

Financial Overview

FY2022 2Q

FUJIMI INCORPORATED

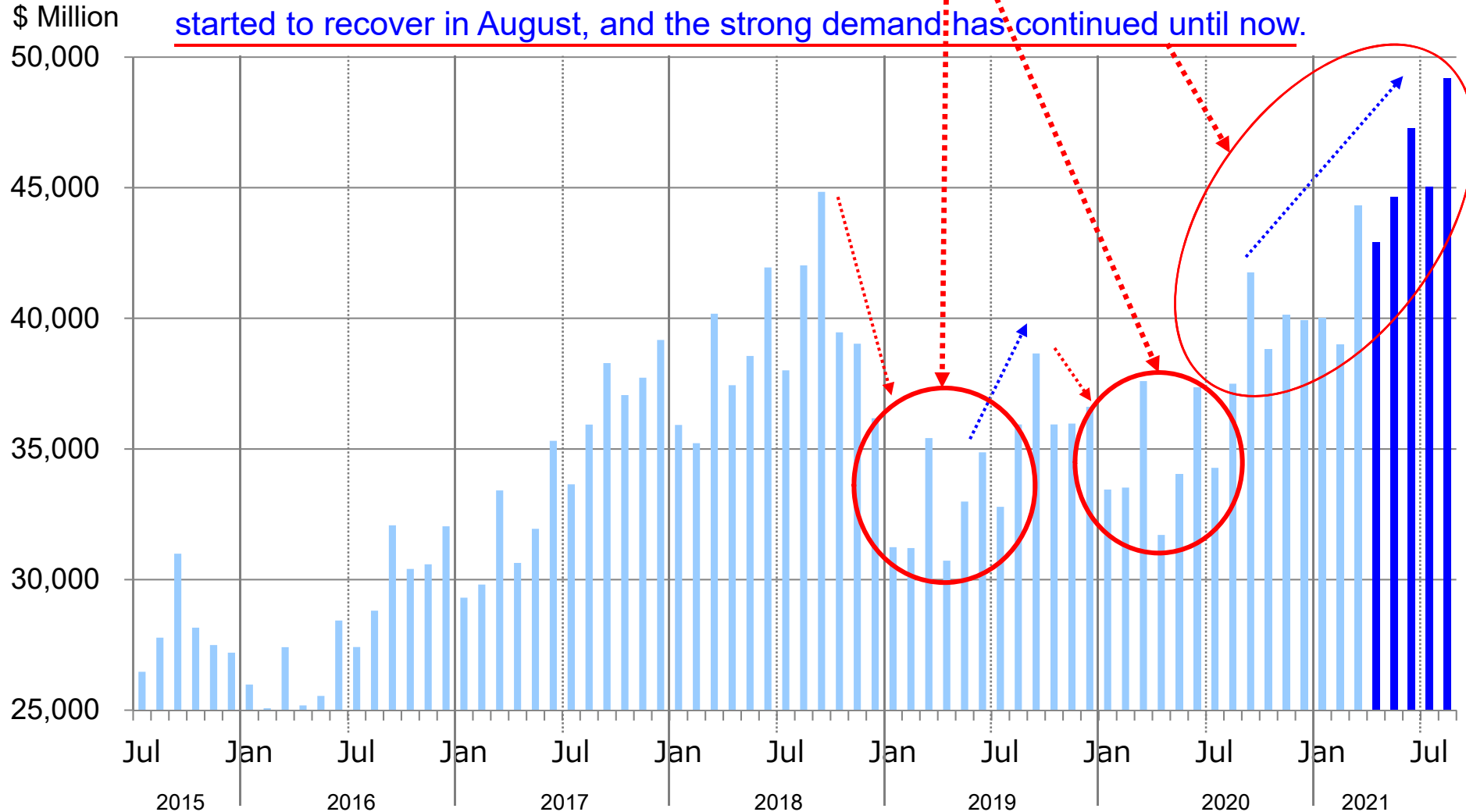
TSE Code : 5384

12 Nov 2021

Market Overview

World Semiconductor Market : Monthly Trend until August 2021

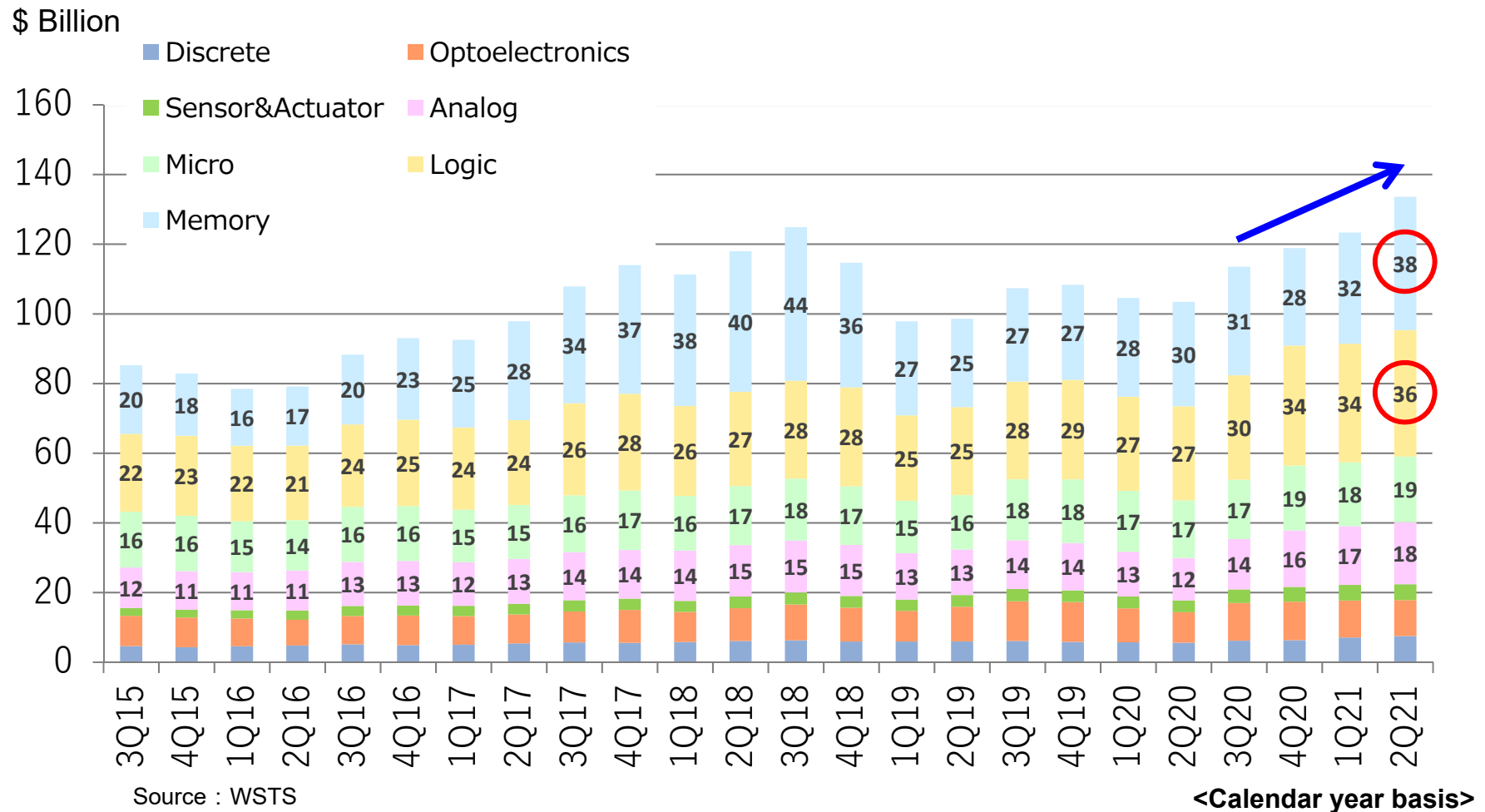
- In 2019, after a market downturn from January to July due to a reaction of the memory bubble, the market recovered mainly in North America and China.
- In 2020, the market dropped from January due to COVID-19 but bottomed out in April and started to recover in August, and the strong demand has continued until now.



Source : WSTS, 1 October 2021

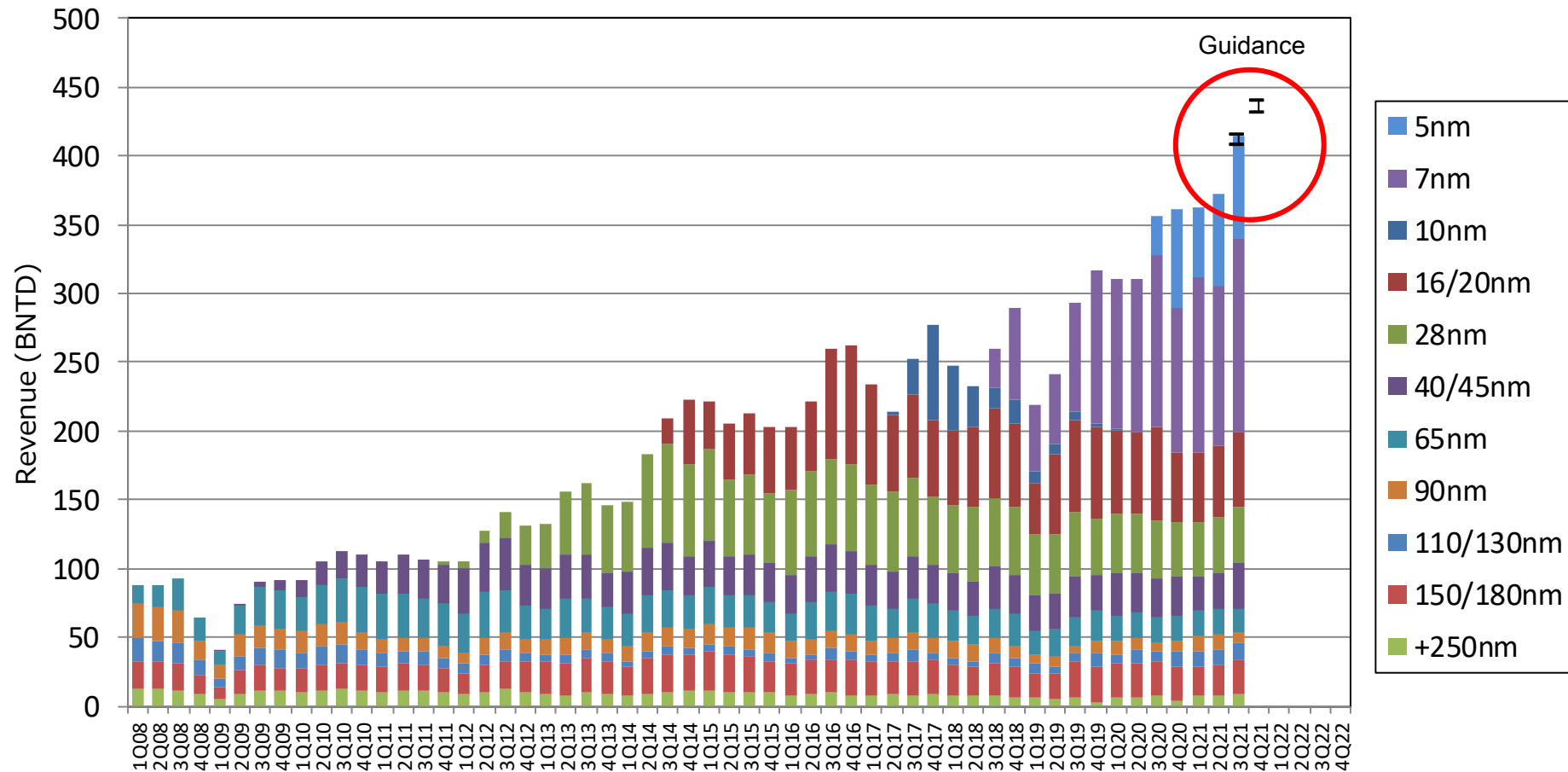
World Semiconductor Market : Quarterly Trend by Application

- In 2Q21, the market demand was strong for both logic and memory devices.



TSMC's Revenue : Quarterly Trend

- 1Q21, 2Q21 and 3Q21, revenues have been hitting record highs consecutively.
- 4Q21, the revenue is expected to reach a record high.
- Revenues from not only advanced nodes (5nm and 7nm) but also mature nodes (28nm and older) continued to increase.

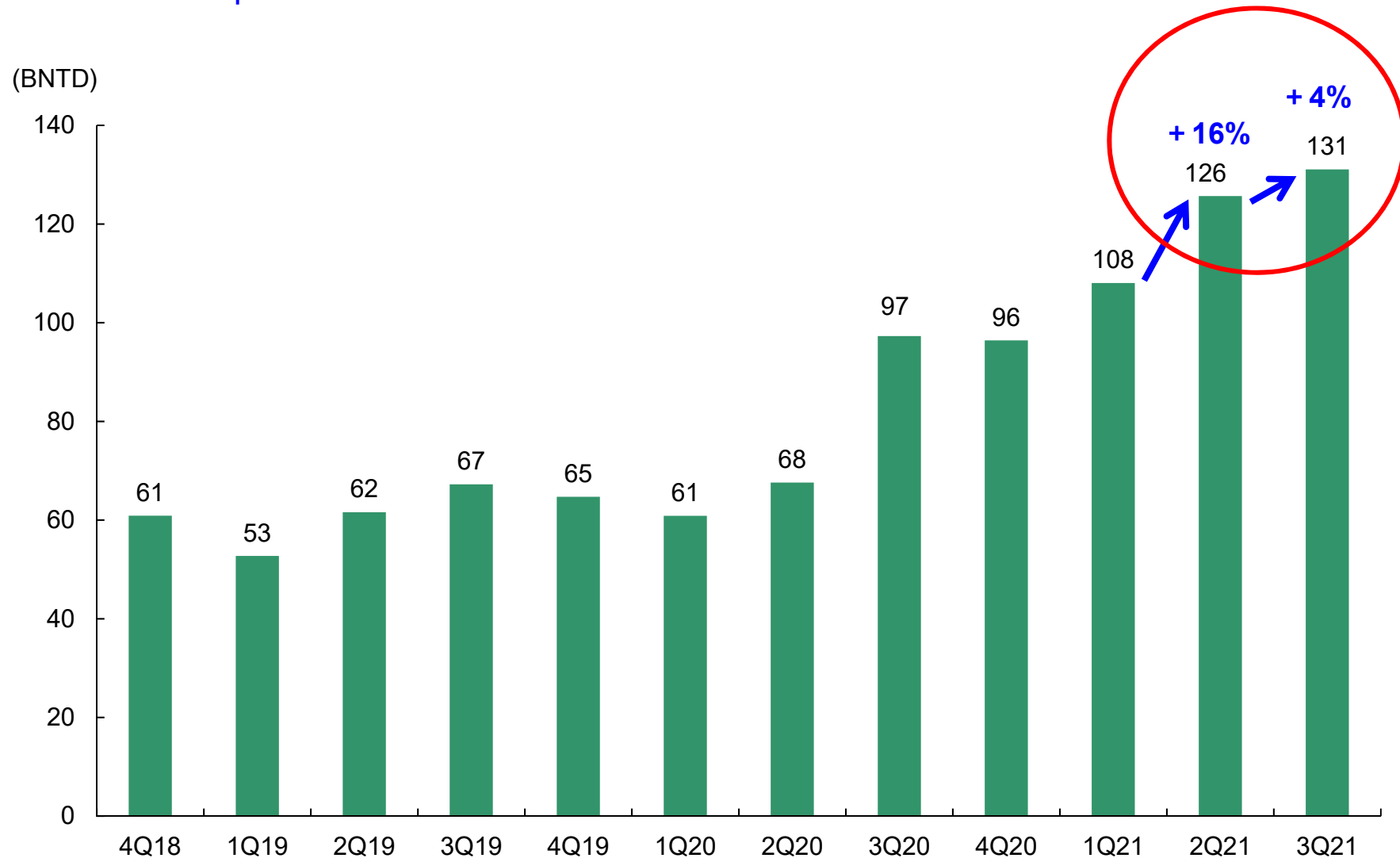


Source : The graph is created by Fujimi with TSMC's public information.

<Calendar year basis>

MediaTek's Revenue : Quarterly Trend

- The revenues were up by 16% QoQ in 2Q21 and up by 4% QoQ in 3Q21 due to the firm demand for 5G products.



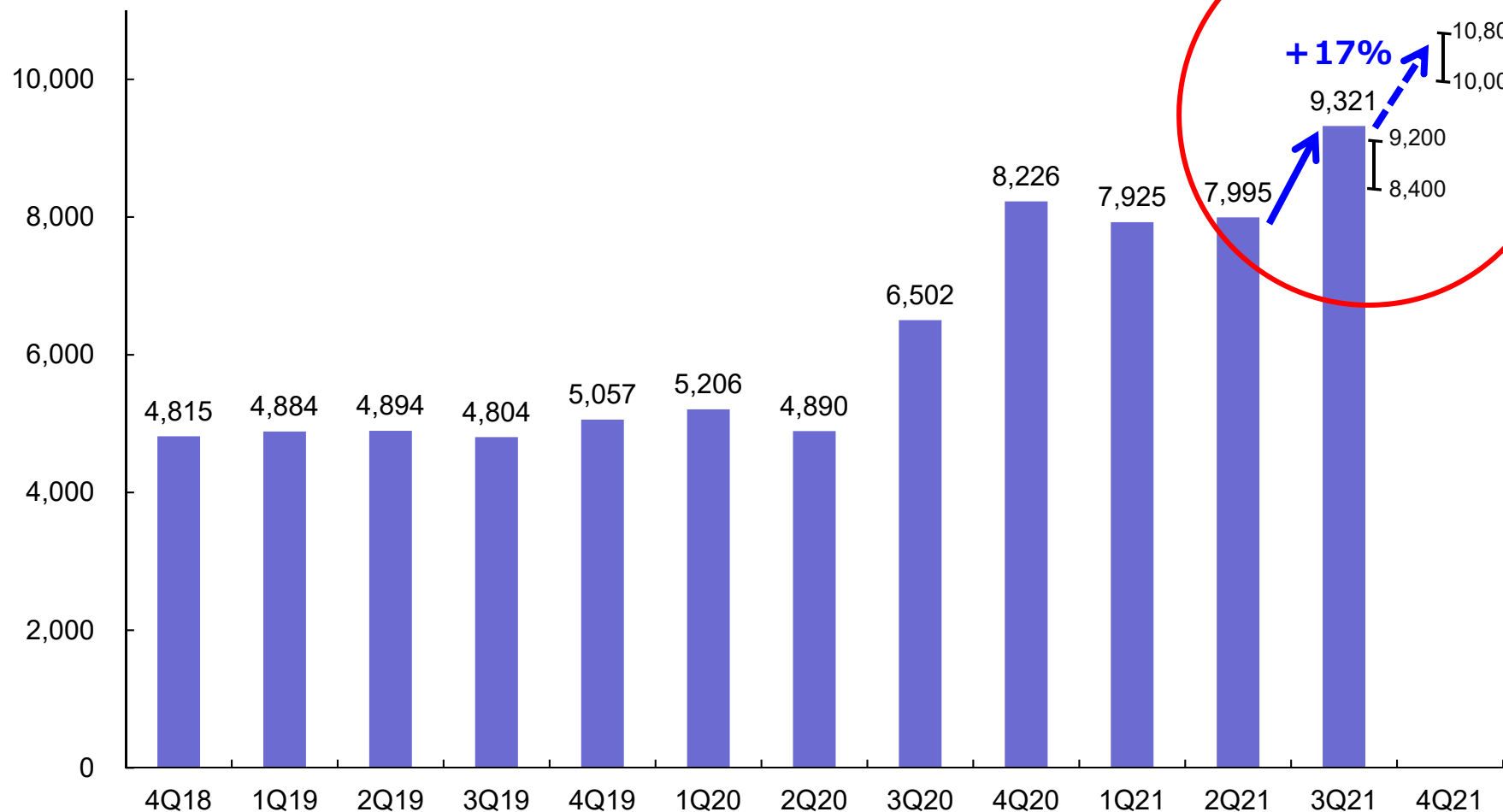
Source : The graph is created by Fujimi with MediaTek's public information.

<Calendar year basis>

Qualcomm's Revenue : Quarterly Trend

- 3Q21, the revenue was up by 17% QoQ.
- 4Q21, the revenue guidance is to reach USD10,000 ~ 10,800 million due to the firmer demand for 5G products.

\$ Million



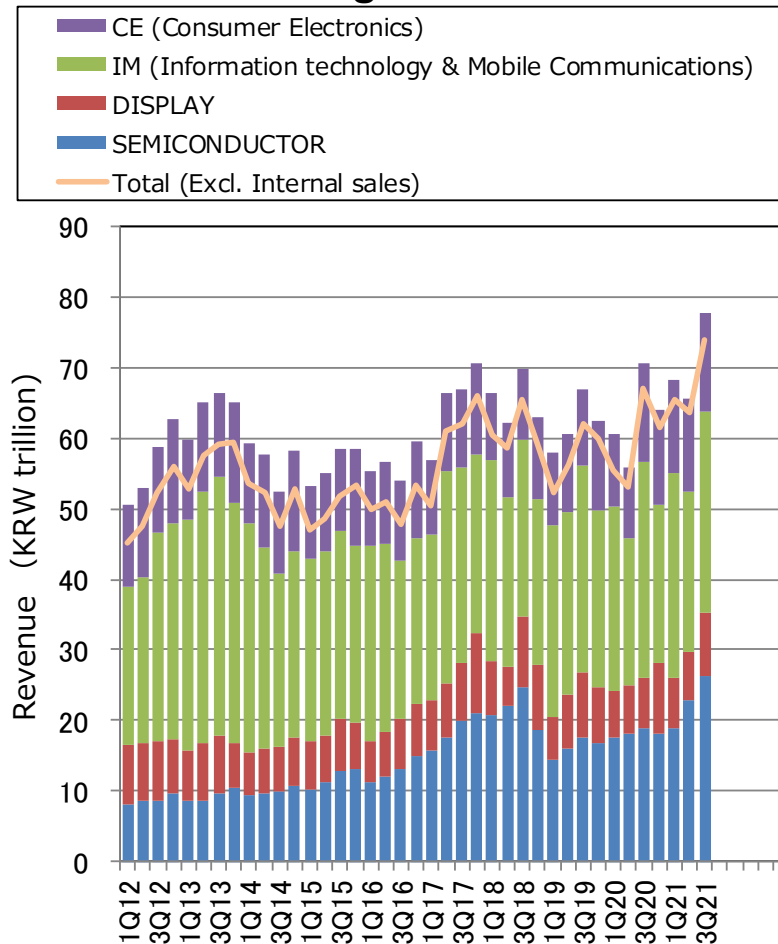
Source : The graph is created by Fujimi with Qualcomm's public information.

<Calendar year basis>

Samsung's Revenue : Quarterly Trend

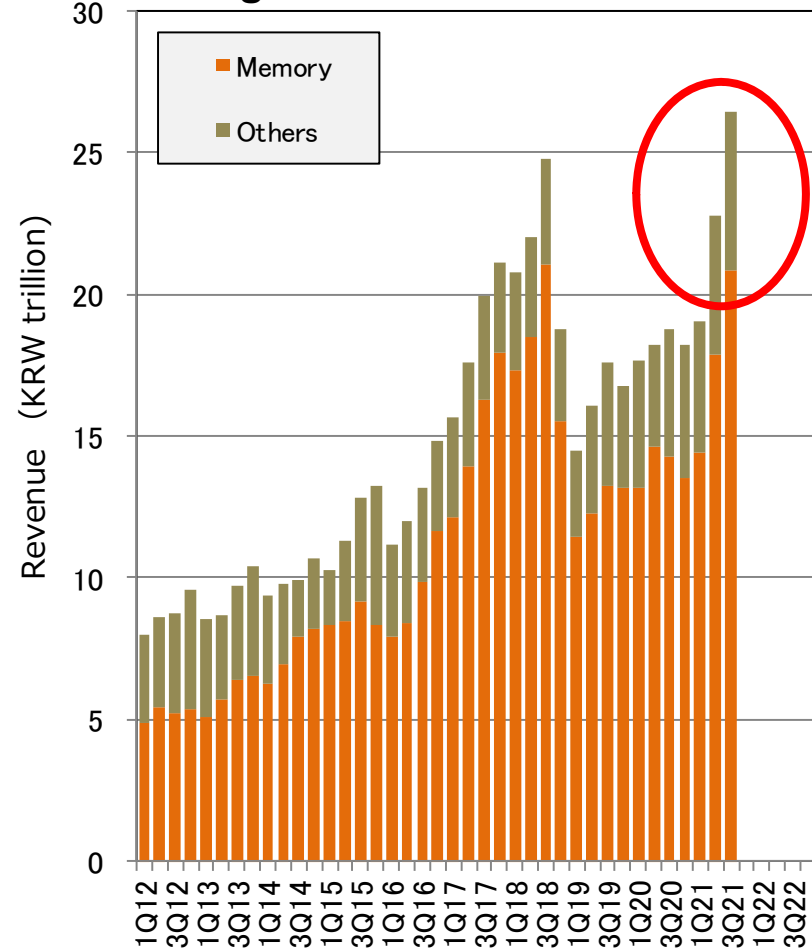
- 3Q21, the semiconductor revenue hit a record high.
- The strong demands for both DRAM and NAND were from servers.
- Samsung cautions the memory business needs to watch for the impact of end applications' component shortages in 4Q21.

<Samsung's revenue>



Source : Graphs are created by Fujimi with Samsung Electronics' public information.

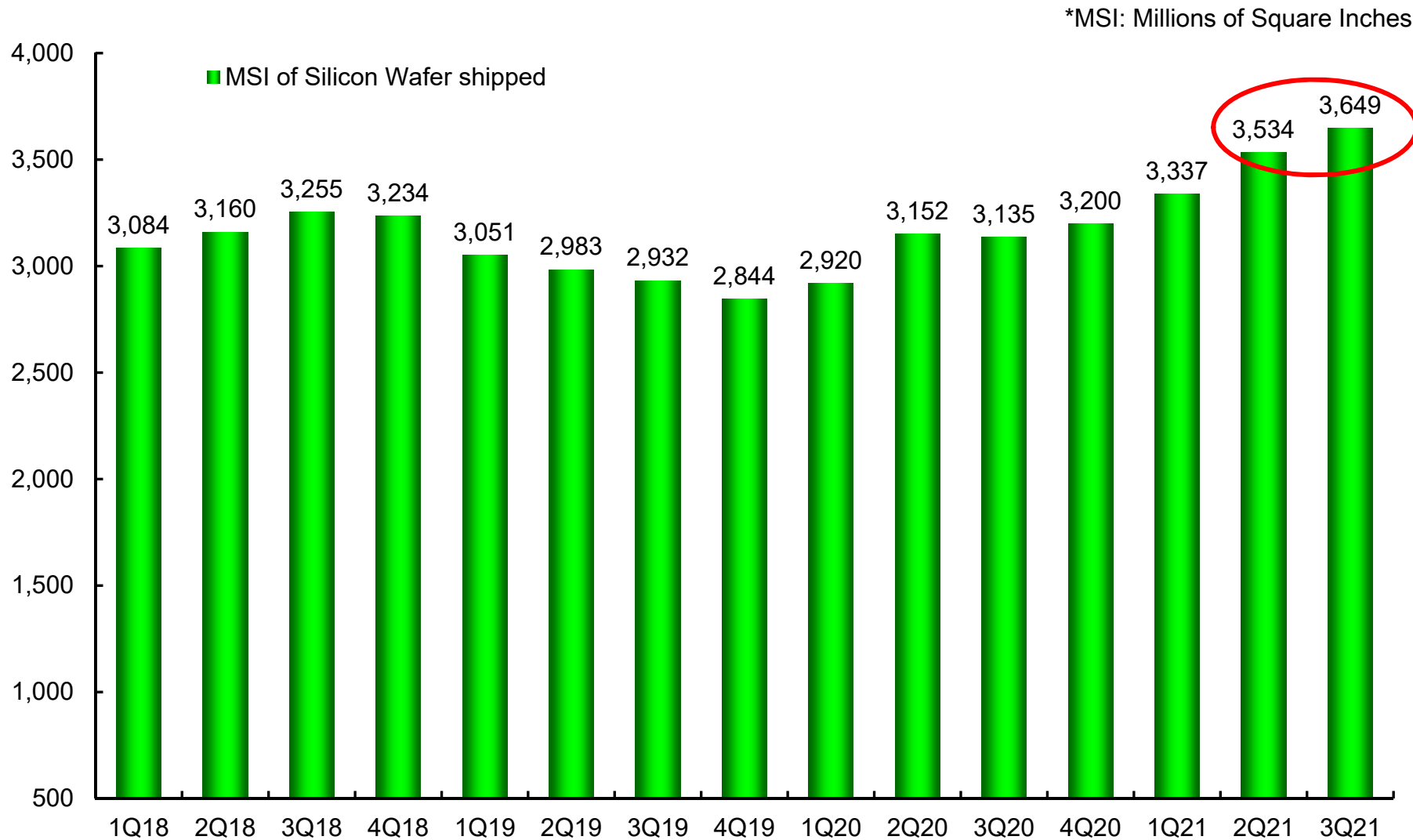
<Samsung's semiconductor revenue>



<Calendar year basis>

Worldwide Silicon Wafer Area Shipment : Quarterly Trend

- Silicon wafer area shipment reached record highs in both 2Q21 and 3Q21, following 1Q21.



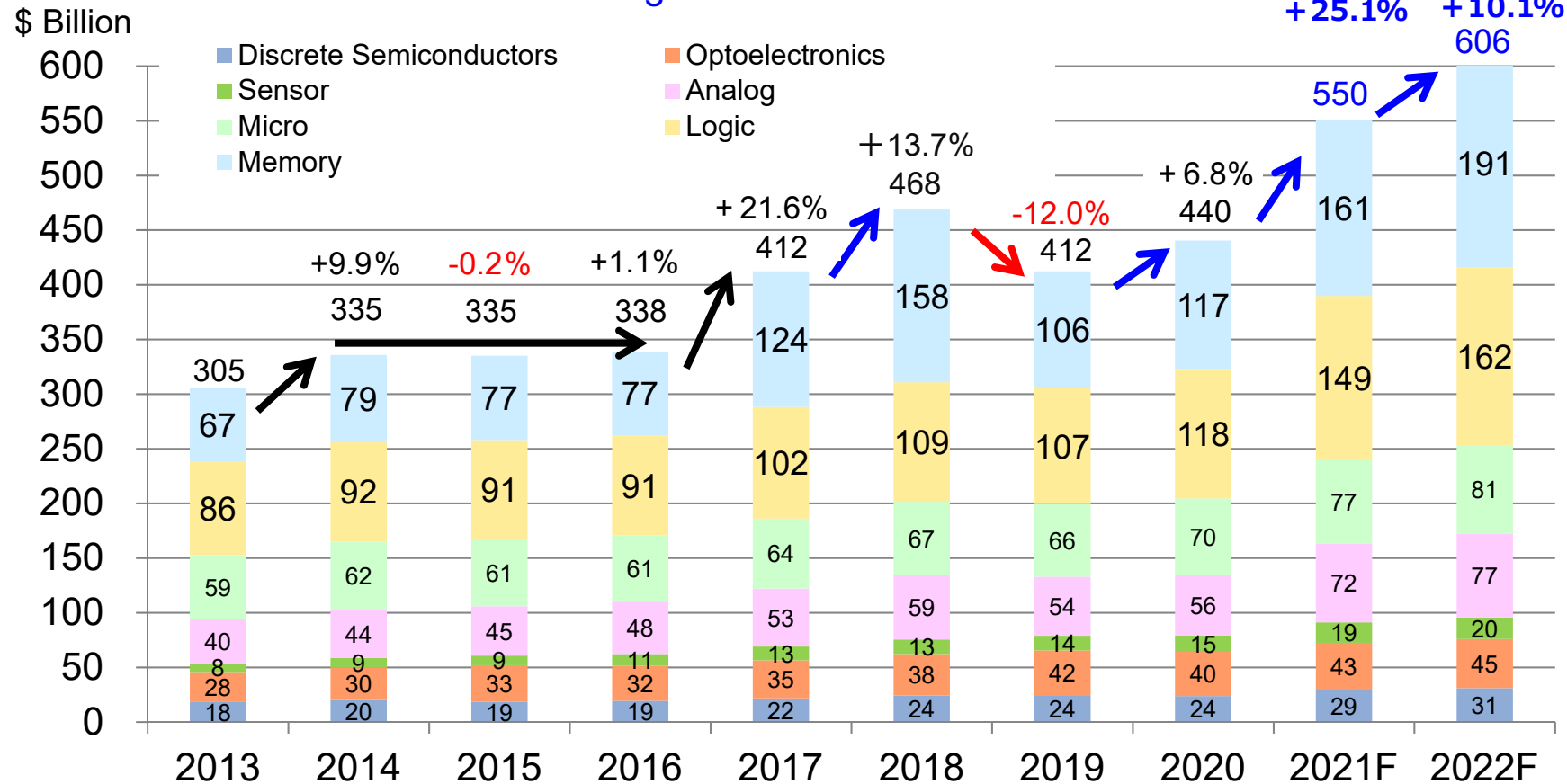
Source : SEMI, 5 November 2021

<Calendar year basis>

World Semiconductor Market : Annual Trend by Application

- According to WSTS, the market is expected to grow by 25.1% in 2021 due to 5G smartphone increase, the strong demand for semiconductors with lifestyle changes, and the expectation that the economic activities are seemed to be moving towards normalization in areas where vaccine rollout is progressing for COVID-19.
- In 2022, the market is expected to grow by 10.1% due to the continuous strong demand for semiconductors.

Revision on 17 Mar 2021	YoY	+10.9%	-
Revision on 8 Jun 2021	YoY	+19.7%	+8.8%



Source : WSTS : 16 August 2021

Market Summary : April 2021 - September 2021

Macro Environment

- Since COVID-19, the semiconductor demand has been boosted due to lifestyle changes and 5G smartphone increase.
- The economic activities are moving towards normalization in areas where vaccine rollout is progressing for COVID-19.

Semiconductor Market

- Productions for not only advanced but also conventional logic devices continued at high levels in 1H. (The tight supply-demand balance continued for semiconductor devices used for automobiles etc.)
- Production for advanced memory devices continued at a high level in 1H due to firm demand for servers used for data centers. (However, in 2H, close attention is needed to the production trend due to the concerns about the current memory price decline and the impact of component shortages for end applications.)
- Shipment of silicon wafer (square inch basis) reached a record high due to firm demand for semiconductor.

Non-Semiconductor Market

- Markets of automobiles and industrial machineries recovered. (However, close attention is needed to the impact of the automobile production adjustment due to semiconductor shortages.)

Financial Overview

Financial Results : 1H FY2022

Millions of Yen	FY2021		FY2022						
	1H	2H	1H Original Forecast @May 2021	1H Revised Forecast @Aug 2021	1H	vs 1H FY2021	vs 2H FY2021	vs 1H Original Forecast @May 2021	vs 1H Revised Forecast @Aug 2021
Net Sales	20,427	21,529	21,000	24,500	25,291	+23.8%	+17.5%	+20.4%	+3.2%
Operating Income	3,718	3,920	3,800	5,500	6,158	+65.6%	+57.1%	+62.1%	+12.0%
Margin	18.2%	18.2%	18.1%	22.4%	24.4%	-	-	-	-
Ordinary Income	3,694	4,015	3,850	5,600	6,357	+72.1%	+58.3%	+65.1%	+13.5%
Margin	18.1%	18.7%	18.3%	22.9%	25.1%	-	-	-	-
Net Income	2,855	2,752	3,000	4,200	4,803	+68.2%	+74.5%	+60.1%	+14.4%
Margin	14.0%	12.8%	14.3%	17.1%	19.0%	-	-	-	-

- Significant increase in sales and incomes on YoY basis
- Background of 1H FY2022 results :
 - Firm demand for advanced semiconductor devices that support the advancement of information and communication due to lifestyle changes after the spread of COVID-19
 - Recovering demand of conventional semiconductor devices for automobiles and so forth
 - Increase in sales of the products for advanced semiconductor devices and favorable product mix

Financial Forecast : 2H FY2022

Millions of Yen	FY2021		FY2022					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2021	Vs 1H FY2022	vs 2H Original Forecast
Net Sales	20,427	21,529	25,291	22,500	24,708	+14.8%	(2.3%)	+9.8%
Operating Income	3,718	3,920	6,158	4,700	5,341	+36.2%	(13.3%)	+13.6%
Margin	18.2%	18.2%	24.4%	20.9%	21.6%	-	-	-
Ordinary Income	3,694	4,015	6,357	4,750	5,392	+34.3%	(15.2%)	+13.5%
Margin	18.1%	18.7%	25.1%	21.1%	21.8%	-	-	-
Net Income	2,855	2,752	4,803	3,200	3,996	+45.2%	(16.8%)	+24.9%
Margin	14.0%	12.8%	19.0%	14.2%	16.2%	-	-	-

- 2H FY2022 forecast is lower than 1H FY2022 results despite significant higher than 2H FY2021.
- Assumed exchange rate: JPY105/USD in 2H FY2022 (JPY110/USD in 1H FY2022)
- Background of that 2H FY2022 forecast is lower than 1H FY2022 results :
 - Sales: Impact of a backlash against customers' inventory increase in 1H FY2022
Impact of assumed exchange rate
 - Incomes: Impact of raw material price trends as a risk of income down
Impact of assumed exchange rate

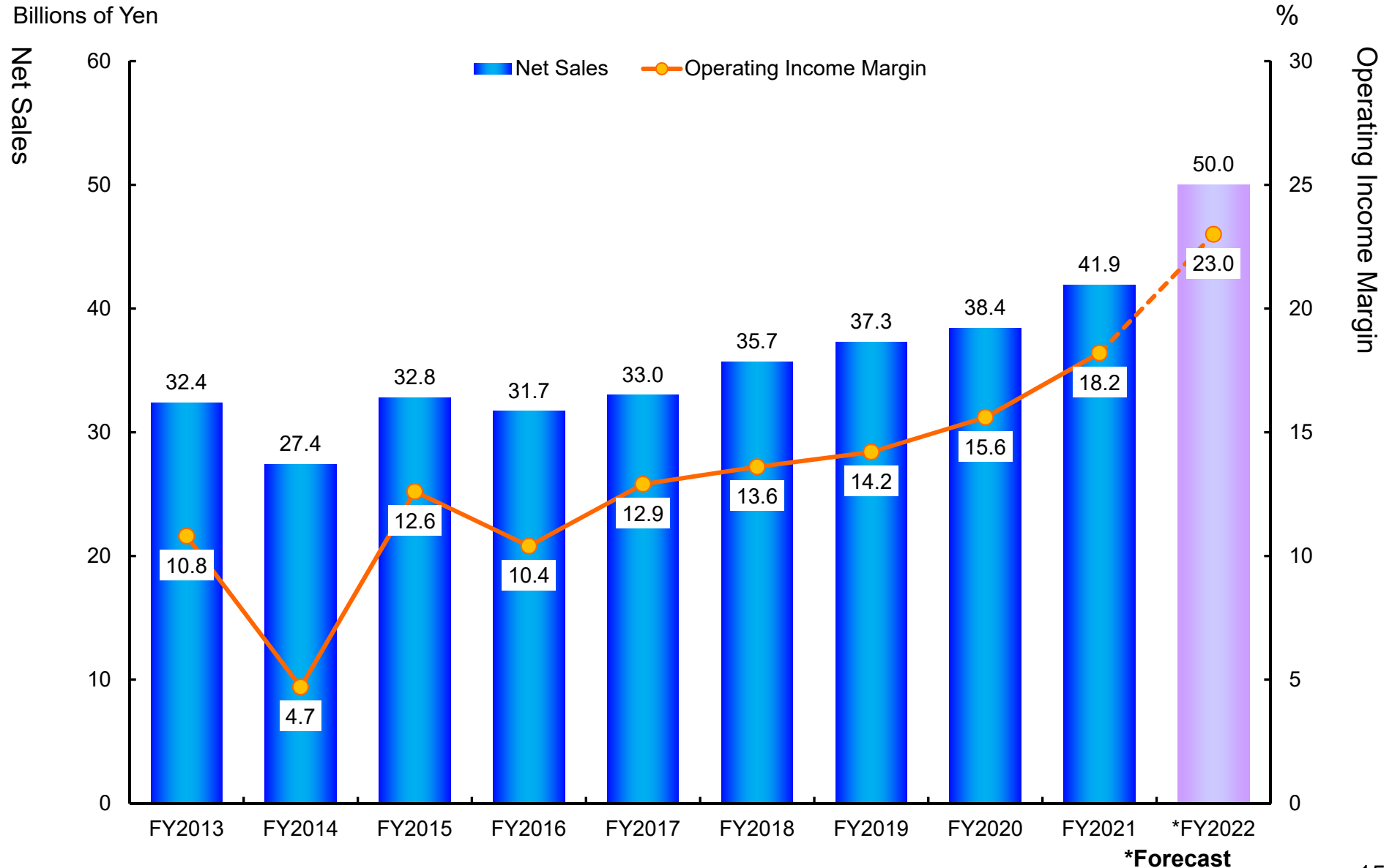
Financial Forecast : FY2022

Millions of Yen	FY2021	FY2022					
		Forecast					
		Original Forecast @May 2021	Revised Forecast @Aug 2021	Revised Forecast @Nov 2021	vs FY2021	vs Original Forecast @May 2021	vs Revised Forecast @Aug 2021
Net Sales	41,956	43,500	47,000	50,000	+19.2%	+14.9%	+6.4%
Operating Income	7,639	8,500	10,200	11,500	+50.5%	+35.3%	+12.7%
Margin	18.2%	19.5%	21.7%	23.0%	-	-	-
Ordinary Income	7,709	8,600	10,350	11,750	+52.4%	+36.6%	+13.5%
Margin	18.4%	19.8%	22.0%	23.5%	-	-	-
Net Income	5,607	6,200	7,400	8,800	+56.9%	+41.9%	+18.9%
Margin	13.4%	14.3%	15.7%	17.6%	-	-	-

- [Forecast for increase in sales and incomes which will hit record highs.](#)
- Sales: Firm demand for advanced semiconductor devices and recovering demand of conventional semiconductor devices for automobiles and so forth
- Incomes: Increase in sales of the products for advanced semiconductor devices and favorable product mix
- Segment sales by application
 - Products for silicon wafers: +26.4% (YoY)
 - CMP products for semiconductor devices: +18.3% (YoY)

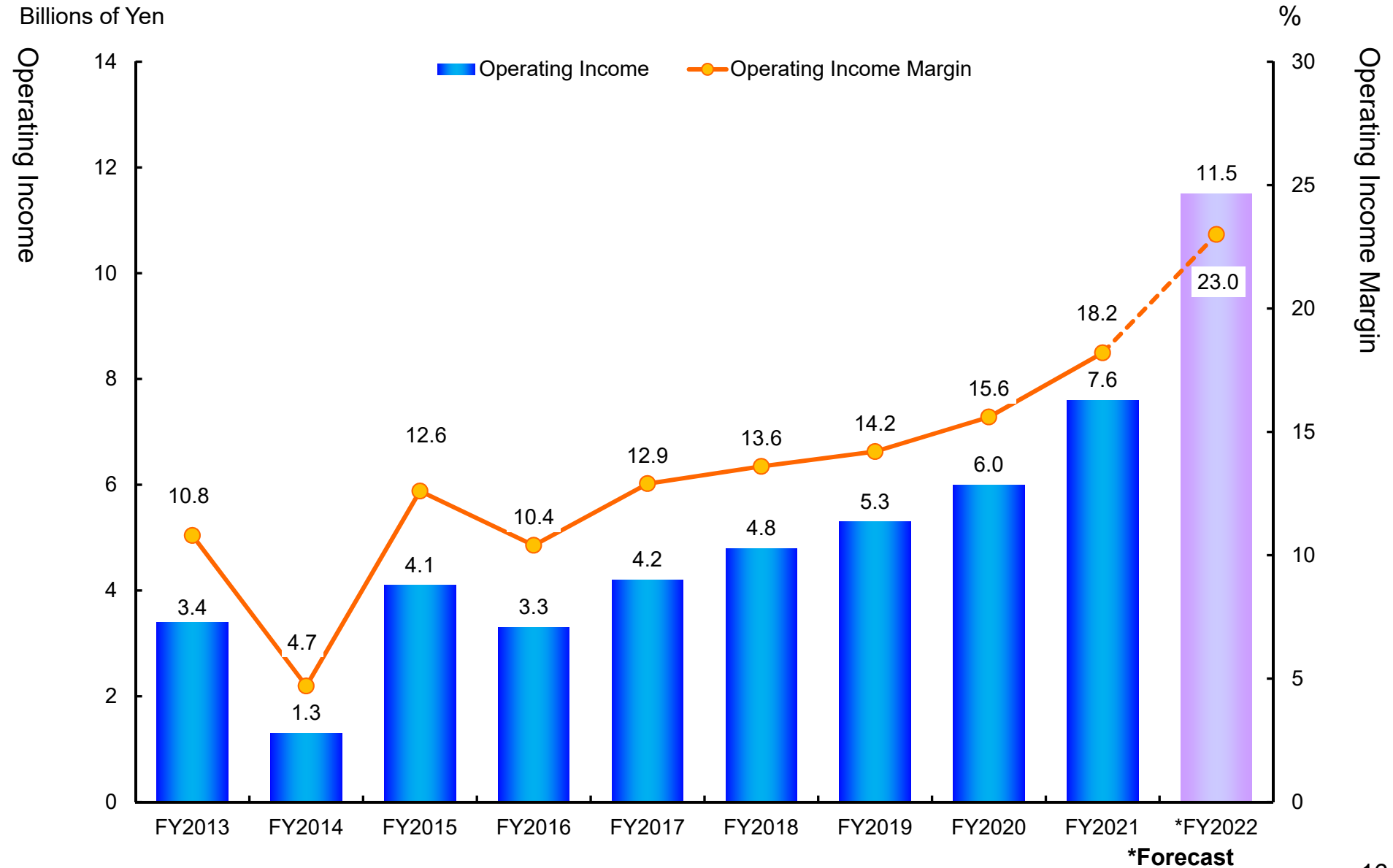
Annual Trends in Net Sales and Operating Income Margin

Sales and Operating Income are expected to hit record highs for six consecutive years.



Annual Trends in Operating Income

Operating Income is expected to hit a record high for six consecutive years.



Net Sales Breakdown by Application

Net Sales Breakdown by Application

Millions of Yen	FY2021		FY2022				
	1H	2H	1H Original Forecast	1H	vs 1H FY2021	vs 2H FY2021	vs 1H Original Forecast
Silicon	6,788	7,683	7,500	9,129	+34.5%	+18.8%	+21.7%
- Lapping	2,158	2,446	2,300	2,985	+38.3%	+22.0%	+29.8%
- Polishing	4,521	5,100	5,100	6,007	+32.9%	+17.8%	+17.8%
- Cutting	108	136	100	136	+25.3%	+0.0%	+36.5%
CMP	10,055	9,982	10,100	12,155	+20.9%	+21.8%	+20.3%
Hard Disk	938	766	775	790	(15.7%)	+3.1%	+2.0%
- for Aluminum Disk	926	741	750	770	(16.8%)	+4.0%	+2.8%
- for Glass Disk	11	25	25	19	+75.0%	(21.5%)	(20.1%)
SM / TS*	2,619	3,068	2,600	3,109	+18.7%	+1.3%	+19.6%
- GI*; Abrasive	1,699	2,080	1,750	2,140	+26.0%	+2.9%	+22.3%
- GI ; Non-Abrasive	920	988	850	968	+5.2%	(2.0%)	+13.9%
Fujimi Brand Products Total	20,401	21,501	20,975	25,185	+23.4%	+17.1%	+20.1%
Others	25	27	25	106	+318.5%	+288.9%	+326.5%
Net Sales	20,427	21,529	21,000	25,291	+23.8%	+17.5%	+20.4%

*SM / TS : Specialty Materials / Thermal Spray *GI : General Industry

Net Sales Breakdown by Application

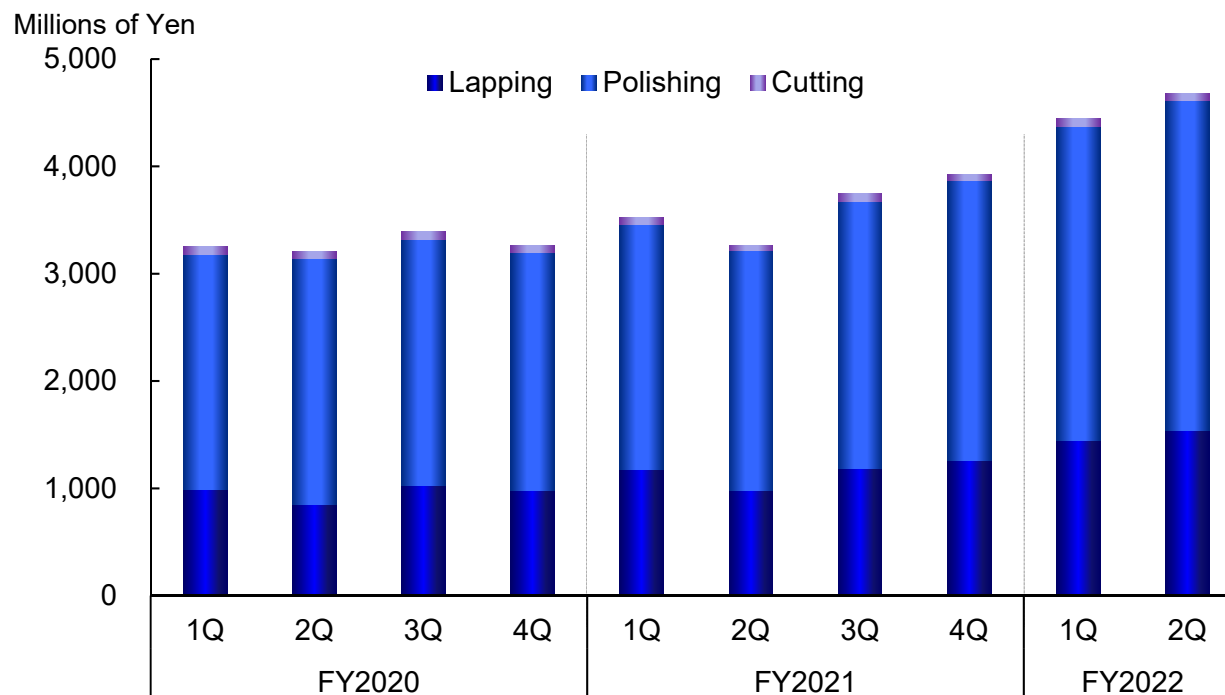
Millions of Yen	FY2020	FY2021	FY2022			
			Original Forecast	Revised Forecast	vs FY2021	vs Original Forecast
Silicon	13,118	14,472	15,150	18,300	+26.4%	+20.8%
- Lapping	3,838	4,604	4,650	6,000	+30.3%	+29.0%
- Polishing	9,006	9,621	10,300	12,050	+25.2%	+17.0%
- Cutting	273	245	200	250	+1.8%	+25.0%
CMP	17,361	20,037	21,000	23,700	+18.3%	+12.9%
Hard Disk	2,164	1,705	1,700	1,600	(6.2%)	(5.9%)
- for Aluminum Disk	1,961	1,668	1,650	1,550	(7.1%)	(6.1%)
- for Glass Disk	203	36	50	50	+35.7%	0.0%
SM / TS*	5,483	5,688	5,600	6,250	+9.9%	+11.6%
- GI*; Abrasive	3,571	3,779	3,700	4,300	+13.8%	+16.2%
- GI ; Non-Abrasive	1,912	1,909	1,900	1,950	+2.1%	+2.6%
Fujimi Brand Products Total	38,128	41,903	43,450	49,850	+19.0%	+14.7%
Others	279	52	50	150	+183.3%	+199.8%
Net Sales	38,408	41,956	43,500	50,000	+19.2%	+14.9%

*SM / TS : Specialty Materials / Thermal Spray *GI : General Industry

Silicon Wafer Business : Financial Results

<Half-year>

Millions of Yen	FY2021		FY2022				
	1H	2H	1H Original Forecast	1H	vs 1H FY2021	vs 2H FY2021	vs 1H Original Forecast
Silicon	6,788	7,683	7,500	9,129	+34.5%	+18.8%	+21.7%
- Lapping	2,158	2,446	2,300	2,985	+38.3%	+22.0%	+29.8%
- Polishing	4,521	5,100	5,100	6,007	+32.9%	+17.8%	+17.8%
- Cutting	108	136	100	136	+25.3%	+0.0%	+36.5%



- **Business environment:**
 - Firm silicon wafer market
 - Record high for silicon wafer shipment (square inch basis)
- **Lapping:**
 - Significant sales up due to aforementioned business environment
- **Polishing:**
 - Significant sales up due to aforementioned business environment

(Sales growth rate on YoY basis exceeded the market growth rate due to customers' inventory increase)

Silicon Wafer Business : Financial Forecast

<Half-year>

Millions of Yen	FY2021		FY2022					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2021	vs 1H FY2022	vs 2H Original Forecast
Silicon	6,788	7,683	9,129	7,650	9,171	+19.4%	+0.5%	+19.9%
- Lapping	2,158	2,446	2,985	2,350	3,015	+23.3%	+1.0%	+28.3%
- Polishing	4,521	5,100	6,007	5,200	6,043	+18.5%	+0.6%	+16.2%
- Cutting	108	136	136	100	114	(16.5%)	(16.5%)	+13.8%

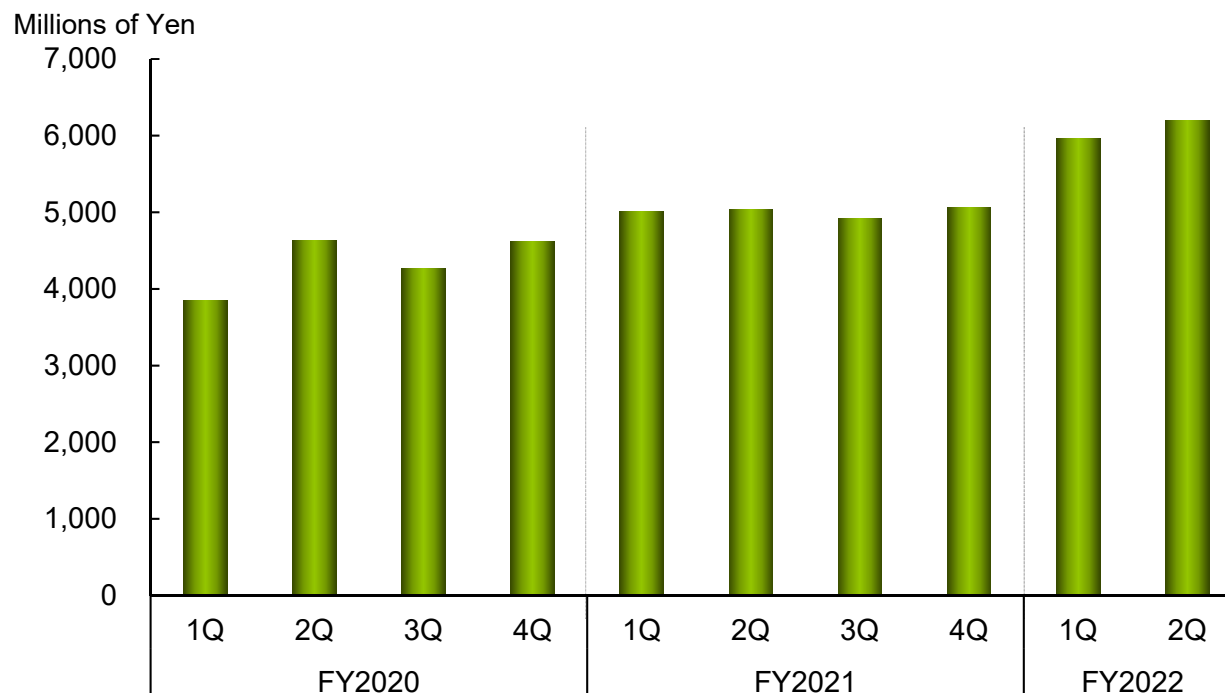
<Full-year>

Millions of Yen	FY2020	FY2021	FY2022			
			Original Forecast	Revised Forecast	vs FY2021	vs Original Forecast
Silicon	13,118	14,472	15,150	18,300	+26.4%	+20.8%
- Lapping	3,838	4,604	4,650	6,000	+30.3%	+29.0%
- Polishing	9,006	9,621	10,300	12,050	+25.2%	+17.0%
- Cutting	273	245	200	250	+1.8%	+25.0%

CMP Business : Financial Results

<Half-year>

Millions of Yen	FY2021		FY2022				
	1H	2H	1H Original Forecast	1H	vs 1H FY2021	vs 2H FY2021	vs 1H Original Forecast
CMP	10,055	9,982	10,100	12,155	+20.9%	+21.8%	+20.3%



- Business environment:
 - Firm demand for advanced semiconductor devices
 - Recovering demand of conventional semiconductor devices for automobiles etc.
- CMP:
 - Sales up for both logic and memory devices due to aforementioned business environment

CMP Business : Financial Forecast

<Half-year>

Millions of Yen	FY2021		FY2022					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2021	vs 1H FY2022	vs 2H Original Forecast
CMP	10,055	9,982	12,155	10,900	11,545	+15.7%	(5.0%)	+5.9%

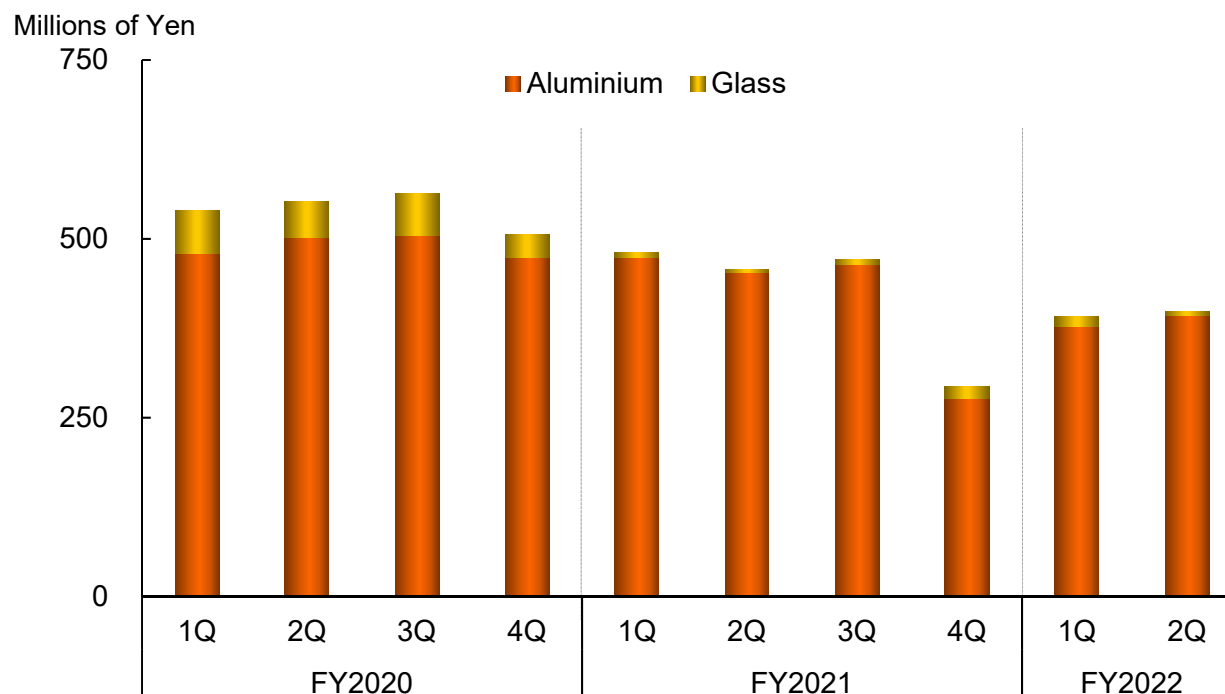
<Full-year>

Millions of Yen	FY2020	FY2021	FY2022			
			Original Forecast	Revised Forecast	vs FY2021	vs Original Forecast
CMP	17,361	20,037	21,000	23,700	+18.3%	+12.9%

Disk Business : Financial Results

<Half-year>

Millions of Yen	FY2021		FY2022				
	1H	2H	1H Original Forecast	1H	vs 1H FY2021	vs 2H FY2021	vs 1H Original Forecast
Hard Disk	938	766	775	790	(15.7%)	+3.1%	+2.0%
- for Aluminum Disk	926	741	750	770	(16.8%)	+4.0%	+2.8%
- for Glass Disk	11	25	25	19	+75.0%	(21.5%)	(20.1%)



- **Business environment:**
 - HDD market shifting to SSD
 - Customer's production termination due to business withdrawal
- **Aluminum Disk:**
 - Sales down (YoY) due to aforementioned business environment
- **Sales trend on a quarterly basis:**
 - While sales down in 4Q FY2021 due to a production adjustment of HDD for PCs because of a backlash against stay-at-home demand, sales has recovered since 1Q FY2022 due to firm demand for data centers.

Disk Business : Financial Forecast

<Half-year>

Millions of Yen	FY2021		FY2022					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2021	vs 1H FY2022	vs 2H Original Forecast
Hard Disk	938	766	790	925	810	+5.6%	+2.4%	(12.5%)
- for Aluminum Disk	926	741	770	900	779	+5.1%	+1.1%	(13.4%)
- for Glass Disk	11	25	19	25	31	+21.9%	+55.2%	+22.5%

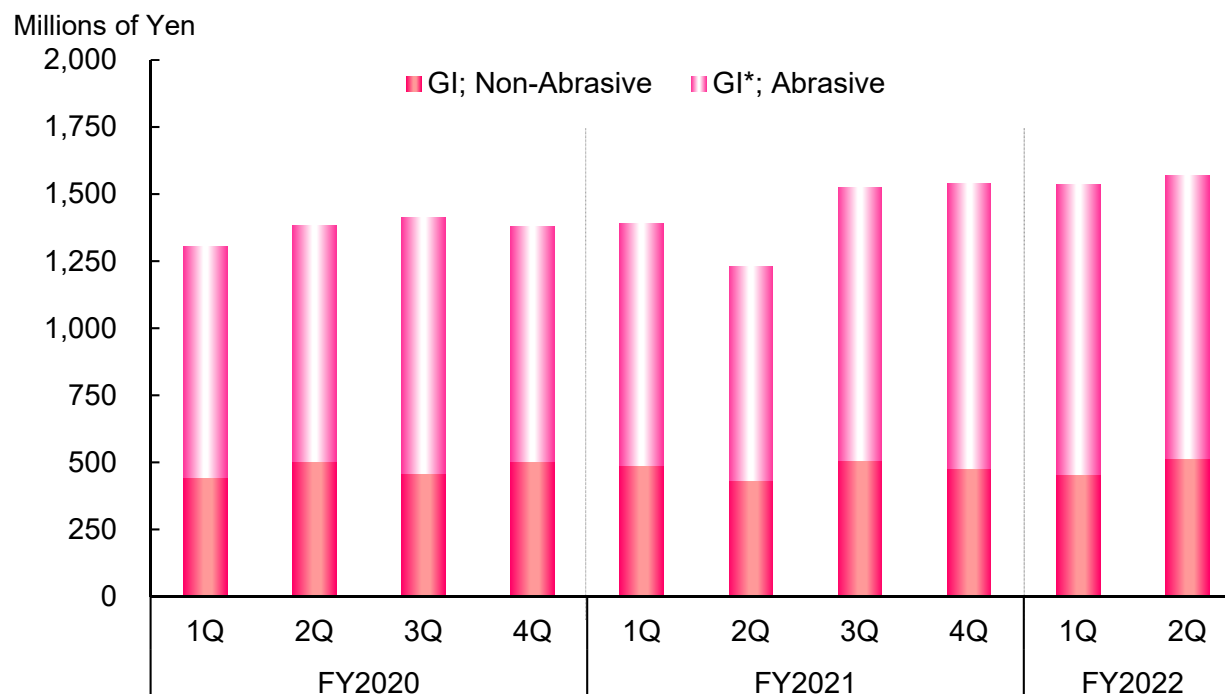
<Full-year>

Millions of Yen	FY2020	FY2021	FY2022			
			Original Forecast	Revised Forecast	vs FY2021	vs Original Forecast
Hard Disk	2,164	1,705	1,700	1,600	(6.2%)	(5.9%)
- for Aluminum Disk	1,961	1,668	1,650	1,550	(7.1%)	(6.1%)
- for Glass Disk	203	36	50	50	+35.7%	0.0%

General Industry Business : Financial Results

<Half-year>

Millions of Yen	FY2021		FY2022				
	1H	2H	1H Original Forecast	1H	vs 1H FY2021	vs 2H FY2021	vs 1H Original Forecast
SM / TS*	2,619	3,068	2,600	3,109	+18.7%	+1.3%	+19.6%
- GI*; Abrasive	1,699	2,080	1,750	2,140	+26.0%	+2.9%	+22.3%
- GI; Non-Abrasive	920	988	850	968	+5.2%	(2.0%)	+13.9%



- **Business environment:**
 - Recovering demands for automobiles and industry machineries whose demands were down due to COVID-19 in the previous year
- **Abrasive:**
 - Sales up due to aforementioned business environment
- **Non-Abrasive:**
 - Thermal spray materials: Sales up vs 1H and 2H FY2021
 - Catalyst carrier: Sales down vs 1H and 2H FY2021

General Industry Business : Financial Forecast

<Half-year>

Millions of Yen	FY2021		FY2022					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2021	vs 1H FY2022	vs 2H Original Forecast
SM / TS*	2,619	3,068	3,108	3,000	3,142	+2.4%	+1.0%	+4.7%
- GI*; Abrasive	1,699	2,080	2,140	1,950	2,160	+3.8%	+0.9%	+10.7%
- GI; Non-Abrasive	920	988	968	1,050	982	(0.7%)	+1.4%	(6.5%)

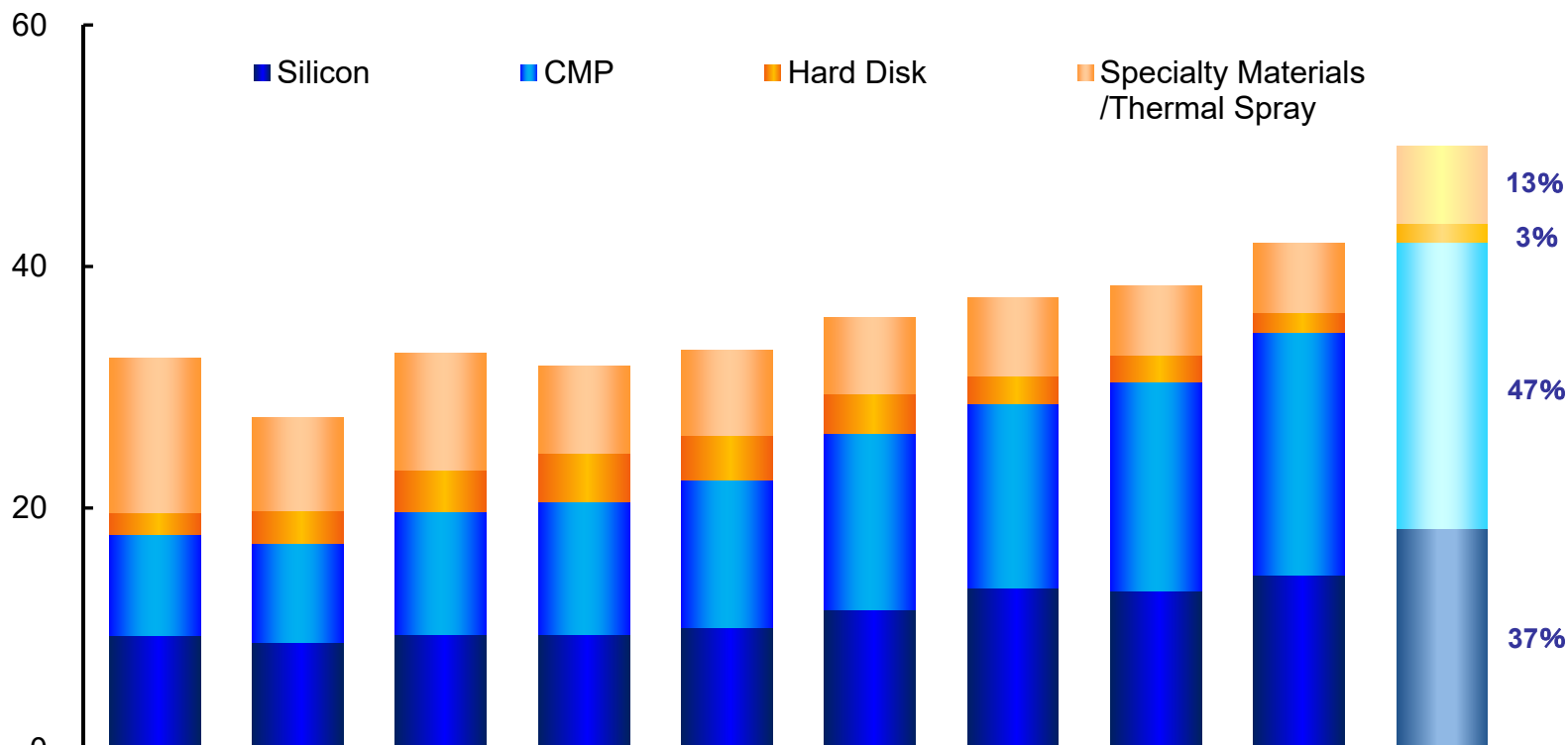
<Full-year>

Millions of Yen	FY2020	FY2021	FY2022			
			Original Forecast	Revised Forecast	vs FY2021	vs Original Forecast
SM / TS*	5,483	5,688	5,600	6,250	+9.9%	+11.6%
- GI*; Abrasive	3,571	3,779	3,700	4,300	+13.8%	+16.2%
- GI; Non-Abrasive	1,912	1,909	1,900	1,950	+2.1%	+2.6%

*SM / TS : Specialty Materials / Thermal Spray *GI : General Industry

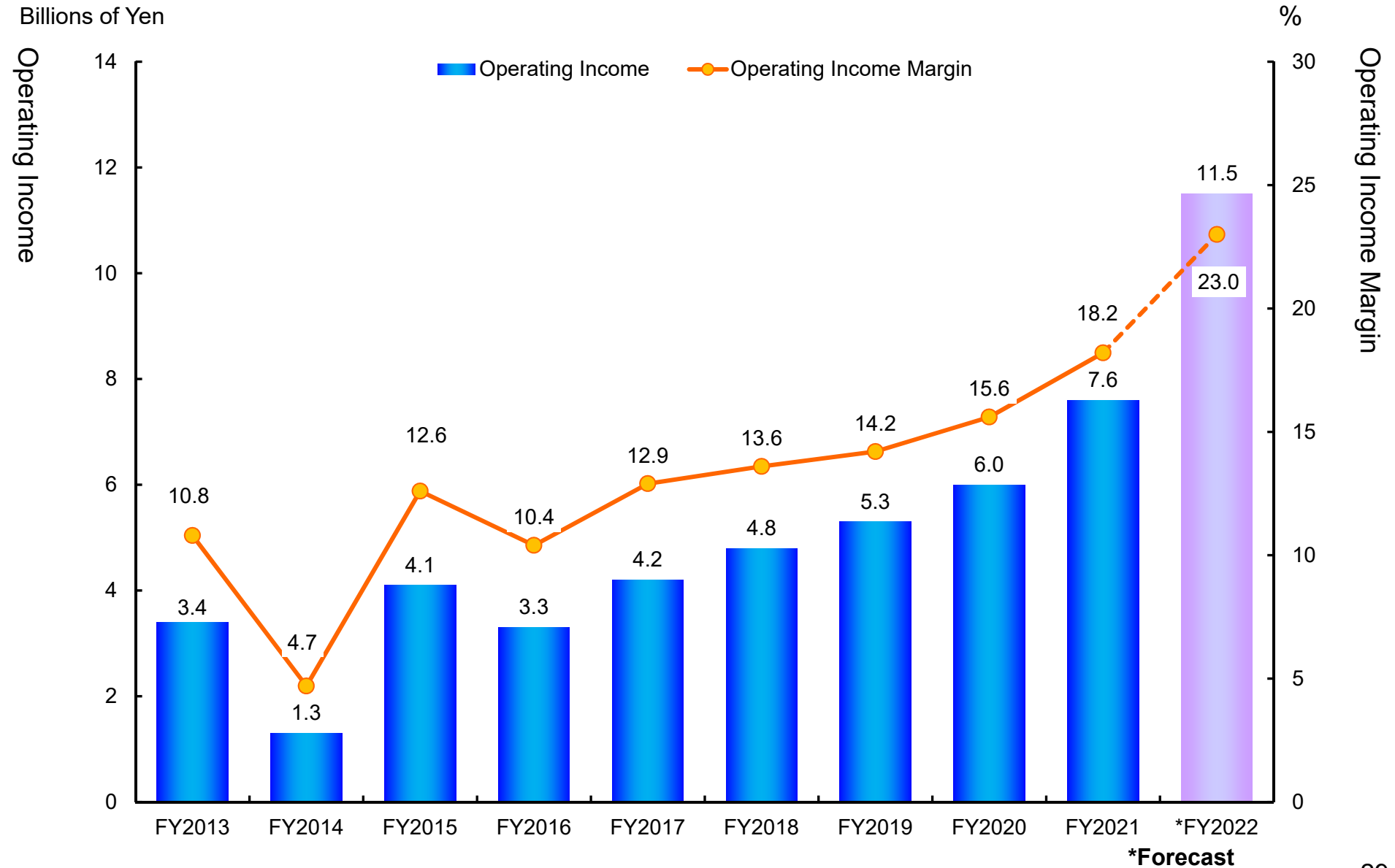
Net Sales Breakdown by Application

Billions of Yen



	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	*FY22
Specialty Materials/Thermal Spray	12.7	7.7	9.6	7.2	7.0	6.3	6.4	5.7	5.7	6.4
Hard Disk	1.8	2.6	3.4	4.0	3.6	3.2	2.2	2.1	1.7	1.6
CMP	8.3	8.2	10.1	10.9	12.2	14.6	15.3	17.3	20.0	23.7
Silicon	9.4	8.8	9.5	9.4	10.0	11.5	13.3	13.1	14.4	18.3
Total	32.4	27.4	32.8	31.7	33.0	35.7	37.3	38.4	41.9	50.0

Annual Trends in Operating Income



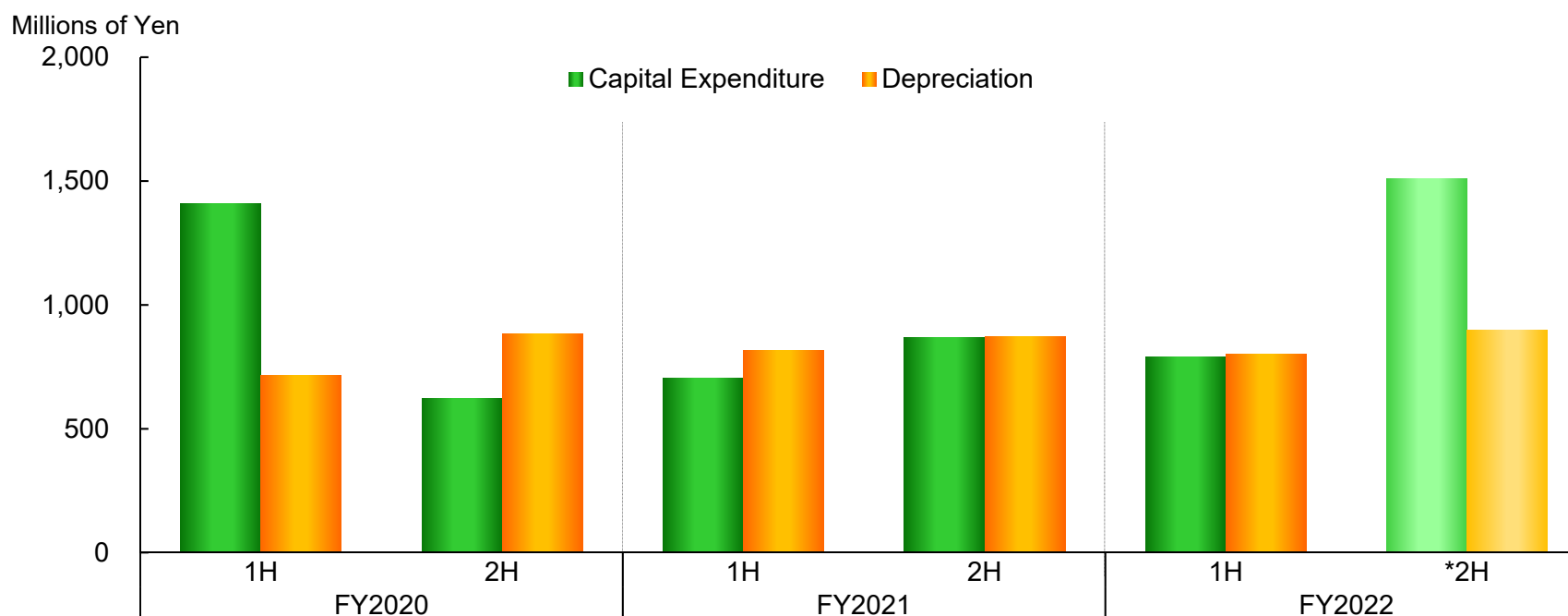
Capital Expenditure

Depreciation

R&D Expense

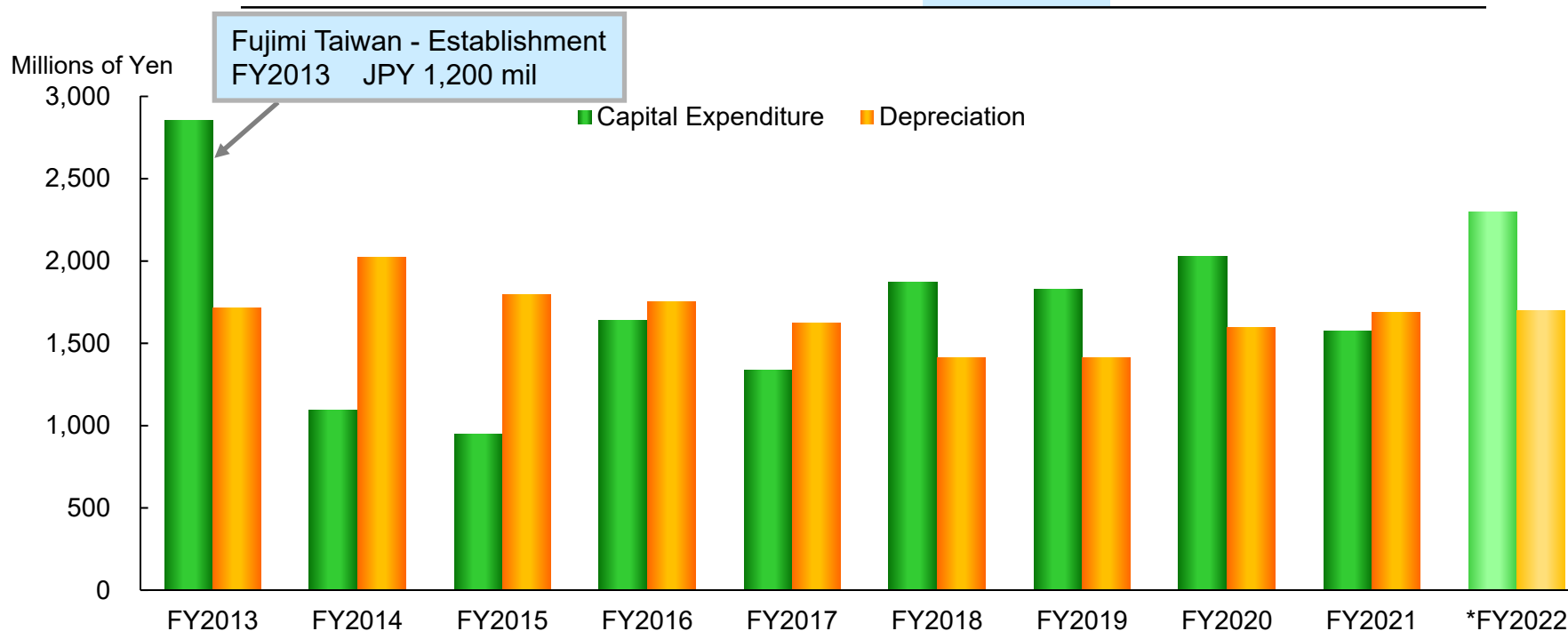
Capital Expenditure / Depreciation : 1H Results & 2H Forecast

Millions of Yen	FY2021		FY2022									
	1H	2H	1H Original Forecast	1H	vs 1H FY2021	vs 2H FY2021	vs Original Forecast	2H Original Forecast	2H Revised Forecast	vs 2H FY2021	vs 1H FY2022	vs Original Forecast
Capital Expenditure	704	870	800	789	+12.1%	(9.3%)	(1.3%)	1,000	1,510	+73.6%	+91.4%	+51.1%
Depreciation	815	872	800	802	(1.5%)	(8.1%)	+0.3%	850	897	+2.8%	+11.9%	+5.6%



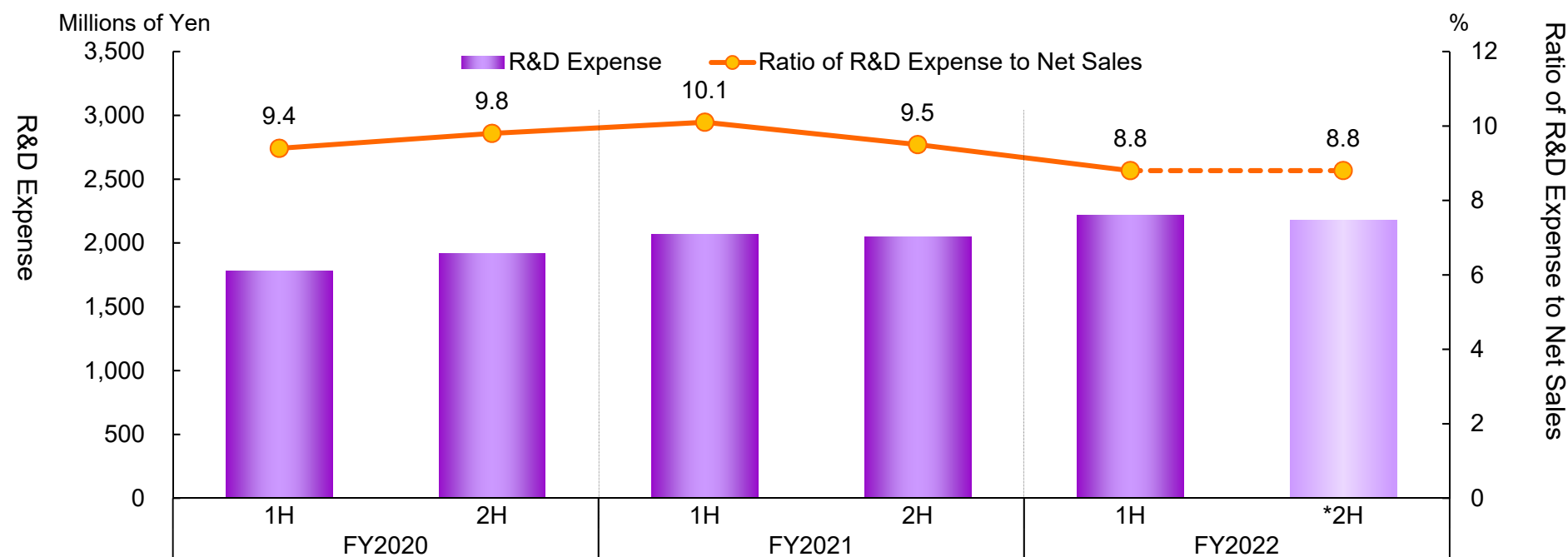
Capital Expenditure / Depreciation : FY2022 Forecast

Millions of Yen	FY2021	FY2022			
		Original Forecast	Revised Forecast	vs FY2021	vs Original Forecast
Capital Expenditure	1,574	1,800	2,300	+46.1%	+27.8%
Depreciation	1,687	1,650	1,700	+0.7%	+3.0%



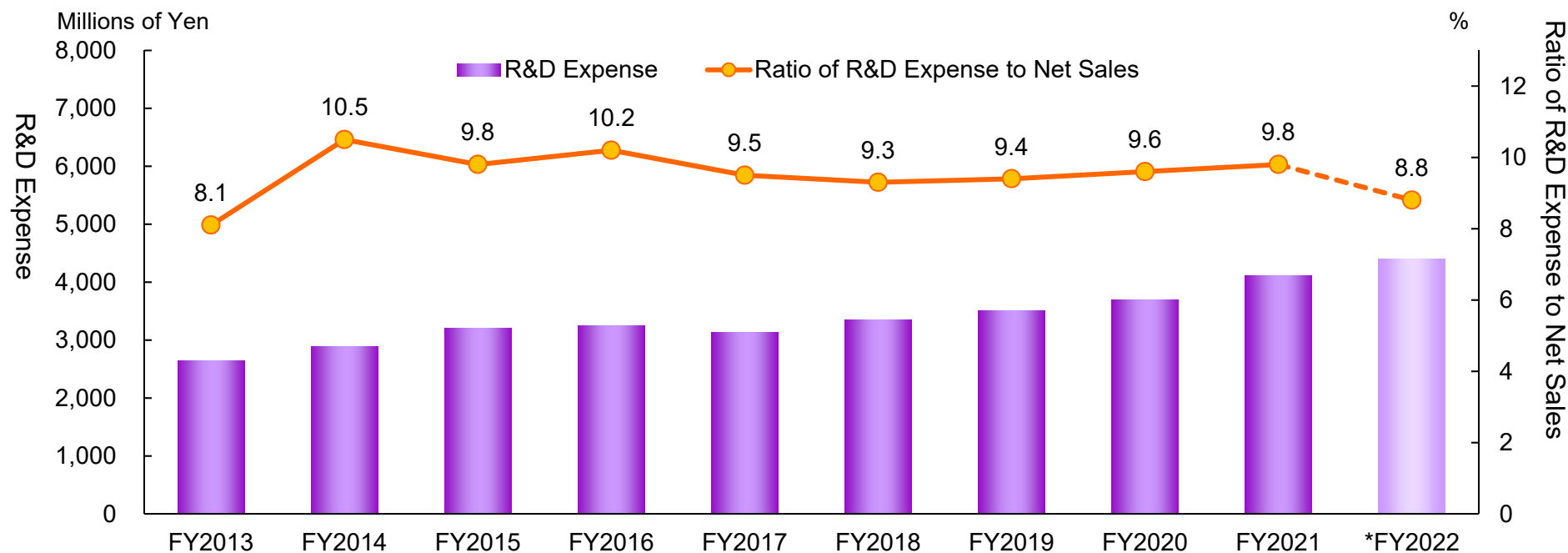
R&D Expense : 1H Results & 2H Forecast

Millions of Yen	FY2021		FY2022									
	1H	2H	1H Original Forecast	1H	vs 1H FY2021	vs 2H FY2021	vs Original Forecast	2H Original Forecast	2H Revised Forecast	vs 2H FY2021	vs 1H FY2022	vs Original Forecast
R&D Expense	2,070	2,046	2,100	2,220	+7.3%	+8.5%	+5.8%	2,100	2,180	+6.5%	(1.8%)	+3.8%



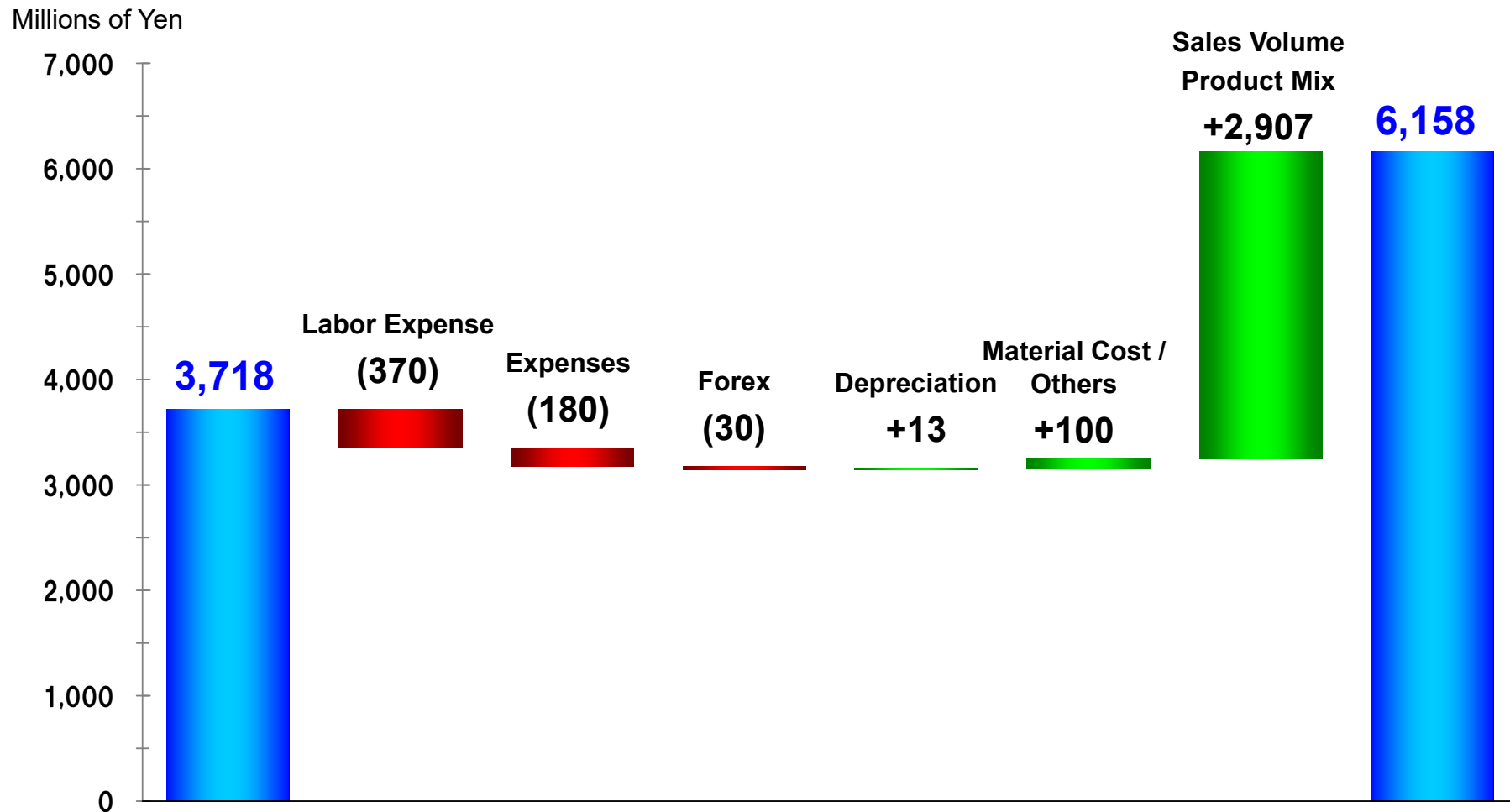
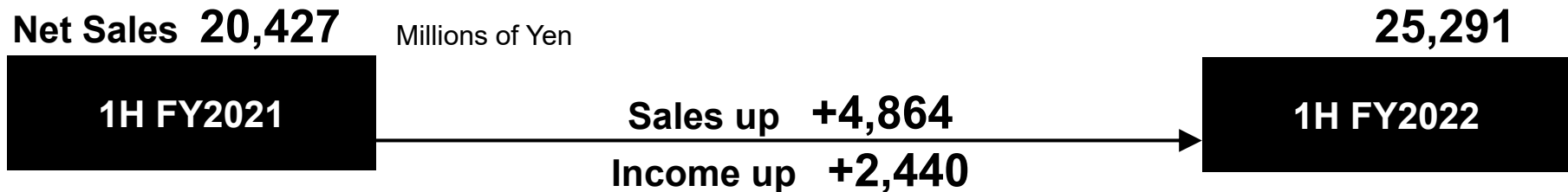
R&D Expense : FY2022 Forecast

Millions of Yen	FY2021	FY2022			
		Original Forecast	Revised Forecast	vs FY2021	vs Original Forecast
R&D Expense	4,116	4,200	4,400	+6.9%	+4.8%

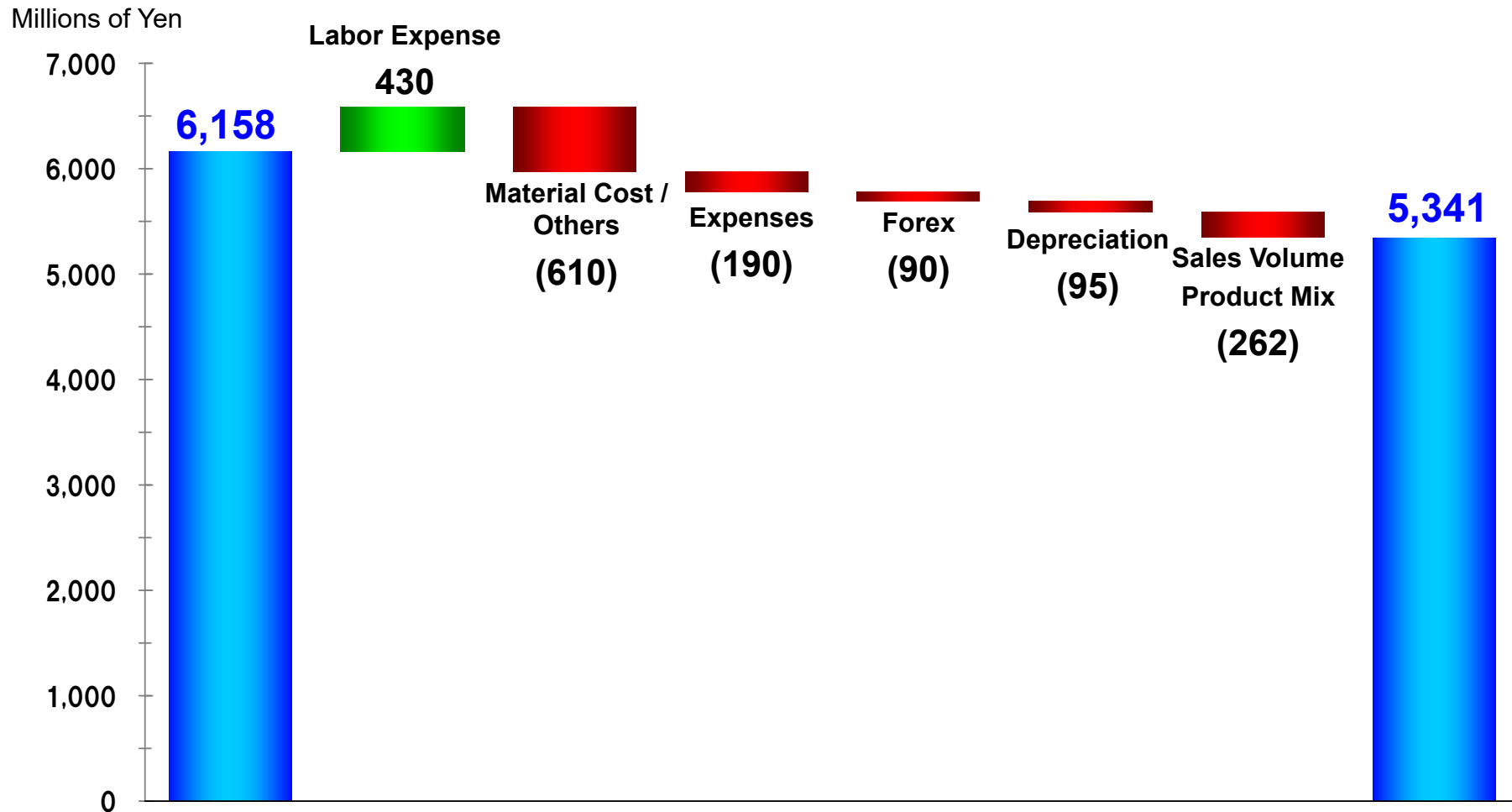
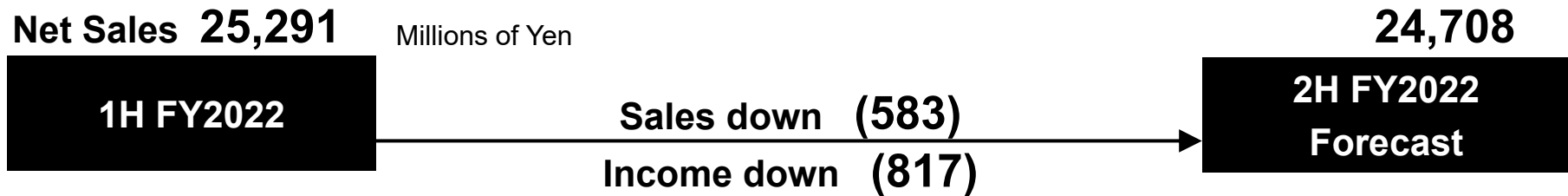


Operating Income Analysis

Operating Income Analysis : 1H FY2022 vs 1H FY2021

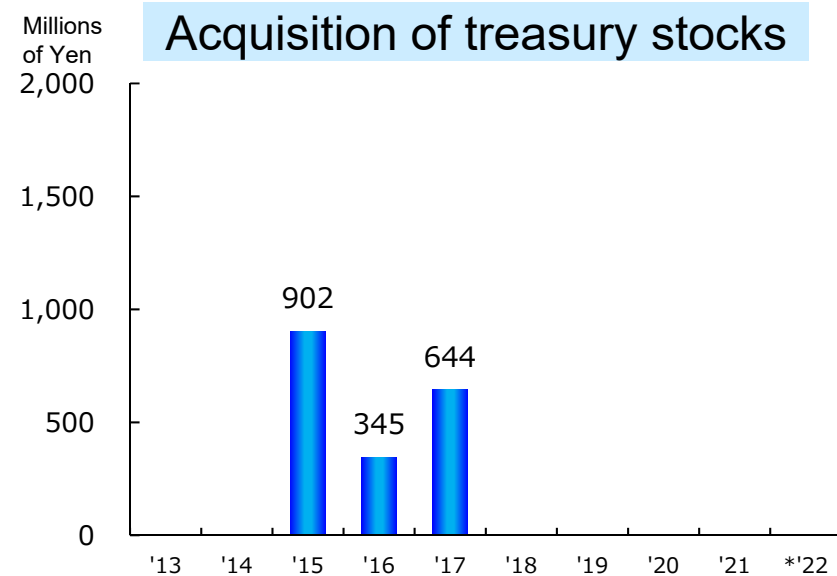
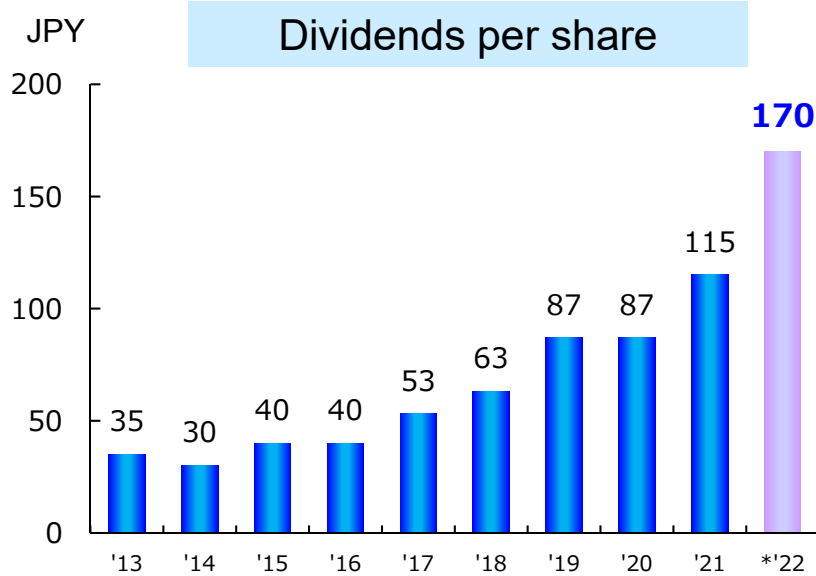
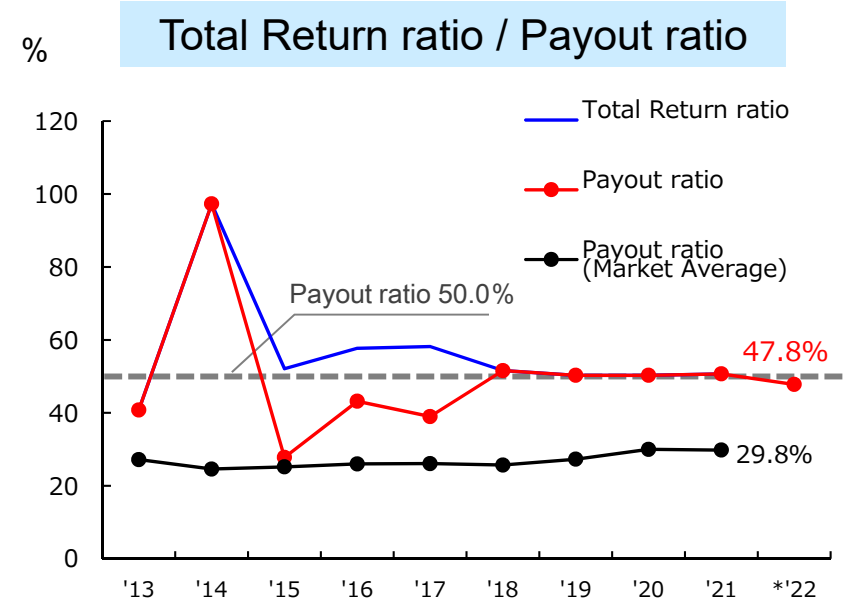
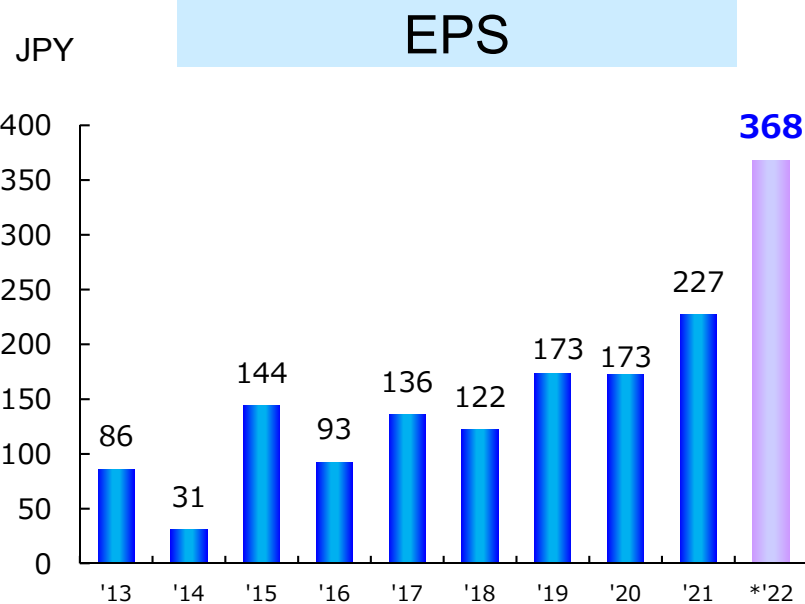


Operating Income Analysis : 2H Forecast vs 1H FY2022



Shareholder Returns

Shareholder Returns



Financial Summary : 1H FY2022 Results / FY2022 Forecast

1H FY2022 Financial Results vs 1H FY2020

Net Sales	+23.8%	: Strong demands for CMP products related to advanced semiconductor devices and products for silicon wafers Record high in Sales
Operating Income	+65.6%	: Sales increase and favorable sales mix
Ordinary Income	+72.1%	:
Net Income	+68.2%	: Record highs in Operating, Ordinary and Net Incomes
Silicon Wafer	+34.5%	: Sales up for lapping and polishing products due to high production levels in the semiconductor industry and customers' inventory increase
CMP	+20.9%	: Sales up due to firm demands for advanced logic and advanced memory devices
Hard Disks	(15.7%)	: Sales down due to HDD market shifting to SSD and a customer's production termination because of business withdrawal
General Industry	+18.7%	: Recovering demands for automobiles and industry machineries
Shareholder Returns		: Increased dividends / DPS: JPY85 vs JPY65 in forecast (JPY50 in 1H FY2021)

FY2022 Financial Forecast vs FY2021

Net Sales	+19.2%	: Strong demand for advanced semiconductor-related products Expected to reach a record high for the first time in 14 years
Operating Income	+50.5%	: Sales increase and favorable sales mix
Ordinary Income	+52.4%	: Expected to reach record highs for 3 consecutive years in Operating,
Net Income	+56.9%	: Ordinary and Net Incomes

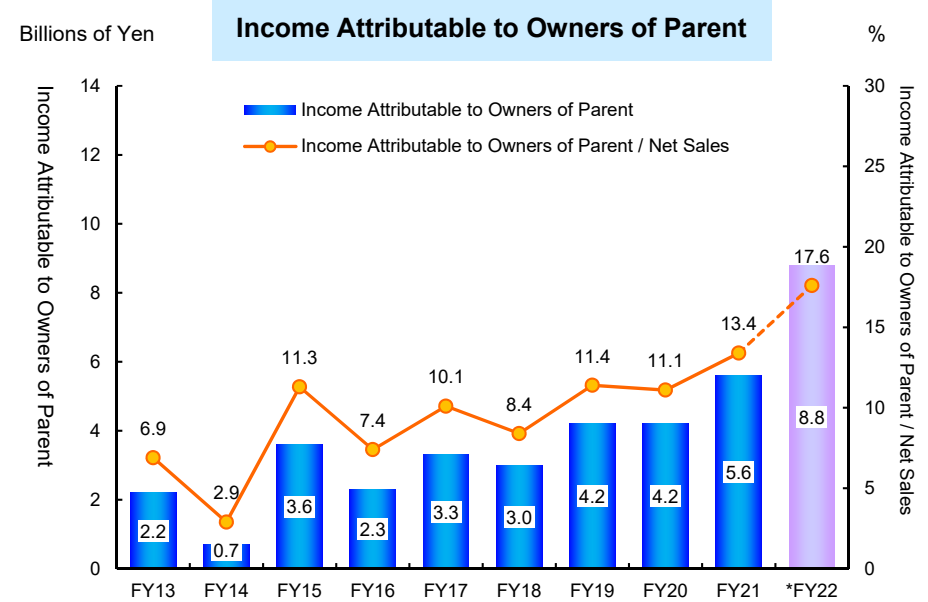
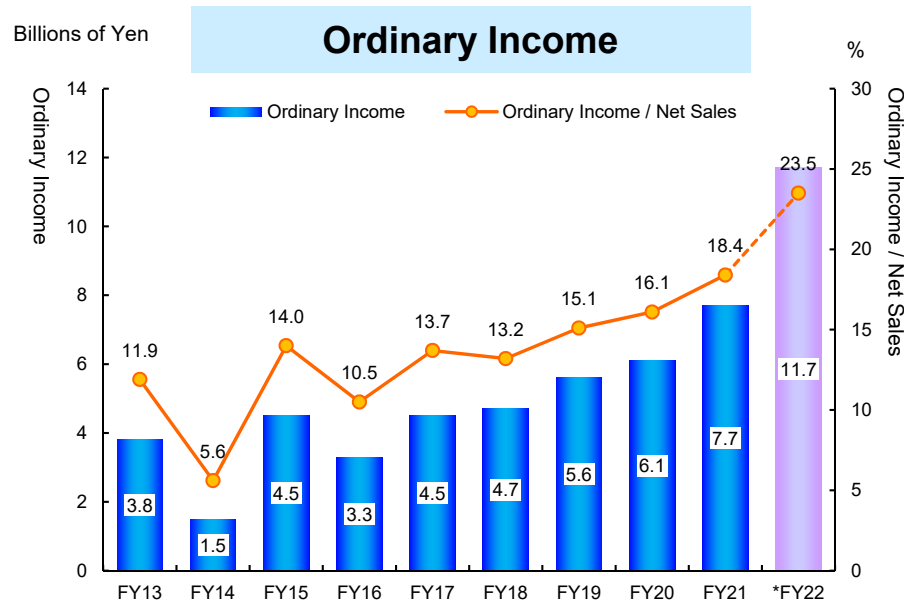
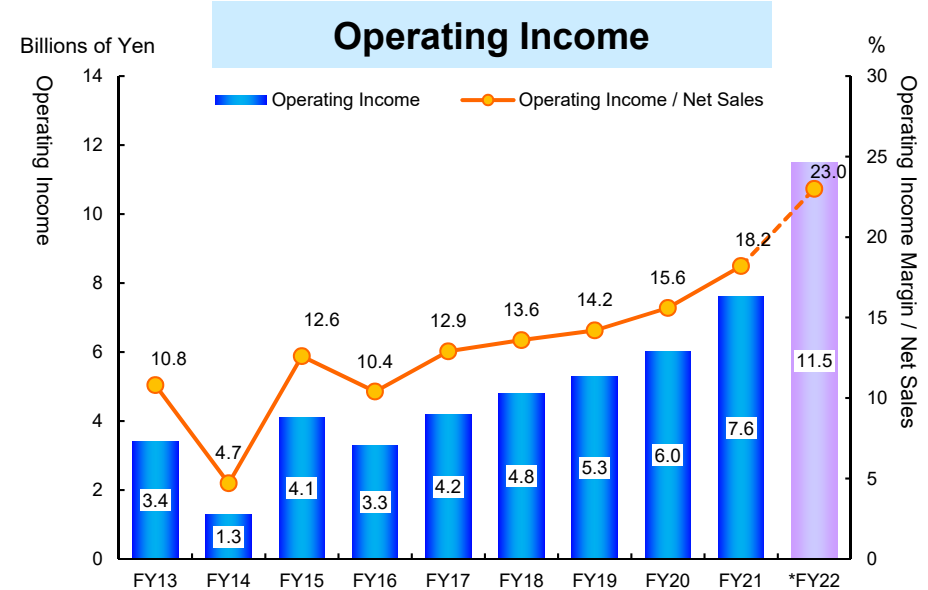
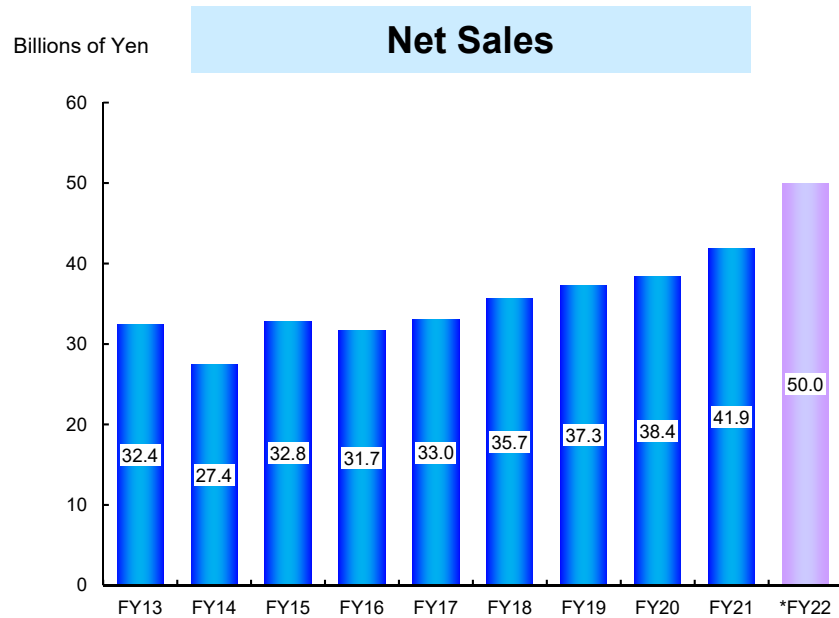
Supplementary Data

Number of Employee

	FY2021		FY2022			
	As of 31 March 2021		As of 30 September 2021			
	Full-time	*Temporary	Full-time	*Temporary	vs FY2021	
Full-time					*Temporary	
FUJIMI INCORPORATED	670	187	681	205	+11	+18
FUJIMI CORPORATION	117	2	114	4	(3)	+2
FUJIMI TAIWAN LIMITED	91	2	90	2	(1)	-
FUJIMI-MICRO TECHNOLOGY SDN.BHD	69	4	68	4	(1)	-
FUJIMI EUROPE GmbH	5	2	4	2	(1)	-
FUJIMI KOREA LIMITED	4	1	1	1	(3)	-
FUJIMI SHENZHEN TECHNOLOGY. CO.,LTD	2	1	3	1	+1	-
Total	958	199	961	219	+3	+20

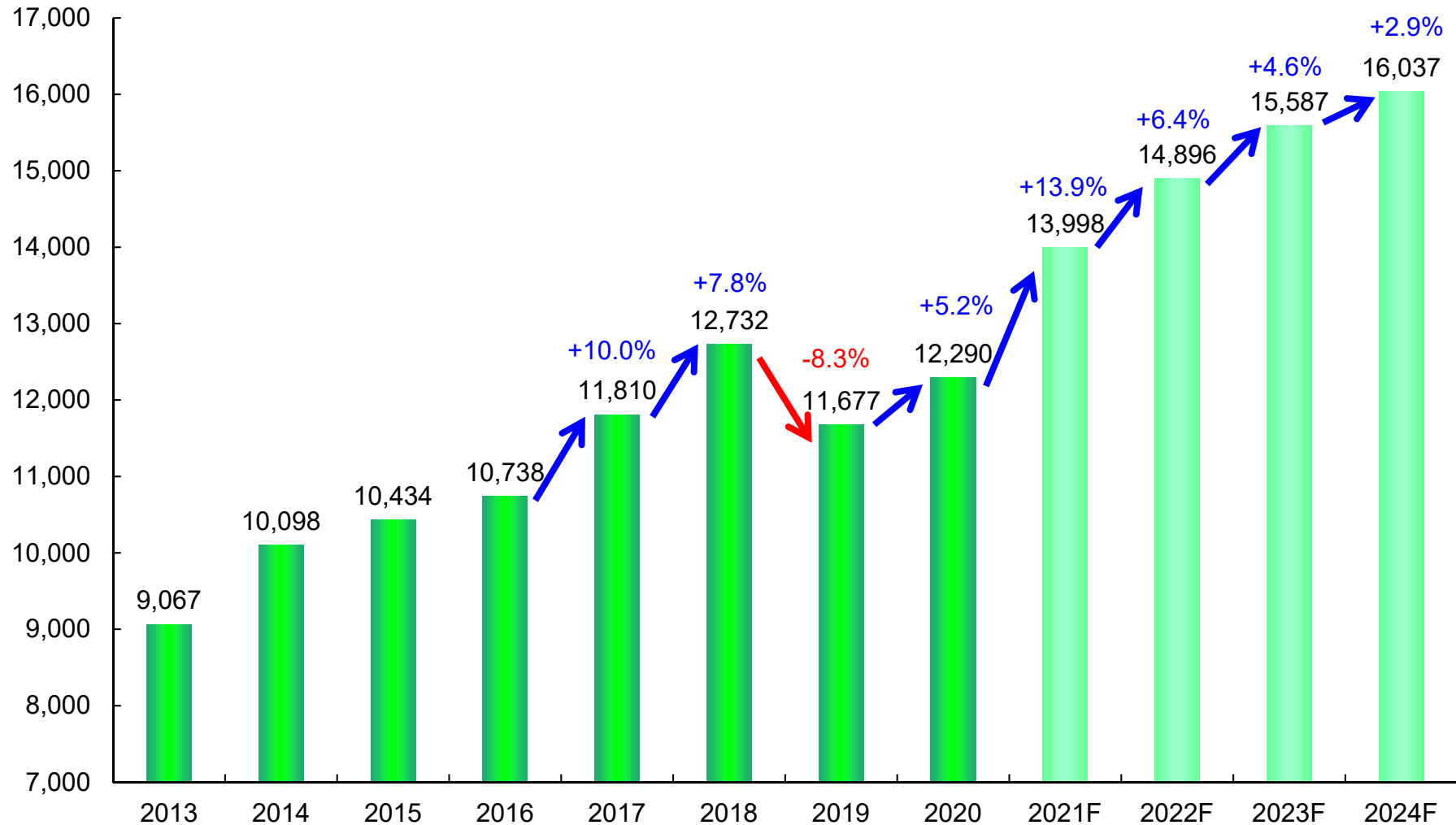
* Temporary: average number of employee(s) for the term

Annual Trends in Net Sales and Incomes



Annual Shipments of Silicon Wafers - Worldwide

Millions of square inches (MSI)

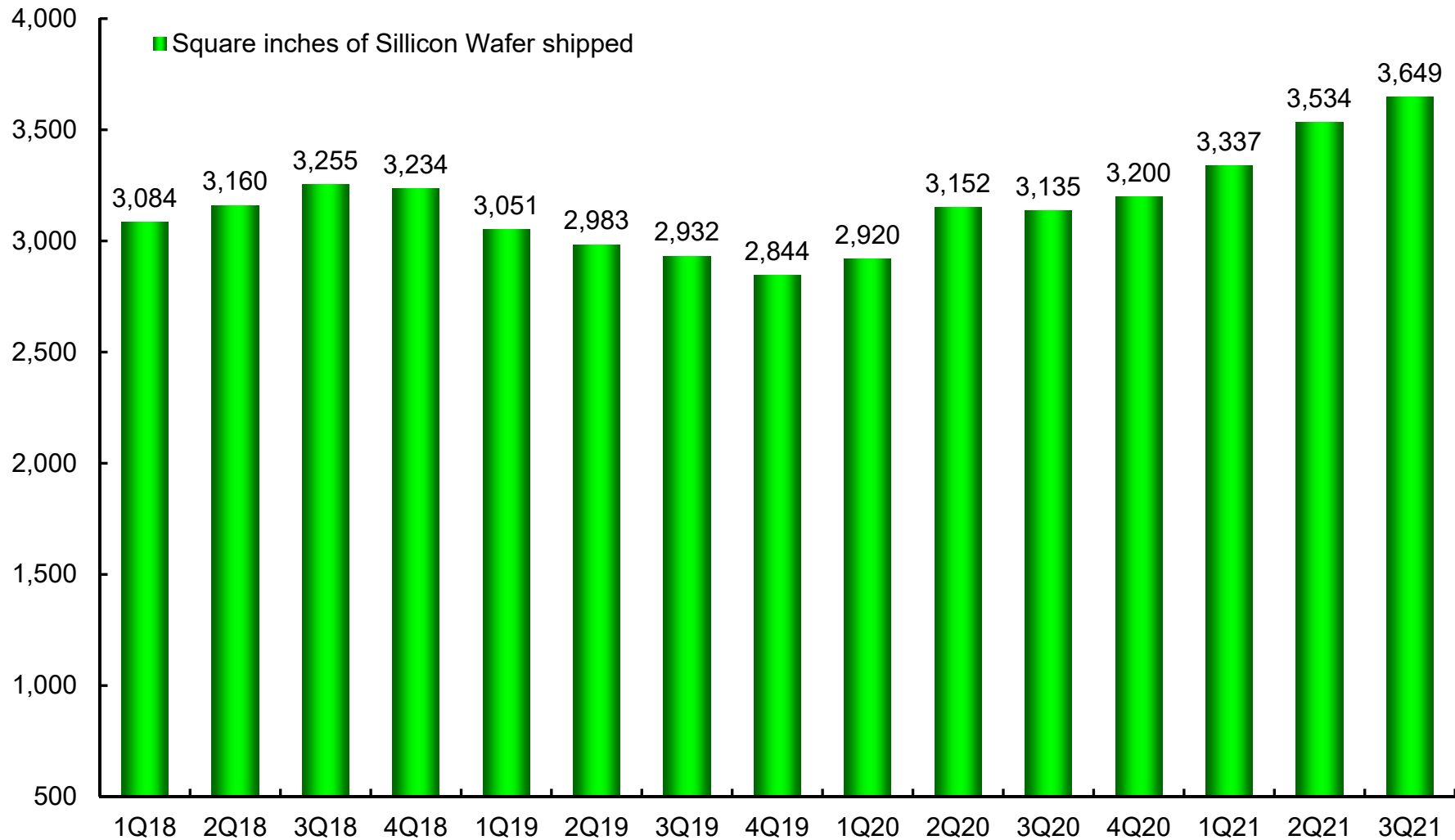


Source : SEMI

<Calendar year basis>

Quarterly Shipments of Silicon Wafers - Worldwide

Millions of square inches (MSI)

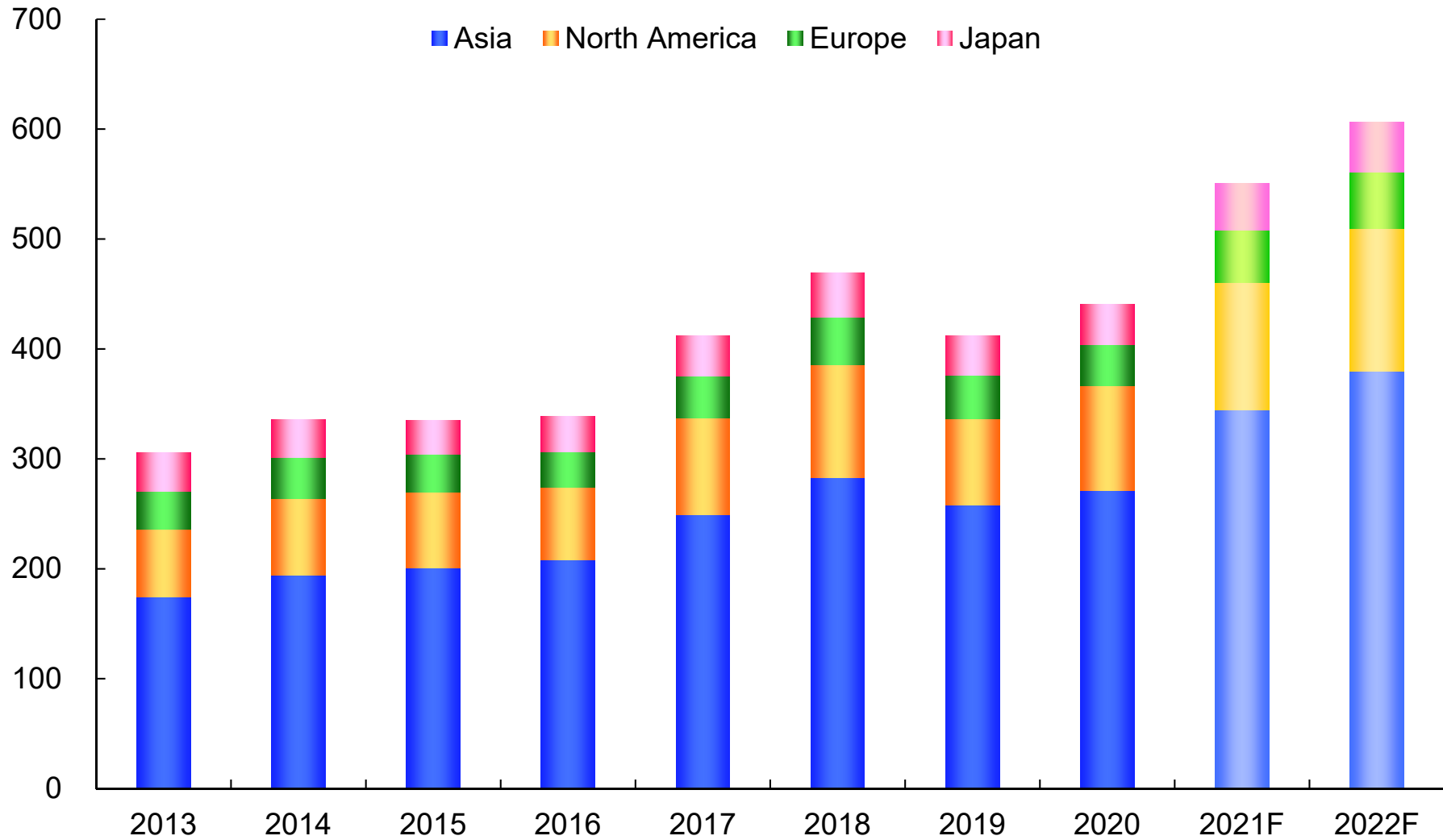


Source : SEMI

<Calendar year basis>

Semiconductor Market Scale by Region

Billions of dollars



Source : WSTS

<Calendar year basis>