

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 4, 2020

Company name: FUJIMI INCORPORATED
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 5384 URL <https://www.fujimiinc.co.jp/>
 Representative: President and CEO Keishi Seki
 Inquiries: General Manager of Corporate Planning Department Keigo Ohashi TEL 052-503-8181
 Scheduled date to file Quarterly Securities Report: November 6, 2020
 Scheduled date to commence dividend payments: December 4, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	20,427	8.2	3,718	29.9	3,694	24.2	2,855	29.1
Six months ended September 30, 2019	18,884	(1.5)	2,863	1.8	2,974	(2.7)	2,212	(5.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	115.49		-	
Six months ended September 30, 2019	89.74		-	

(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, 2020	62,426	53,825	86.2	2,177.30
As of March 31, 2020	59,496	52,079	87.5	2,106.74

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	-	40.00	-	47.00	87.00
Year ending March 31, 2021	-	50.00	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	50.00	100.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	39,500	2.8	6,800	13.2	6,850	10.9	5,200	21.8	210.35

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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: No
- 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, 2020	28,699,500 shares	As of March 31, 2020	28,699,500 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	3,978,431 shares	As of March 31, 2020	3,979,111 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, 2020	24,720,650 shares	Six months ended September 30, 2019	24,650,345 shares
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1. Information Concerning Consolidated Financial Results and Forecast

(1) Financial Results

In the first six months of FY2021 (April-September 2020), global economic uncertainty increased due to the world-wide spread of the novel coronavirus (COVID-19), and increasing concerns about the US-China trade friction as well as the Hong Kong matter and so forth.

Despite weak demand for smartphones and automobiles, the global semiconductor market showed firm demand of logic devices and memory devices used for data centers and PCs fueled by “Stay Home” to prevent the spread of novel coronavirus (COVID-19). Additionally, inventory levels have increased due to concerns over the spread of the novel coronavirus (COVID-19) and the intensified US-China trade friction.

The consolidated results for this period are shown below.

Consolidated Results for the First Six Months of Fiscal Year 2021: Millions of JPY

	FY ended September 30, 2019	FY ended September 30, 2020	Change YoY
Net Sales	18,884	20,427	8.2%
Operating Profit	2,863	3,718	29.9%
Ordinary Profit	2,974	3,694	24.2%
Profit Attributable to Owners of Parent	2,212	2,855	29.1%

(2) Segment Operating Results by Region

(i) Japan

Net sales in Japan increased by 8.7% to JPY 11,840 million. The increase was mainly due to firm demand for products related to semiconductor devices and silicon wafers. Operating profit increased by 29.2% to JPY 3,487 million. The increase was mainly due to sales increase and a favorable product mix.

(ii) North America

Net sales in North America decreased by 4.5% to JPY 2,798 million compared with the same term in the previous fiscal year. Operating profit increased by 48.4% to JPY 224 million. The increase was mainly due to a favorable product mix.

(iii) Asia

Net sales in Asia increased by 17.9% to JPY 5,032 million compared with the same term in the previous fiscal year. Operating profit increased by 36.7% to JPY 1,042 million. The increases were mainly due to firm demand for CMP products related to the advanced logic devices.

(iv) Europe

Net sales in Europe decreased by 4.5% to JPY 756 million compared with the same term in the previous fiscal year. Operating profit decreased by 26.6% to JPY 82 million. The decrease in operating profit 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 increased by 17.7% to JPY 2,158 million compared with the same term in the previous fiscal year and net sales of polishing slurry products increased by 0.8% to JPY 4,521 million. The increases in net sales of both product lines were mainly due to high production levels in the semiconductor industry and an inventory increase of silicon wafers, however net sales of polishing slurry products remains almost unchanged due to some customers' inventory increases in the second quarter of the previous fiscal year.

(ii) Semiconductor Devices

Regarding products for the CMP process of semiconductor devices, net sales increased by 18.5% to JPY 10,055 million compared with the same term in the previous fiscal year. The increase was mainly due to firm demand from both advanced logic devices and advanced memory devices for data centers and PCs.

(iii) Hard Disks

Regarding products for hard disks, net sales decreased by 14.2% to JPY 938 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 2.4% to JPY 1,699 million compared with the same term in the previous fiscal year. The decrease in net sales was mainly due to weak demand of products for automobiles and industrial machineries.

(4) Financial Forecast

Although the impact of the novel coronavirus (COVID-19) and the US-China trade friction is still uncertain, based on recent business environment, full year financial forecast of FY2021 (April 2020-March 2021) is shown below.

FY2021 Financial Forecast:	Millions of JPY	
	FY ending March 31, 2021	Change YoY
Net Sales	39,500	2.8%
Operating Profit	6,800	13.2%
Ordinary Profit	6,850	10.9%
Profit Attributable to Owners of Parent	5,200	21.8%

The financial forecast and other forward-looking statements are based on information available to the management at the present time and on certain assumptions judged by the management to be reasonable. Due to various factors, actual performance and financial results in future periods may differ materially from the forecast.

2. Information Concerning Consolidated Financial Status

(1) Summary of Total Assets, Total Liabilities and Net Assets as of September 30, 2020

Total assets increased by JPY 2,930 million to JPY 62,426 million compared with the end of the previous fiscal year mainly due to increases of JPY 2,738 million in cash and deposit, of JPY 291 million in merchandise and finished goods and of JPY 200 million in securities, offsetting decreases of JPY 242 million in other in current assets.

Total liabilities increased by JPY 1,184 million to JPY 8,601 million compared with the end of the previous fiscal year mainly due to increases of JPY 454 million in other in current liabilities, of JPY 188 million in notes and accounts payable - trade, of JPY 143 million in provision for employee bonuses and of JPY 139 million in provision for share-based remuneration.

Net assets increased by JPY 1,745 million to JPY 53,825 million compared with the end of the previous fiscal year mainly due to increases of JPY 1,678 million in retained earnings and of JPY 109 million in valuation difference on available-for-sale securities.

Quarterly Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	23,769	26,507
Notes and accounts receivable - trade	8,228	8,119
Securities	1,499	1,699
Merchandise and finished goods	3,695	3,986
Work in process	988	1,031
Raw materials and supplies	2,610	2,481
Other	503	261
Allowance for doubtful accounts	(18)	(18)
Total current assets	41,279	44,070
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,788	6,665
Other, net	7,144	7,215
Total property, plant and equipment	13,933	13,880
Intangible assets	437	383
Investments and other assets		
Investment securities	2,939	3,096
Deferred tax assets	787	893
Other	129	112
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	3,846	4,092
Total non-current assets	18,217	18,356
Total assets	59,496	62,426

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,499	2,687
Income taxes payable	767	898
Provision for bonuses	1,242	1,386
Provision for bonuses for directors (and other officers)	–	57
Other	1,886	2,340
Total current liabilities	6,395	7,370
Non-current liabilities		
Deferred tax liabilities	0	–
Retirement benefit liability	752	768
Provision for share-based remuneration	157	297
Other	110	165
Total non-current liabilities	1,021	1,230
Total liabilities	7,416	8,601
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	5,570	5,570
Retained earnings	47,124	48,802
Treasury shares	(5,449)	(5,448)
Total shareholders' equity	51,998	53,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	94	204
Foreign currency translation adjustment	30	(25)
Remeasurements of defined benefit plans	(44)	(32)
Total accumulated other comprehensive income	80	146
Total net assets	52,079	53,825
Total liabilities and net assets	59,496	62,426

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, 2019	Six months ended September 30, 2020
Net sales	18,884	20,427
Cost of sales	10,759	10,985
Gross profit	8,124	9,441
Selling, general and administrative expenses	5,261	5,722
Operating profit	2,863	3,718
Non-operating income		
Interest income	61	42
Foreign exchange gains	7	-
Other	50	58
Total non-operating income	119	101
Non-operating expenses		
Foreign exchange losses	-	107
Other	7	17
Total non-operating expenses	7	125
Ordinary profit	2,974	3,694
Profit before income taxes	2,974	3,694
Income taxes - current	778	1,000
Income taxes - deferred	(15)	(160)
Total income taxes	762	839
Profit	2,212	2,855
Profit attributable to owners of parent	2,212	2,855

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	2,212	2,855
Other comprehensive income		
Valuation difference on available-for-sale securities	3	109
Foreign currency translation adjustment	(508)	(55)
Remeasurements of defined benefit plans, net of tax	14	11
Total other comprehensive income	(489)	65
Comprehensive income	1,722	2,920
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,722	2,920

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	2,974	3,694
Depreciation	715	815
Amortization of long-term prepaid expenses	0	0
Increase (decrease) in allowance for doubtful accounts	(9)	-
Increase (decrease) in provision for bonuses for directors (and other officers)	53	57
Increase (decrease) in provision for bonuses	85	143
Increase (decrease) in retirement benefit liability	34	32
Increase (decrease) in provision for share-based remuneration	(294)	139
Interest income	(61)	(42)
Foreign exchange losses (gains)	7	7
Loss (gain) on sales and retirement of non-current assets	5	(0)
Decrease (increase) in trade receivables	(36)	107
Increase (decrease) in trade payables	335	179
Decrease (increase) in inventories	(200)	(214)
Increase (decrease) in accounts payable - other	(67)	281
Other, net	400	334
Subtotal	3,942	5,535
Interest and dividends received	83	57
Income taxes paid	(875)	(857)
Income taxes refund	74	37
Net cash provided by (used in) operating activities	3,225	4,773
Cash flows from investing activities		
Payments into time deposits	(2,793)	(5,313)
Proceeds from withdrawal of time deposits	3,918	2,934
Purchase of securities	(99)	(500)
Proceeds from redemption of securities	-	99
Purchase of investment securities	(149)	-
Purchase of property, plant and equipment	(766)	(601)
Purchase of intangible assets	(79)	(16)
Other, net	(9)	1
Net cash provided by (used in) investing activities	20	(3,395)
Cash flows from financing activities		
Dividends paid	(1,176)	(1,176)
Purchase of treasury shares	(0)	(0)
Other, net	(15)	(25)
Net cash provided by (used in) financing activities	(1,192)	(1,202)
Effect of exchange rate change on cash and cash equivalents	(196)	(31)
Net increase (decrease) in cash and cash equivalents	1,856	145
Cash and cash equivalents at beginning of period	22,559	22,919
Cash and cash equivalents at end of period	24,415	23,064