

Translation

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

November 5, 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
 Inquiries: Division TEL 052-503-8181
 Scheduled date to file Quarterly Securities Report: November 8, 2019
 Scheduled date to commence dividend payments: December 4, 2019
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 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	%
Six months ended September 30, 2019	18,884	(1.5)	2,863	1.8	2,974	(2.7)	2,212	(5.5)
Six months ended September 30, 2018	19,163	10.0	2,813	22.9	3,056	35.8	2,339	42.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	89.74	—
Six months ended September 30, 2018	94.92	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	59,245	50,969	86.0	2,061.84
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	—	40.00	—	—	—
Year ending March 31, 2020 (Forecast)	—	—	—	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
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 six months ended September 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 September 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 September 30, 2019	3,979,269 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)

Six months ended September 30, 2019	24,650,345 shares	Six months ended September 30, 2018	24,648,175 shares
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1. Information Concerning Consolidated Financial Results

(1) Financial Results

In the first six months of FY2020 (April-September 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 treading 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 and silicon wafers, despite ramping advanced product manufacturing processes in logic devices.

The consolidated results for this period were shown below.

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

	FY ended September 30, 2018	FY ended September 30, 2019	Change YoY
Net Sales	19,163	18,884	(1.5%)
Operating Income	2,813	2,863	1.8%
Ordinary Income	3,056	2,974	(2.7%)
Net Income Attributable to Owners of Parent	2,339	2,212	(5.5%)

(2) Segment Operating Results by Region

(i) Japan

Net sales in Japan decreased by 0.9% to JPY 10,894 million compared with the same term in the previous fiscal year. Operating profit increased by 0.6% to JPY 2,699 million. The increase was mainly due to firm demand for products related to the semiconductor devices, despite weak demand for non-semiconductor products due to the economic slowdown in China.

(ii) North America

Net sales in North America decreased by 4.9% to JPY 2,930 million compared with the same term in the previous fiscal year. The decrease was mainly due to weak demand for products related to silicon wafers and memory devices, despite firm demand for products related to logic devices. Operating profit decreased by 56.8% to JPY 151 million. The decrease was mainly due to sales decrease and changing product mix for CMP products related to the semiconductor devices.

(iii) Asia

Net sales in Asia was JPY 4,267 million stayed almost the same as the same term in the previous fiscal year. Operating profit increased by 6.2% to JPY 762 million. The increase was mainly due to firm demand for CMP products related to the advanced logic devices, despite weak demand for products related to the hard disks.

(iv) Europe

Net sales in Europe decreased by 2.8% to JPY 792 million compared with the same term in the previous fiscal year. Operating profit increased by 2.7% to JPY 112 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 abrasive products decreased by 15.7% to JPY 1,834 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 4.3% to JPY 4,486 million. The increase was mainly due to market share increase in stock polishing.

(ii) Semiconductor Devices

Regarding products for CMP process of semiconductor devices, net sales increased by 10.3% to JPY 8,483 million compared with the same term in the previous fiscal year. The increase was mainly due to firm demand for advanced semiconductor devices, despite the market slowdown in memory devices.

(iii) Hard Disks

Regarding products for hard disks, net sales decreased by 14.4% to JPY 1,093 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 Solid State Drives (SSDs) and customers' manufacturing process changes.

(iv) General Industries

Regarding products for general industries, net sales decreased by 21.3% to JPY 1,740 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 September 30, 2019

Total assets increased by JPY 1,396 million to JPY 59,245 million compared with the end of the previous fiscal year mainly due to increases of JPY 1,916 million in cash and deposits and JPY 546 million in raw materials and supplies, offsetting a decrease of JPY 1,200 million in securities.

Total liabilities increased by JPY 659 million to JPY 8,276 million compared with the end of the previous fiscal year mainly due to increases of JPY 623 million in other in current liabilities, JPY 235 million in notes and accounts receivable - trade and JPY 78 million in provision for employee bonuses, offsetting a decrease of JPY 294 million in provision for share-based remuneration.

Net assets increased by JPY 737 million to JPY 50,969 million compared with the end of the previous fiscal year mainly due to an increase of JPY 1,035 million in retained earnings and a decrease of JPY 191 million in treasury shares, offsetting a decrease of JPY 508 million in foreign currency translation adjustment.

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.

Quarterly Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	21,852	23,768
Notes and accounts receivable - trade	8,001	7,941
Securities	3,500	2,299
Merchandise and finished goods	4,051	3,572
Work in process	1,006	1,032
Raw materials and supplies	2,195	2,742
Other	634	531
Allowance for doubtful accounts	(26)	(17)
Total current assets	41,216	41,871
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,494	7,201
Other, net	6,383	7,251
Total property, plant and equipment	13,877	14,453
Intangible assets	400	396
Investments and other assets		
Investment securities	1,455	1,609
Deferred tax assets	777	787
Other	130	136
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	2,354	2,523
Total non-current assets	16,632	17,373
Total assets	57,848	59,245

FUJIMI INCORPORATED
FY2020 Second Quarter Financial Summary

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,517	2,752
Income taxes payable	789	686
Provision for bonuses	1,073	1,152
Provision for bonuses for directors (and other officers)	–	53
Provision for share-based remuneration	294	–
Other	2,172	2,796
Total current liabilities	6,848	7,441
Non-current liabilities		
Deferred tax liabilities	–	1
Retirement benefit liability	701	716
Provision for share-based remuneration	15	15
Other	51	101
Total non-current liabilities	768	835
Total liabilities	7,616	8,276
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	5,570	5,570
Retained earnings	45,031	46,067
Treasury shares	(5,641)	(5,450)
Total shareholders' equity	49,714	50,941
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	141	145
Foreign currency translation adjustment	436	(71)
Remeasurements of defined benefit plans	(60)	(45)
Total accumulated other comprehensive income	517	27
Total net assets	50,231	50,969
Total liabilities and net assets	57,848	59,245

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

Consolidated Statements of Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	19,163	18,884
Cost of sales	11,255	10,759
Gross profit	7,908	8,124
Selling, general and administrative expenses	5,095	5,261
Operating profit	2,813	2,863
Non-operating income		
Interest income	56	61
Foreign exchange gains	140	7
Other	56	50
Total non-operating income	253	119
Non-operating expenses		
Loss on retirement of non-current assets	6	5
Other	3	2
Total non-operating expenses	9	7
Ordinary profit	3,056	2,974
Profit before income taxes	3,056	2,974
Income taxes - current	797	778
Income taxes - deferred	(79)	(15)
Total income taxes	717	762
Profit	2,339	2,212
Profit attributable to owners of parent	2,339	2,212

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	2,339	2,212
Other comprehensive income		
Valuation difference on available-for-sale securities	3	3
Foreign currency translation adjustment	377	(508)
Remeasurements of defined benefit plans, net of tax	15	14
Total other comprehensive income	396	(489)
Comprehensive income	2,736	1,722
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,736	1,722

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	3,056	2,974
Depreciation	684	715
Amortization of long-term prepaid expenses	1	0
Increase (decrease) in allowance for doubtful accounts	4	(9)
Increase (decrease) in provision for bonuses for directors (and other officers)	55	53
Increase (decrease) in provision for bonuses	(17)	85
Increase (decrease) in retirement benefit liability	48	34
Increase (decrease) in provision for share-based remuneration	130	(294)
Interest income	(56)	(61)
Foreign exchange losses (gains)	(25)	7
Loss (gain) on sales and retirement of non-current assets	4	5
Decrease (increase) in trade receivables	(581)	(36)
Increase (decrease) in trade payables	(330)	335
Decrease (increase) in inventories	(594)	(200)
Increase (decrease) in accounts payable - other	69	(67)
Other, net	309	400
Subtotal	2,759	3,942
Interest and dividends received	48	83
Income taxes paid	(682)	(875)
Income taxes refund	44	74
Net cash provided by (used in) operating activities	2,170	3,225
Cash flows from investing activities		
Payments into time deposits	(3,633)	(2,793)
Proceeds from withdrawal of time deposits	2,931	3,918
Purchase of securities	-	(99)
Purchase of investment securities	-	(149)
Purchase of property, plant and equipment	(586)	(766)
Purchase of intangible assets	(101)	(79)
Other, net	1	(9)
Net cash provided by (used in) investing activities	(1,387)	20
Cash flows from financing activities		
Dividends paid	(951)	(1,176)
Purchase of treasury shares	(0)	(0)
Other, net	(1)	(15)
Net cash provided by (used in) financing activities	(952)	(1,192)
Effect of exchange rate change on cash and cash equivalents	152	(196)
Net increase (decrease) in cash and cash equivalents	(17)	1,856
Cash and cash equivalents at beginning of period	23,336	22,559
Cash and cash equivalents at end of period	23,319	24,415