

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

August 2, 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 Akira Suzuki
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 Scheduled date to file Quarterly Securities Report: August 7, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2019	9,046	(2.4)	1,343	(14.9)	1,404	(18.6)	986	(19.8)
Three months ended June 30, 2018	9,266	6.3	1,578	33.4	1,724	50.8	1,230	63.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2019	40.04	–
Three months ended June 30, 2018	49.93	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2019	56,428	49,618	87.9	2,013.10
As of March 31, 2019	57,848	50,231	86.8	2,037.96

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	40.00	–	47.00	87.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	40.00	–	40.00	80.00

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 three months ended June 30, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2019	28,699,500 shares	As of March 31, 2019	28,699,500 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	4,051,537 shares	As of March 31, 2019	4,051,458 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	24,647,992 shares	Three months ended June 30, 2018	24,648,180 shares
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1. Information Concerning Consolidated Financial Results

(1) Financial Results

In the first three months of FY2020 (April-June 2019), despite ongoing political uncertainty, the US economic recovery continued at a moderate pace. On the other hand, the economies of Japan and Europe were trading water and China's economy showed trends of a slowdown due to the ongoing trade friction. Furthermore, the global semiconductor market continued the operational adjustment phase due to a decline in the demand for memory devices, despite ramping advanced product manufacturing processes in logic devices.

The consolidated results for this period were shown below.

Consolidated Results for the First Three Months of Fiscal Year 2020: Millions of JPY

	FY ended June 30, 2018	FY ended June 30, 2019	Change YoY
Net Sales	92,66	9,046	(2.4%)
Operating Income	1,578	1,343	(14.9%)
Ordinary Income	1,724	1,404	(18.6%)
Net Income Attributable to Owners of Parent	1,230	986	(19.8%)

(2) Segment Operating Results by Region

(i) Japan

Net sales in Japan decreased by 2.8% to JPY 5,084 million compared with the same term in the previous fiscal year. Operating profit decreased by 18.3% to JPY 1,213 million. The decrease was mainly due to weak demand for non-semiconductor products due to the economic slowdown in China.

(ii) North America

Net sales in North America decreased by 1.1% to JPY 1,487 million compared with the same term in the previous fiscal year. Operating profit decreased by 57.0% to JPY 81 million. The decrease was mainly due to changing product mix for products related to the semiconductor devices.

(iii) Asia

Net sales in Asia decreased by 2.9% to JPY 2,070 million compared with the same term in the previous fiscal year. Operating profit decreased by 1.0% to JPY 358 million. The decrease was mainly due to weak demand for products related to the hard disks, despite firm demand for CMP products related to the advanced logic devices.

(iv) Europe

Net sales in Europe increased by 1.8% to JPY 403 million compared with the same term in the previous fiscal year. Operating profit increased by 19.9% to JPY 56 million. The increase was mainly due to foreign currency

fluctuations.

(3) Segment Operating Results by Application

(i) Silicon Wafers

Regarding products for silicon wafers, net sales of lapping abrasives decreased by 3.2% to JPY 988 million compared with the same term in the previous fiscal year. The decrease was mainly due to the market slowdown of small diameter silicon wafers. On the other hand, net sales of polishing slurry products increased by 3.8% to JPY 2,192 million. The increase was mainly due to market share increase in stock polishing.

(ii) Semiconductor Devices

Regarding products for the CMP process of semiconductor devices, net sales increased by 3.5% to JPY 3,850 million compared with the same term in the previous fiscal year. The increase was mainly due to firm demand from advanced logic devices, despite the market slowdown in memory devices.

(iii) Hard Disks

Regarding products for hard disks, net sales decreased by 17.5% to JPY 541 million compared with the same term in 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 17.9% to JPY 860 million compared with the same term in the previous fiscal year. The decrease was mainly due to weak demand with the economic slowdown in China.

2. Information Concerning Consolidated Financial Status

(1) Summary of Total Assets, Total Liabilities and Net Assets as of June 30, 2019

Total assets decreased by JPY 1,419 million to JPY 56,428 million compared with the end of the previous fiscal year mainly due to decreases of JPY 1,226 million in cash and deposit, JPY 424 million in merchandise and finished goods and JPY 220 million in deferred tax assets, offsetting an increase of JPY 428 million in raw materials and supplies.

Total liabilities decreased by JPY 806 million to JPY 6,810 million compared with the end of the previous fiscal year mainly due to decreases of JPY 620 million in provision for employee bonuses and JPY 432 million in income taxes payable.

Net assets decreased by JPY 612 million to JPY 49,618 million compared with the end of the previous fiscal year mainly due to decreases of JPY 452 million in foreign currency translation adjustment and JPY 189 million in retained earnings.

3. Information Concerning Revision of Financial Forecast

No adjustments were made concerning the financial forecast for FY2020 as reported in the “Summary of Consolidated Financial Results for the Year Ended March 31, 2019” released on May 10, 2019.

4. Quarterly Consolidated Financial Statements
(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	21,852	20,626
Notes and accounts receivable - trade	8,001	8,182
Securities	3,500	3,500
Merchandise and finished goods	4,051	3,626
Work in process	1,006	1,000
Raw materials and supplies	2,195	2,623
Other	634	453
Allowance for doubtful accounts	(26)	(18)
Total current assets	41,216	39,995
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,494	7,299
Other, net	6,383	6,538
Total property, plant and equipment	13,877	13,838
Intangible assets	400	382
Investments and other assets		
Investment securities	1,455	1,535
Deferred tax assets	777	556
Other	130	129
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	2,354	2,212
Total non-current assets	16,632	16,433
Total assets	57,848	56,428

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,517	2,647
Income taxes payable	789	357
Provision for bonuses	1,073	453
Provision for bonuses for directors (and other officers)	–	19
Provision for share-based remuneration	294	290
Other	2,172	2,170
Total current liabilities	6,848	5,938
Non-current liabilities		
Deferred tax liabilities	–	3
Retirement benefit liability	701	708
Provision for share-based remuneration	15	15
Other	51	143
Total non-current liabilities	768	871
Total liabilities	7,616	6,810
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	5,570	5,570
Retained earnings	45,031	44,842
Treasury shares	(5,641)	(5,641)
Total shareholders' equity	49,714	49,524
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	141	162
Foreign currency translation adjustment	436	(15)
Remeasurements of defined benefit plans	(60)	(52)
Total accumulated other comprehensive income	517	94
Total net assets	50,231	49,618
Total liabilities and net assets	57,848	56,428

(2) Consolidated Statements of Income (cumulative) and Consolidated Statements of Comprehensive Income (cumulative)

Consolidated Statements of Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	9,266	9,046
Cost of sales	5,387	5,324
Gross profit	3,879	3,721
Selling, general and administrative expenses	2,300	2,378
Operating profit	1,578	1,343
Non-operating income		
Interest income	28	31
Dividend income	3	15
Foreign exchange gains	102	0
Other	12	14
Total non-operating income	147	62
Non-operating expenses		
Other	1	1
Total non-operating expenses	1	1
Ordinary profit	1,724	1,404
Profit before income taxes	1,724	1,404
Income taxes - current	255	207
Income taxes - deferred	238	209
Total income taxes	493	417
Profit	1,230	986
Profit attributable to owners of parent	1,230	986

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	1,230	986
Other comprehensive income		
Valuation difference on available-for-sale securities	8	20
Foreign currency translation adjustment	134	(452)
Remeasurements of defined benefit plans, net of tax	7	7
Total other comprehensive income	150	(423)
Comprehensive income	1,381	563
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,381	563