

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 13, 2020

Company name: FUJIMI INCORPORATED
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 5384 URL <http://www.fujimiinc.co.jp/>
 Representative: President and CEO Keishi Seki
 General Manager of Corporate Planning Department Keigo Ohashi TEL 052-503-8181
 Inquiries: Planning Department
 Scheduled date of ordinary general meeting of shareholders: June 24, 2020
 Scheduled date to file Securities Report: June 24, 2020
 Scheduled date to commence dividend payments: June 25, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	38,408	2.7	6,007	13.1	6,177	9.6	4,270	0.1
Year ended March 31, 2019	37,394	4.5	5,310	9.0	5,637	19.2	4,265	41.7

	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, 2020	172.98	–	8.3	10.5	15.6
Year ended March 31, 2019	173.07	–	8.7	10.0	14.2

(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, 2020	59,496	52,079	87.5	2,106.74
As of March 31, 2019	57,848	50,231	86.8	2,037.96

(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, 2020	6,232	(3,544)	(2,213)	22,919
Year ended March 31, 2019	4,397	(3,281)	(1,954)	22,559

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, 2019	–	40.00	–	47.00	87.00	2,177	50.3	4.4
Year ended March 31, 2020	–	40.00	–	47.00	87.00	2,177	50.3	4.2
Year ending March 31, 2021 (Forecast)	–	–	–	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2020
 (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: Yes
- 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, 2020	28,699,500 shares	As of March 31, 2019	28,699,500 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2020	3,979,111 shares	As of March 31, 2019	4,051,458 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2020	24,685,330 shares	Year ended March 31, 2019	24,648,132 shares
---------------------------	-------------------	---------------------------	-------------------

TABLE OF CONTENTS

1. Information Concerning Consolidated Financial Results and Forecast.....	4
(1) Financial Results.....	4
(2) Segment Operating Results by Region.....	4
(3) Segment Operating Results by Application.....	5
(4) Financial Forecast.....	5
2. Information Concerning Consolidated Financial Status.....	6
(1) Summary of Total Assets, Total Liabilities and Net Assets as of March 31, 2020.....	6
(2) Summary of Cash Flow for the Year Ended March 31, 2020.....	6
3. Policy for Distribution of Profits and Dividends for the Year Ended March 31, 2020 and the Year Ended March 31, 2021.....	7
4. Consolidated Financial Statements.....	8
(1) Consolidated Balance Sheets.....	8
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	10
(3) Consolidated Statements of Changes in Equity.....	12
(4) Consolidated Statements of Cash Flows.....	14

1. Information Concerning Consolidated Financial Results

(1) Financial Results

In the first through third quarters of FY2020 (April 2019-March 2020), the US economy continued to recover at a moderate pace while the economics of Japan and Europe continued to tread water. China's economy showed signs of trending down partially due to ongoing trade friction. In the fourth quarter, the world economic uncertainty became stronger due to the impact of the novel coronavirus (COVID-19). Furthermore, the global semiconductor market continued its operational adjustment phase due to a decline in the demand for memory devices and silicon wafers, despite a firm demand for logic devices.

The consolidated results for this period are shown below.

FY2020 Consolidated Results:	Millions of JPY		
	FY ended March 31, 2019	FY ended March 31, 2020	Change YoY
Net Sales	37,394	38,408	2.7%
Operating Profit	5,310	6,007	13.1%
Ordinary Profit	5,637	6,117	9.6%
Profit Attributable to Owners of Parent	4,265	4,270	0.1%

(2) Segment Operating Results by Region

(i) Japan

Net sales in Japan increased by 1.6% to JPY 21,894 million compared with the same term in the previous fiscal year. Operating profit increased by 5.0% to JPY 5,434 million. The increase was mainly due to firm demand for products related to the semiconductor devices, despite weak demand for non-semiconductor products.

(ii) North America

Net sales in North America decreased by 4.7% to JPY 5,738 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 52.8% to JPY 282 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 13.2% to JPY 9,252 million compared with the same term in the previous fiscal year. Operating profit increased by 47.2% to JPY 1,954 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 7.7% to JPY 1,522 million compared with the same term in the previous fiscal year. Operating profit decreased by 4.6% to JPY 199 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 10.7% to JPY 3,838 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 4.5% to JPY 9,006 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 13.4% to JPY 17,361 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 4.5% to JPY 2,164 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 9.2% to JPY 3,571 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.

(4) Financial Forecast

Financial forecast of the next fiscal year will be issued as soon as it becomes possible to forecast financials reasonably considering the impact of the novel coronavirus (COVID-19).

2. Information Concerning Consolidated Financial Status

(1) Summary of Total Assets, Total Liabilities and Net Assets as of March 31, 2020

Total assets increased by JPY 1,647 million to JPY 59,496 million compared with the end of the previous fiscal year mainly due to increases of JPY 1,917 million in cash and deposit and of JPY 1,483 million in investment securities, offsetting a decrease of JPY 2,000 million in securities.

Total liabilities decreased by JPY 199 million to JPY 7,416 million compared with the end of the previous fiscal year mainly due to decreases of JPY 286 million in other in current liabilities and of JPY 152 million in provision for stocks payment, offsetting an increase of JPY 168 million in provision for employee bonuses.

Net assets increased by JPY 1,847 million to JPY 52,079 million compared with the end of the previous fiscal year mainly due to an increase of JPY 2,092 million in retained earnings.

(2) Summary of Cash Flow for the Year Ended March 31, 2020

Cash and cash equivalents increased by JPY 360 million to JPY 22,919 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 1,835 million to JPY 6,232 million compared with the end of the previous fiscal year mainly due to a small amount of increase in inventories.

(ii) Cash Flow from Investing Activities

Net cash used in investing activities increased by JPY 262 million to JPY 3,544 million compared with the end of the previous fiscal year mainly due to an increase in purchase of investment securities.

(iii) Cash Flow from Financing Activities

Net cash used in financing activities increased by JPY 258 million to JPY 2,213 million compared with the end of the previous fiscal year mainly due to an increase in cash dividends paid.

(iv) Trends in cash flow indicators

	FY2016	FY2017	FY2018	FY2019	FY2020
Equity ratio (%)	87.8	86.0	86.3	86.8	87.5
Equity ratio on market value basis (%)	74.3	102.5	102.5	103.1	111.7

(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, 2020 and the Year Ended March 31, 2021

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 FY2020, 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.

For FY2021, the dividend forecast will be released when it is possible to issue the financial forecast.

Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	21,852	23,769
Notes and accounts receivable - trade	8,001	8,228
Securities	3,500	1,499
Merchandise and finished goods	4,051	3,695
Work in process	1,006	988
Raw materials and supplies	2,195	2,610
Other	634	503
Allowance for doubtful accounts	(26)	(18)
Total current assets	41,216	41,279
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,280	19,017
Accumulated depreciation	(11,786)	(12,228)
Buildings and structures, net	7,494	6,788
Machinery, equipment and vehicles	21,227	21,485
Accumulated depreciation	(19,732)	(19,869)
Machinery, equipment and vehicles, net	1,495	1,615
Land	3,629	3,647
Construction in progress	457	533
Other	9,367	10,133
Accumulated depreciation	(8,565)	(8,785)
Other, net	801	1,347
Total property, plant and equipment	13,877	13,933
Intangible assets		
Software	253	195
Other	146	241
Total intangible assets	400	437
Investments and other assets		
Investment securities	1,455	2,939
Deferred tax assets	777	787
Other	130	129
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	2,354	3,846
Total non-current assets	16,632	18,217
Total assets	57,848	59,496

FUJIMI INCORPORATED
FY2020 Financial Summary

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,517	2,499
Income taxes payable	789	767
Provision for bonuses	1,073	1,242
Provision for share-based remuneration	294	-
Other	2,172	1,886
Total current liabilities	<u>6,848</u>	<u>6,395</u>
Non-current liabilities		
Deferred tax liabilities	-	0
Retirement benefit liability	701	752
Provision for share-based remuneration	15	157
Other	51	110
Total non-current liabilities	<u>768</u>	<u>1,021</u>
Total liabilities	<u>7,616</u>	<u>7,416</u>
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	5,570	5,570
Retained earnings	45,031	47,124
Treasury shares	(5,641)	(5,449)
Total shareholders' equity	<u>49,714</u>	<u>51,998</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	141	94
Foreign currency translation adjustment	436	30
Remeasurements of defined benefit plans	(60)	(44)
Total accumulated other comprehensive income	<u>517</u>	<u>80</u>
Total net assets	<u>50,231</u>	<u>52,079</u>
Total liabilities and net assets	<u>57,848</u>	<u>59,496</u>

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	37,394	38,408
Cost of sales	21,785	21,588
Gross profit	15,609	16,819
Selling, general and administrative expenses	10,299	10,811
Operating profit	5,310	6,007
Non-operating income		
Interest income	117	120
Dividend income	7	30
Foreign exchange gains	137	–
Waste disposal profit	38	30
Other	56	40
Total non-operating income	357	221
Non-operating expenses		
Foreign exchange losses	–	29
Loss on retirement of non-current assets	7	12
Other	23	9
Total non-operating expenses	31	51
Ordinary profit	5,637	6,177
Extraordinary losses		
Impairment loss	–	413
Total extraordinary losses	–	413
Profit before income taxes	5,637	5,764
Income taxes - current	1,384	1,490
Income taxes - deferred	(13)	3
Total income taxes	1,371	1,493
Profit	4,265	4,270
Profit attributable to owners of parent	4,265	4,270

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	4,265	4,270
Other comprehensive income		
Valuation difference on available-for-sale securities	(61)	(46)
Foreign currency translation adjustment	99	(405)
Remeasurements of defined benefit plans, net of tax	31	16
Total other comprehensive income	70	(436)
Comprehensive income	4,336	3,833
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,336	3,833

Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,753	5,570	42,718	(5,641)	47,401
Changes 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 in items other than shareholders' equity					
Total changes during period	–	–	2,313	(0)	2,312
Balance at end of 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 period	202	336	(92)	446	47,848
Changes during period					
Dividends of surplus					(1,952)
Profit attributable to owners of parent					4,265
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	(61)	99	31	70	70
Total changes during period	(61)	99	31	70	2,383
Balance at end of period	141	436	(60)	517	50,231

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,753	5,570	45,031	(5,641)	49,714
Changes during period					
Dividends of surplus			(2,177)		(2,177)
Profit attributable to owners of parent			4,270		4,270
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				191	191
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,092	191	2,284
Balance at end of period	4,753	5,570	47,124	(5,449)	51,998

	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 period	141	436	(60)	517	50,231
Changes during period					
Dividends of surplus					(2,177)
Profit attributable to owners of parent					4,270
Purchase of treasury shares					(0)
Disposal of treasury shares					191
Net changes in items other than shareholders' equity	(46)	(405)	16	(436)	(436)
Total changes during period	(46)	(405)	16	(436)	1,847
Balance at end of period	94	30	(44)	80	52,079

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	5,637	5,764
Depreciation	1,413	1,598
Amortization of long-term prepaid expenses	3	2
Impairment loss	–	413
Increase (decrease) in provision for bonuses	(43)	173
Increase (decrease) in allowance for doubtful accounts	3	(8)
Increase (decrease) in retirement benefit liability	97	73
Increase (decrease) in provision for share-based remuneration	156	(152)
Interest income	(117)	(120)
Dividend income	(7)	(30)
Foreign exchange losses (gains)	(23)	2
Loss (gain) on sales and retirement of non-current assets	1	11
Decrease (increase) in trade receivables	24	(302)
Decrease (increase) in inventories	(1,439)	(121)
Increase (decrease) in trade payables	(747)	44
Increase (decrease) in accounts payable - other	139	(103)
Other, net	324	259
Subtotal	5,422	7,503
Interest and dividends received	114	164
Income taxes paid	(1,183)	(1,509)
Income taxes refund	44	74
Net cash provided by (used in) operating activities	4,397	6,232
Cash flows from investing activities		
Payments into time deposits	(7,825)	(6,348)
Proceeds from withdrawal of time deposits	7,104	7,126
Purchase of securities	–	(499)
Purchase of investment securities	(813)	(1,551)
Purchase of property, plant and equipment	(1,616)	(2,060)
Purchase of intangible assets	(137)	(209)
Other, net	6	(1)
Net cash provided by (used in) investing activities	(3,281)	(3,544)
Cash flows from financing activities		
Dividends paid	(1,952)	(2,177)
Purchase of treasury shares	(0)	(0)
Other, net	(2)	(35)
Net cash provided by (used in) financing activities	(1,954)	(2,213)
Effect of exchange rate change on cash and cash equivalents	62	(114)
Net increase (decrease) in cash and cash equivalents	(777)	360
Cash and cash equivalents at beginning of period	23,336	22,559
Cash and cash equivalents at end of period	22,559	22,919