 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 revenues.
2. Total segment profit (loss) 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.