

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 4, 2020

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: February 7, 2020
 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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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	%
Nine months ended December 31, 2019	28,574	(0.8)	4,469	(0.6)	4,572	(4.4)	3,332	(8.2)
Nine months ended December 31, 2018	28,795	6.9	4,494	15.1	4,784	24.9	3,628	32.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	135.08	–
Nine months ended December 31, 2018	147.22	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	58,647	51,549	87.9	2,085.30
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 nine months ended December 31, 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 December 31, 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 December 31, 2019	3,979,111 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)

Nine months ended December 31, 2019	24,673,728 shares	Nine months ended December 31, 2018	24,648,152 shares
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1. Information Concerning Consolidated Financial Results

(1) Financial Results

In the first nine months of FY2020 (April-December 2019), despite ongoing political uncertainty, the US economic recovery continued at a moderate pace. On the other hand, the economies of Japan and Europe continued to be trading water and China's economy showed trends of slowdown due to 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 firm demand for logic devices.

The consolidated results for this period are shown below.

Consolidated Results for the First Nine Months of Fiscal Year 2020:

Millions of JPY

	FY ended December 31, 2018	FY ended December 31, 2019	Change YoY
Net Sales	28,795	28,574	(0.8%)
Operating Income	4,494	4,469	(0.6%)
Ordinary Income	4,784	4,572	(4.4%)
Net Income Attributable to Owners of Parent	3,628	3,332	(8.2%)

(2) Segment Operating Results by Region

(i) Japan

Net sales in Japan decreased by 1.9% to JPY 16,327 million compared with the same term in the previous fiscal year. Operating profit decreased by 4.2% to JPY 4,085 million. The decrease was mainly due to weak demand for products related to silicon wafers and non-semiconductor products, despite firm demand for products related to the semiconductor devices.

(ii) North America

Net sales in North America decreased by 5.3% to JPY 4,299 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 54.7% to JPY 232 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 increased by 6.7% to JPY 6,791 million compared with the same term in the previous fiscal year. Operating profit increased by 26.4% to JPY 1,343 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 6.7% to JPY 1,156 million compared with the same term in the previous fiscal year. Operating profit decreased by 0.2% to JPY 159 million. The decrease was mainly due to weak demand for products related to the silicon wafers.

(3) Segment Operating Results by Application

(i) Silicon Wafers

Regarding products for silicon wafers, net sales of lapping abrasive products decreased by 13.6% to JPY 2,856 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 6,787 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 8.7% to JPY 12,748 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 11.0% to JPY 1,658 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 14.1% to JPY 2,695 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 December 31, 2019

Total assets increased by JPY 798 million to JPY 58,647 million compared with the end of the previous fiscal year mainly due to increases of JPY 1,592 million in investment securities, JPY 726 million in raw materials and supplies and JPY 691 million in notes and accounts receivable - trade, offsetting decreases of JPY 1,900 million in securities and JPY 319 million in merchandise and finished goods.

Total liabilities decreased by JPY 518 million to JPY 7,097 million compared with the end of the previous fiscal year mainly due to decreases of JPY 537 million in provision for employee bonuses and JPY 483 million in income taxes payable, offsetting increases of JPY 342 million in notes and accounts receivable -

trade and JPY 148 million in other in current liabilities.

Net assets increased by JPY 1,317 million to JPY 51,549 million compared with the end of the previous fiscal year mainly due to increases of JPY 1,155 million in retained earnings and JPY 98 million in valuation difference on available-for-sale securities and a decrease of JPY 191 million in treasury shares, offsetting a decrease of JPY 149 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 December 31, 2019
Assets		
Current assets		
Cash and deposits	21,852	21,811
Notes and accounts receivable - trade	8,001	8,693
Securities	3,500	1,599
Merchandise and finished goods	4,051	3,731
Work in process	1,006	950
Raw materials and supplies	2,195	2,921
Other	634	529
Allowance for doubtful accounts	(26)	(20)
Total current assets	41,216	40,217
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,494	7,221
Other, net	6,383	7,195
Total property, plant and equipment	13,877	14,417
Intangible assets	400	357
Investments and other assets		
Investment securities	1,455	3,047
Deferred tax assets	777	485
Other	130	130
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	2,354	3,654
Total non-current assets	16,632	18,429
Total assets	57,848	58,647

FUJIMI INCORPORATED
FY2020 Third Quarter Financial Summary

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,517	2,859
Income taxes payable	789	306
Provision for bonuses	1,073	536
Provision for bonuses for directors (and other officers)	-	76
Provision for share-based remuneration	294	-
Other	2,172	2,321
Total current liabilities	6,848	6,100
Non-current liabilities		
Deferred tax liabilities	-	1
Retirement benefit liability	701	724
Provision for share-based remuneration	15	157
Other	51	114
Total non-current liabilities	768	996
Total liabilities	7,616	7,097
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	5,570	5,570
Retained earnings	45,031	46,187
Treasury shares	(5,641)	(5,449)
Total shareholders' equity	49,714	51,061
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	141	240
Foreign currency translation adjustment	436	287
Remeasurements of defined benefit plans	(60)	(38)
Total accumulated other comprehensive income	517	488
Total net assets	50,231	51,549
Total liabilities and net assets	57,848	58,647

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

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	28,795	28,574
Cost of sales	16,741	16,174
Gross profit	12,054	12,400
Selling, general and administrative expenses	7,559	7,930
Operating profit	4,494	4,469
Non-operating income		
Interest income	86	89
Foreign exchange gains	130	-
Other	85	77
Total non-operating income	301	166
Non-operating expenses		
Foreign exchange losses	-	50
Other	11	12
Total non-operating expenses	11	63
Ordinary profit	4,784	4,572
Profit before income taxes	4,784	4,572
Income taxes - current	1,042	998
Income taxes - deferred	113	241
Total income taxes	1,156	1,239
Profit	3,628	3,332
Profit attributable to owners of parent	3,628	3,332

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	3,628	3,332
Other comprehensive income		
Valuation difference on available-for-sale securities	(49)	98
Foreign currency translation adjustment	43	(149)
Remeasurements of defined benefit plans, net of tax	23	21
Total other comprehensive income	17	(29)
Comprehensive income	3,646	3,303
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,646	3,303