

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 10, 2019

Company name: FUJIMI INCORPORATED
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 5384 URL <http://www.fujimiinc.co.jp/>
 Representative: President Keishi Seki
 Director, Senior General Manager of Finance
 Inquiries: Division Akira Suzuki TEL 052-503-8181
 Scheduled date of ordinary general meeting of shareholders: June 21, 2019
 Scheduled date to file Securities Report: June 21, 2019
 Scheduled date to commence dividend payments: June 24, 2019
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	37,394	4.5	5,310	9.0	5,637	19.2	4,265	41.7
Year ended March 31, 2018	35,788	8.1	4,872	13.9	4,728	4.6	3,011	(10.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	173.07	–	8.7	10.0	14.2
Year ended March 31, 2018	122.16	–	6.4	8.7	13.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	57,848	50,231	86.8	2,037.96
As of March 31, 2018	55,439	47,848	86.3	1,941.26

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	4,397	(3,281)	(1,954)	22,559
Year ended March 31, 2018	3,671	(3,882)	(1,308)	23,336

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	25.00	–	38.00	63.00	1,567	51.6	3.3
Year ended March 31, 2019	–	40.00	–	47.00	87.00	2,177	50.3	4.4
Year ending March 31, 2020 (Forecast)	–	40.00	–	40.00	80.00		54.9	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	18,000	(6.1)	2,000	(28.9)	2,050	(32.9)	1,550	(33.8)	62.74
Full year	37,500	0.3	4,700	(11.5)	4,800	(14.8)	3,600	(15.6)	145.72

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2019	28,699,500 shares	As of March 31, 2018	28,699,500 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	4,051,458 shares	As of March 31, 2018	4,051,320 shares
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Average number of shares during the period

Year ended March 31, 2019	24,648,132 shares	Year ended March 31, 2018	24,648,257 shares
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1. Information Concerning Consolidated Financial Results

(1) Financial Results

In the FY2019 (April 2018-March 2019), despite ongoing political uncertainty, the US economic recovery continued, Japan and Europe also experienced gradual economic recovery. On the other hand, China's economy showed trends of slowing due to the impact of the ongoing trade friction. In the first half the global semiconductor market showed strong demand from both logic and memory devices, however, in the second half the demand for semiconductor devices declined and prices softened for memory devices.

The consolidated results for this period were shown below. Profit attributable to owners of parent increased due to extraordinary losses booked in the previous fiscal year, and decreased effective tax rate by tax system revisions in US and Japan.

Consolidated Results:

Millions of JPY

	FY ended March 31, 2018	FY ended March 31, 2019	Change YoY
Net Sales	35,788	37,394	4.5%
Operating Profit	4,872	5,310	9.0%
Ordinary Profit	4,728	5,637	19.2%
Profit Attributable to Owners of Parent	3,011	4,265	41.7%

(2) Segment Operating Results by Region

(i) Japan

Net sales in Japan increased by 11.1% to JPY 21,553 million compared with the previous fiscal year. The increase was mainly due to firm demand from silicon wafers and semiconductor devices. Operating profit increased by 16.0% to JPY 5,176 million. The increase was mainly due to a favorable product mix.

(ii) North America

Net sales in North America increased by 1.3% to JPY 6,020 million compared with the previous fiscal year. Operating profit decreased by 40.2% to JPY 598 million. The decrease was mainly due to changing product mix for CMP products related to the semiconductor devices.

(iii) Asia

Net sales in Asia decreased by 8.8% to JPY 8,171 million compared with the previous fiscal year. The decrease was mainly due to weak demand for products related to the hard disks, despite firm demand for CMP products related to the semiconductor devices. Operating profit increased by 17.1% to JPY 1,327 million. The increase was mainly due to a favorable product mix.

(iv) Europe

Net sales in Europe increased by 11.5% to JPY 1,649 million compared with the previous fiscal year. Operating profit increased by 58.5% to JPY 208 million. The increase was mainly due to firm demand from silicon wafers.

(3) Segment Operating Results by Application

(i) Silicon Wafers

Regarding products for silicon wafers, net sales of lapping abrasive products increased by 19.8% to JPY 4,297 million compared with the previous fiscal year and net sales of polishing slurry products increased by 15.4% to JPY 8,621 million. The increases in net sales of both product lines were mainly due to market share increase and high production levels in the semiconductor industry until the third quarter.

(ii) Semiconductor Devices

Regarding products for CMP process of semiconductor devices, net sales increased by 4.7% to JPY 15,305 million compared with the previous fiscal year. The increase in net sales was mainly due to firm demand from both logic and memory devices due to the high production levels in the semiconductor industry until the third quarter.

(iii) Hard Disks

Regarding products for hard disks, net sales decreased by 29.9% to JPY 2,268 million compared with the previous fiscal year. The decrease in net sales was mainly due to market shrinkage caused by replacement with SSD (Solid State Drive) and customers' manufacturing process changes.

(iv) General Industries

Regarding products for general industries, net sales decreased by 7.4% to JPY 3,931 million compared with the previous fiscal year.

(4) Financial Forecast

Financial forecast of the next fiscal year is shown below. Compared with FY2019, net sales in the first half are expected to maintain at the same level based on the assumption that the semiconductor industry would experience an inventory adjustment, however, it is forecast to recover in the second half. Profits are forecast to decrease due to the increase in upfront expenses for future growth.

FY2020 Financial Forecast:	Millions of JPY	
	FY ended March 31, 2020	Change from FY2019
Net Sales	37,500	0.3%
Operating Profit	4,700	(11.5%)
Ordinary Profit	4,800	(14.8%)
Profit Attributable to Owners of Parent	3,600	(15.6%)

The financial forecast and other forward-looking statements are based on information available to the Company at the present time and on certain assumptions judged by the Company to be reasonable. Due to a variety of factors, actuals may differ materially from the forecast.

2. Information Concerning Consolidated Financial Status

(1) Summary of Total Assets, Total Liabilities and Net Assets as of March 31, 2019

Total assets increased by JPY 2,408 million to JPY 57,848 million compared with the end of the previous fiscal year mainly due to increases of JPY 3,000 million in securities and of JPY 806 million in merchandise and finished goods and of JPY 710 million in investment securities and of JPY 509 million in land and of JPY 446 million in raw materials and supplies, offsetting a decrease of JPY 3,077 million in cash and deposit.

Total liabilities increased by JPY 25 million to JPY 7,616 million compared with the end of the previous fiscal year mainly due to increases of JPY 360 million in income taxes payable and of JPY 219 million in other in current liabilities and of JPY 156 million in provision for stocks payment, offsetting a decrease of JPY 752 million in note and accounts payable - trade.

Net assets increased by JPY 2,383 million to JPY 50,231 million compared with the end of the previous fiscal year mainly due to increase of JPY 2,313 million in retained earnings.

(2) Summary of Cash Flow for the Year Ended March 31, 2019

Cash and cash equivalents decreased by JPY 777 million to JPY 22,559 million compared with the end of the previous fiscal year. The status of cash flow from each activities are as follows.

(i) Cash Flow from Operating Activities

Net cash provided by operating activities increased by JPY 726 million to JPY 4,397 million compared with the previous fiscal year mainly due to increase in profit before income taxes, offsetting an increase in inventories.

(ii) Cash Flow from Investing Activities

Net cash used in investing activities decreased by JPY 600 million to JPY 3,281 million compared with the previous fiscal year mainly due to a larger amount of payment into time deposits in the previous fiscal year.

(iii) Cash Flow from Financing Activities

Net cash used in financing activities increased by JPY 646 million to JPY 1,954 million compared with the previous fiscal year mainly due to an increase in cash dividends paid.

(iv) Trends in cash flow indicators

	FY2015	FY2016	FY2017	FY2018	FY2019
Equity ratio (%)	86.3	87.8	86.0	86.3	86.8
Equity ratio on market value basis (%)	101.3	74.3	102.5	102.5	103.1

(Note)

Equity ratio: Equity / Total assets

Equity ratio on market value basis: Market capitalization / Total assets

- Market capitalization is calculated by multiplying the total number of shares outstanding at the end of the fiscal year (excluding treasury stock) by the closing share price at the end of the fiscal year

3. Policy for Distribution of Profits and Dividends for the Year Ended March 31, 2019 and the Year Ended March 31, 2020

Fujimi Incorporated deems the appropriate redistribution of profits to shareholders as one of the most important management issues. Regarding dividend payments, Fujimi Incorporated has a policy of striving to live up to shareholder's expectations by issuing stable and appropriate dividend payments targeting a consolidated payment ratio of over 50%. Regarding retained earnings, Fujimi Incorporated strives to reinforce R&D and production systems for satisfying customer's needs, to execute global business strategies and to expand the business domain in order to deal with anticipated changes in business environments. For FY2019, Fujimi Incorporated plans to pay a cash dividend of JPY 87 per share, comprising a year-end cash dividend of JPY 47 per share and an interim cash dividend of JPY 40 per share. The year-end cash dividend increased by JPY 2 per share to JPY 47 per share compared with the forecasted dividend of JPY 45 per share.

For FY2020, Fujimi Incorporated plans to pay a cash dividend of JPY 80 per share, the same amount as dividend originally-forecasted for FY2019, comprising an interim cash dividend of JPY 40 per share and a year-end cash dividend of JPY 40 per share.

Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	24,929	21,852
Notes and accounts receivable - trade	8,010	8,001
Securities	500	3,500
Merchandise and finished goods	3,244	4,051
Work in process	801	1,006
Raw materials and supplies	1,748	2,195
Other	772	634
Allowance for doubtful accounts	(23)	(26)
Total current assets	39,983	41,216
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,100	19,280
Accumulated depreciation	(11,278)	(11,786)
Buildings and structures, net	7,822	7,494
Machinery, equipment and vehicles	20,774	21,227
Accumulated depreciation	(19,291)	(19,732)
Machinery, equipment and vehicles, net	1,483	1,495
Land	3,119	3,629
Construction in progress	302	457
Other	9,227	9,367
Accumulated depreciation	(8,606)	(8,565)
Other, net	621	801
Total property, plant and equipment	13,349	13,877
Intangible assets		
Software	415	253
Other	63	146
Total intangible assets	479	400
Investments and other assets		
Investment securities	744	1,455
Deferred tax assets	749	777
Other	141	130
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	1,626	2,354
Total non-current assets	15,456	16,632
Total assets	55,439	57,848

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,269	2,517
Income taxes payable	429	789
Provision for bonuses	1,115	1,073
Provision for stocks payment	–	294
Other	1,952	2,172
Total current liabilities	6,767	6,848
Non-current liabilities		
Retirement benefit liability	651	701
Provision for stocks payment	153	15
Other	18	51
Total non-current liabilities	823	768
Total liabilities	7,591	7,616
Net assets		
Shareholders' equity		
Capital stock	4,753	4,753
Capital surplus	5,570	5,570
Retained earnings	42,718	45,031
Treasury shares	(5,641)	(5,641)
Total shareholders' equity	47,401	49,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	202	141
Foreign currency translation adjustment	336	436
Remeasurements of defined benefit plans	(92)	(60)
Total accumulated other comprehensive income	446	517
Total net assets	47,848	50,231
Total liabilities and net assets	55,439	57,848

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	35,788	37,394
Cost of sales	21,081	21,785
Gross profit	14,706	15,609
Selling, general and administrative expenses	9,834	10,299
Operating profit	4,872	5,310
Non-operating income		
Interest income	59	117
Foreign exchange gains	–	137
Gain on sales of securities	7	–
Waste disposal profit	37	38
Other	32	64
Total non-operating income	135	357
Non-operating expenses		
Foreign exchange losses	267	–
Loss on retirement of non-current assets	7	7
Other	3	23
Total non-operating expenses	279	31
Ordinary profit	4,728	5,637
Extraordinary losses		
Impairment loss	568	–
Total extraordinary losses	568	–
Profit before income taxes	4,160	5,637
Income taxes - current	1,240	1,384
Income taxes - deferred	(91)	(13)
Total income taxes	1,148	1,371
Profit	3,011	4,265
Profit attributable to owners of parent	3,011	4,265

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	3,011	4,265
Other comprehensive income		
Valuation difference on available-for-sale securities	(52)	(61)
Foreign currency translation adjustment	(7)	99
Remeasurements of defined benefit plans, net of tax	39	31
Total other comprehensive income	(19)	70
Comprehensive income	2,991	4,336
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,991	4,336

Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,753	5,038	41,013	(5,108)	45,697
Changes of items during period					
Dividends of surplus			(1,306)		(1,306)
Profit attributable to owners of parent			3,011		3,011
Purchase of treasury shares				(1,016)	(1,016)
Disposal of treasury shares		532		483	1,016
Net changes of items other than shareholders' equity					
Total changes of items during period	–	532	1,704	(532)	1,704
Balance at end of current period	4,753	5,570	42,718	(5,641)	47,401

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	254	344	(132)	466	46,164
Changes of items during period					
Dividends of surplus					(1,306)
Profit attributable to owners of parent					3,011
Purchase of treasury shares					(1,016)
Disposal of treasury shares					1,016
Net changes of items other than shareholders' equity	(52)	(7)	39	(19)	(19)
Total changes of items during period	(52)	(7)	39	(19)	1,684
Balance at end of current period	202	336	(92)	446	47,848

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,753	5,570	42,718	(5,641)	47,401
Changes of items during period					
Dividends of surplus			(1,952)		(1,952)
Profit attributable to owners of parent			4,265		4,265
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,313	(0)	2,312
Balance at end of current period	4,753	5,570	45,031	(5,641)	49,714

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	202	336	(92)	446	47,848
Changes of items during period					
Dividends of surplus					(1,952)
Profit attributable to owners of parent					4,265
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(61)	99	31	70	70
Total changes of items during period	(61)	99	31	70	2,383
Balance at end of current period	141	436	(60)	517	50,231

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	4,160	5,637
Depreciation	1,411	1,413
Amortization of long-term prepaid expenses	3	3
Impairment loss	568	–
Increase (decrease) in provision for bonuses	115	(43)
Increase (decrease) in allowance for doubtful accounts	6	3
Increase (decrease) in retirement benefit liability	129	97
Increase(decrease) in provision for stocks payment	153	156
Interest income	(59)	(117)
Foreign exchange losses (gains)	13	(23)
Loss (gain) on sales and retirement of non-current assets	(1)	1
Decrease (increase) in notes and accounts receivable - trade	(735)	24
Decrease (increase) in inventories	(67)	(1,439)
Increase (decrease) in notes and accounts payable - trade	2	(747)
Increase (decrease) in accounts payable - other	15	139
Other, net	(441)	316
Subtotal	5,275	5,422
Interest and dividend income received	56	114
Income taxes paid	(1,700)	(1,183)
Income taxes refund	39	44
Net cash provided by (used in) operating activities	3,671	4,397
Cash flows from investing activities		
Payments into time deposits	(4,243)	(7,825)
Proceeds from withdrawal of time deposits	2,217	7,104
Purchase of investment securities	(130)	(813)
Proceeds from sales of investment securities	26	–
Purchase of property, plant and equipment	(1,741)	(1,616)
Proceeds from sales of property, plant and equipment	91	5
Purchase of intangible assets	(100)	(137)
Other, net	(3)	1
Net cash provided by (used in) investing activities	(3,882)	(3,281)
Cash flows from financing activities		
Cash dividends paid	(1,306)	(1,952)
Purchase of treasury shares	(1,016)	(0)
Proceeds from disposal of treasury shares	1,016	–
Other, net	(1)	(2)
Net cash provided by (used in) financing activities	(1,308)	(1,954)
Effect of exchange rate change on cash and cash equivalents	23	62
Net increase (decrease) in cash and cash equivalents	(1,496)	(777)
Cash and cash equivalents at beginning of period	24,832	23,336
Cash and cash equivalents at end of period	23,336	22,559