

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024 (Nine Months Ended December 31, 2023)

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 9, 2024
 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 9, 2024 at 15:30 (GMT +9).

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

1. Consolidated Financial Results (April 1, 2023–December 31, 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	%
Nine months ended Dec. 31, 2023	57,877	(10.9)	10,061	(14.1)	10,700	(13.9)	7,253	(18.4)
Nine months ended Dec. 31, 2022	64,938	25.8	11,708	15.3	12,423	17.7	8,893	21.8

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2023: 11,164 (down 17.3%)

Nine months ended Dec. 31, 2022: 13,507 (up 47.4%)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Nine months ended Dec. 31, 2023	446.43	—
Nine months ended Dec. 31, 2022	536.01	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2023	116,573	89,597	76.9	5,556.96
As of Mar. 31, 2023	107,267	84,364	78.6	5,125.00

Reference: Shareholders' equity (million yen) As of Dec. 31, 2023: 89,597 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.)

	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: 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, 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 Dec. 31, 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

Nine months ended Dec. 31, 2023:	16,248,241 shares	Nine months ended Dec. 31, 2022:	16,591,974 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 ending March 31, 2024 (hereinafter “the period under review”), the Japanese economy continued a moderate recovery path towards normalized social and economic activities. Nevertheless, the outlook remained uncertain due to the prolonged situation in Russia and Ukraine, the worsening situation in the Middle East, soaring global resources prices, and rising prices caused by 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 57,877 million yen (down 10.9% year-over-year), operating profit 10,061 million yen (down 14.1%), ordinary profit 10,700 million yen (down 13.9%), and profit attributable to owners of parent 7,253 million yen (down 18.4%).

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 fiscal 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 16.3% year-over-year to 44,957 million yen and segment profit decreased 22.1% year-over-year to 8,677 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.

Consequently, net sales in the surface finishing machinery business increased 32.2% year-over-year to 9,097 million yen and segment profit increased 156.4% year-over-year to 1,220 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 13.7% year-over-year to 3,189 million yen with segment loss of 230 million yen (compared with segment loss of 316 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 2.6% year-over-year to 617 million yen and segment profit decreased 3.0% year-over-year to 380 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 increased 9,305 million yen from the end of the previous fiscal year to 116,573 million yen. This was primarily attributable to a 5,320 million yen increase in notes and accounts receivable-trade, and contract assets; a 1,723 million yen increase in cash and deposits; and a 1,459 million yen increase in buildings and structures, net, which were partially offset by a 935 million yen decrease in raw materials and supplies, and a 692 million yen decrease in merchandise and finished goods.

Total liabilities increased 4,072 million yen from the end of the previous fiscal year to 26,976 million yen. This was primarily attributable to a 2,388 million yen increase in electronically recorded obligations-operating, a 1,141 million yen increase in contract liabilities, and an 804 million yen increase in deferred tax liabilities, which were partially offset by a 563 million yen decrease in income taxes payable.

Total net assets increased 5,233 million yen from the end of the previous fiscal year to 89,597 million yen. This was primarily attributable to a 4,290 million yen increase in retained earnings and a 3,439 million yen increase in foreign currency translation adjustment, which were partially offset by a 2,976 million yen increase in treasury shares.

As a result, the equity ratio decreased by 1.7 percentage points from 78.6% at the end of the previous fiscal year to 76.9%.

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

We have maintained the full-year consolidated forecasts that we announced in the “Notice Regarding the Differences between Consolidated Financial Forecasts and Actual Results for the First Half, and Revisions of Consolidated Financial Forecasts for FY2024” on November 13, 2023.

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)	
	FY3/2023 (As of Mar. 31, 2023)	Third quarter of FY3/2024 (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	32,623,358	34,346,813
Notes and accounts receivable-trade, and contract assets	20,613,740	25,934,143
Securities	34,338	27,944
Merchandise and finished goods	4,593,499	3,900,735
Work in process	2,435,820	2,717,019
Raw materials and supplies	4,169,220	3,233,825
Other	3,839,924	5,120,236
Allowance for doubtful accounts	(144,833)	(157,457)
Total current assets	68,165,069	75,123,260
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,877,279	26,349,392
Accumulated depreciation	(16,115,034)	(17,128,018)
Buildings and structures, net	7,762,244	9,221,373
Machinery, equipment and vehicles	13,449,581	14,566,711
Accumulated depreciation	(11,455,951)	(12,492,158)
Machinery, equipment and vehicles, net	1,993,630	2,074,552
Land	9,694,831	9,889,547
Leased assets	742,638	781,873
Accumulated depreciation	(258,944)	(315,943)
Leased assets, net	483,694	465,930
Construction in progress	686,723	172,249
Other	6,524,178	7,381,305
Accumulated depreciation	(5,192,725)	(5,641,650)
Other, net	1,331,453	1,739,655
Total property, plant and equipment	21,952,576	23,563,309
Intangible assets	349,222	337,448
Investments and other assets		
Investment securities	15,211,617	15,878,744
Retirement benefit asset	208,230	188,050
Deferred tax assets	656,993	731,341
Other	801,070	832,105
Allowance for doubtful accounts	(77,073)	(80,893)
Total investments and other assets	16,800,839	17,549,348
Total non-current assets	39,102,638	41,450,106
Total assets	107,267,707	116,573,366

	(Thousands of yen)	
	FY3/2023 (As of Mar. 31, 2023)	Third quarter of FY3/2024 (As of Dec. 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,765,262	3,750,712
Electronically recorded obligations-operating	4,412,753	6,801,664
Short-term borrowings	400,000	400,000
Lease liabilities	252,395	275,144
Income taxes payable	2,461,972	1,898,431
Contract liabilities	3,870,318	5,012,193
Provision for bonuses	175,809	60,741
Provision for bonuses for directors (and other officers)	234,250	175,687
Other	2,074,519	2,163,663
Total current liabilities	17,647,282	20,538,238
Non-current liabilities		
Long-term guarantee deposits	681,595	656,475
Lease liabilities	486,511	710,168
Deferred tax liabilities	2,307,869	3,112,695
Retirement benefit liability	1,126,191	1,275,956
Long-term accounts payable-other	255,664	251,413
Other	398,287	431,106
Total non-current liabilities	5,256,121	6,437,816
Total liabilities	22,903,403	26,976,054
Net assets		
Shareholders' equity		
Share capital	1,336,936	1,336,936
Capital surplus	1,286,257	1,294,128
Retained earnings	84,550,250	88,840,903
Treasury shares	(11,497,123)	(14,473,448)
Total shareholders' equity	75,676,320	76,998,519
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	428,034	902,125
Foreign currency translation adjustment	8,216,719	11,656,050
Remeasurements of defined benefit plans	43,228	40,616
Total accumulated other comprehensive income	8,687,983	12,598,792
Total net assets	84,364,303	89,597,311
Total liabilities and net assets	107,267,707	116,573,366

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

	(Thousands of yen)	
	First nine months of FY3/2023 (Apr. 1, 2022–Dec. 31, 2022)	First nine months of FY3/2024 (Apr. 1, 2023–Dec. 31, 2023)
Net sales	64,938,905	57,877,701
Cost of sales	44,285,475	38,396,896
Gross profit	20,653,430	19,480,805
Selling, general and administrative expenses	8,944,954	9,419,469
Operating profit	11,708,475	10,061,336
Non-operating income		
Interest income	133,292	260,899
Dividend income	64,111	69,384
Valuable resource recovered income	53,999	61,082
Foreign exchange gains	385,042	156,651
Subsidy income	74,308	11,497
Technical advisory fee income	11,393	5,275
Other	61,318	114,978
Total non-operating income	783,466	679,768
Non-operating expenses		
Interest expenses	11,394	10,991
Commission expenses	27,314	12,988
Commission for purchase of treasury shares	12,130	7,561
Loss on disposal of inventories	1,739	–
Other	15,549	8,705
Total non-operating expenses	68,128	40,246
Ordinary profit	12,423,813	10,700,857
Extraordinary income		
Gain on sale of non-current assets	655,874	15,550
Gain on redemption of investment securities	65,492	–
Total extraordinary income	721,367	15,550
Extraordinary losses		
Loss on sale and retirement of non-current assets	7,289	9,327
Loss on compensation	–	100,000
Total extraordinary losses	7,289	109,327
Profit before income taxes	13,137,892	10,607,079
Income taxes-current	3,416,822	2,788,462
Income taxes-deferred	827,653	564,927
Total income taxes	4,244,475	3,353,390
Profit	8,893,416	7,253,689
Profit attributable to:		
Profit attributable to owners of parent	8,893,416	7,253,689
Other comprehensive income		
Valuation difference on available-for-sale securities	(348,628)	474,090
Foreign currency translation adjustment	4,964,475	3,439,331
Remeasurements of defined benefit plans, net of tax	(1,896)	(2,612)
Total other comprehensive income	4,613,950	3,910,809
Comprehensive income	13,507,366	11,164,499
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	13,507,366	11,164,499

(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 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 nine months of FY3/2023 (Apr. 1, 2022–Dec. 31, 2022)

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	18,038,005	2,805,257	—	—	20,843,262	15,297	20,858,560	—	20,858,560
Taiwan	14,050,858	2,133,783	715,818	—	16,900,460	—	16,900,460	—	16,900,460
China	10,696,971	1,560,593	—	—	12,257,564	—	12,257,564	—	12,257,564
South Korea	3,984,903	3,484	—	—	3,988,388	—	3,988,388	—	3,988,388
Singapore	2,563,710	306,891	—	—	2,870,602	—	2,870,602	—	2,870,602
Thailand	129,673	—	2,654,359	—	2,784,033	—	2,784,033	—	2,784,033
North America	4,258,309	61,639	—	—	4,319,948	—	4,319,948	—	4,319,948
Other	—	—	325,793	—	325,793	—	325,793	—	325,793
Revenue from contracts with customers	53,722,431	6,871,650	3,695,972	—	64,290,053	15,297	64,305,351	—	64,305,351
Other revenue	—	—	—	633,553	633,553	—	633,553	—	633,553
Sales to third parties	53,722,431	6,871,650	3,695,972	633,553	64,923,607	15,297	64,938,905	—	64,938,905
Intersegment sales and transfers	1,526	12,173	—	—	13,700	—	13,700	(13,700)	—
Total	53,723,957	6,883,824	3,695,972	633,553	64,937,308	15,297	64,952,605	(13,700)	64,938,905
Segment profit (loss)	11,143,521	476,022	(316,827)	392,036	11,694,752	13,723	11,708,475	—	11,708,475

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 nine months of FY3/2024 (Apr. 1, 2023–Dec. 31, 2023)

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	16,472,997	6,550,174	–	–	23,023,172	15,624	23,038,797	–	23,038,797
Taiwan	9,702,087	1,179,313	314,210	–	11,195,612	–	11,195,612	–	11,195,612
China	8,946,025	1,298,763	–	–	10,244,789	–	10,244,789	–	10,244,789
South Korea	3,681,616	6,208	–	–	3,687,825	–	3,687,825	–	3,687,825
Singapore	2,377,263	37,357	–	–	2,414,620	–	2,414,620	–	2,414,620
Thailand	248,683	–	2,497,989	–	2,746,673	–	2,746,673	–	2,746,673
North America	3,528,999	26,072	–	–	3,555,072	–	3,555,072	–	3,555,072
Other	–	–	377,000	–	377,000	–	377,000	–	377,000
Revenue from contracts with customers	44,957,673	9,097,891	3,189,200	–	57,244,765	15,624	57,260,390	–	57,260,390
Other revenue	–	–	–	617,311	617,311	–	617,311	–	617,311
Sales to third parties	44,957,673	9,097,891	3,189,200	617,311	57,862,076	15,624	57,877,701	–	57,877,701
Intersegment sales and transfers	–	–	–	–	–	–	–	–	–
Total	44,957,673	9,097,891	3,189,200	617,311	57,862,076	15,624	57,877,701	–	57,877,701
Segment profit (loss)	8,677,283	1,220,572	(230,931)	380,368	10,047,292	14,043	10,061,336	–	10,061,336

- 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.