

Financial Overview

FY2023 2Q

FUJIMI INCORPORATED

TSE Code : 5384

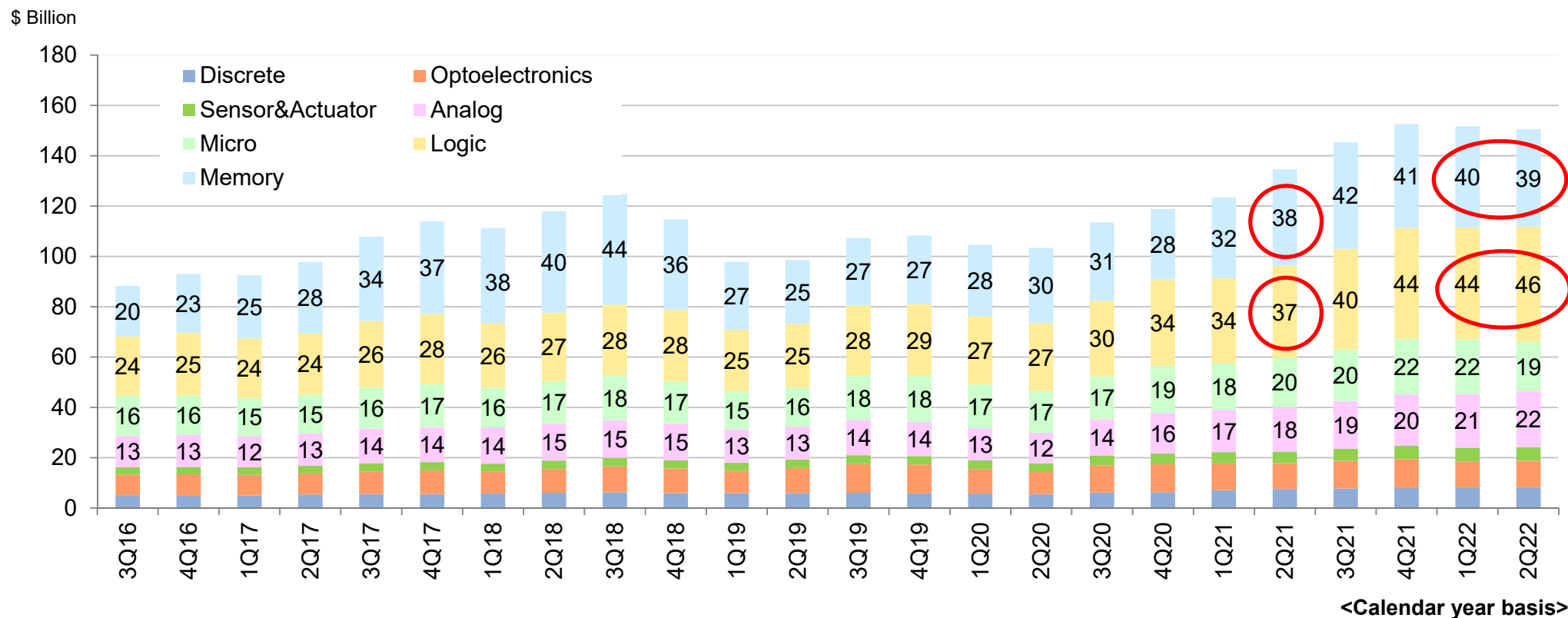
16 Nov 2022

Market Overview

World Semiconductor Market : Quarterly Trend by Application

Source : WSTS

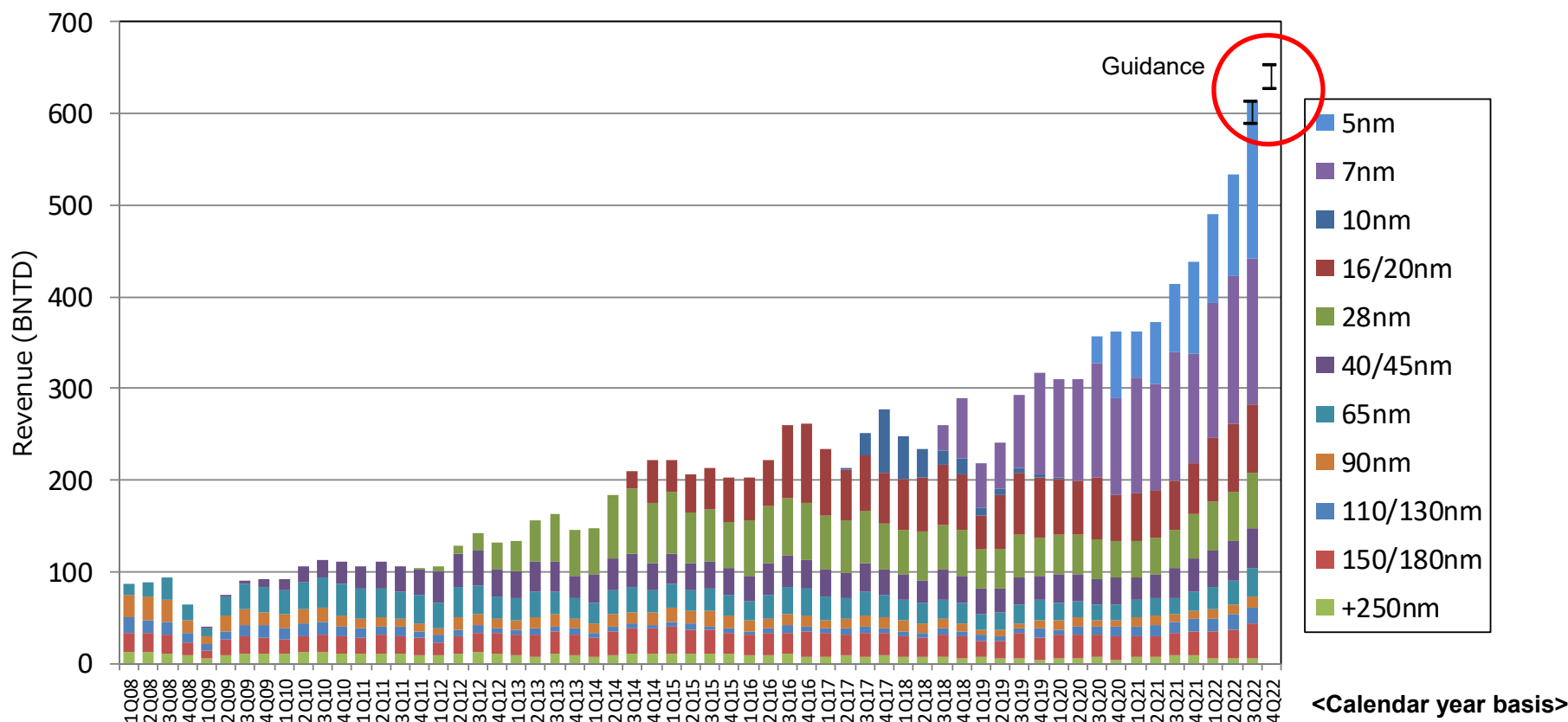
•2Q22, the logic market increased (QoQ +3% YoY +25%), however, the memory market faced an adjustment phase (QoQ -4%, YoY +1%).



TSMC's Revenue : Quarterly Trend

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

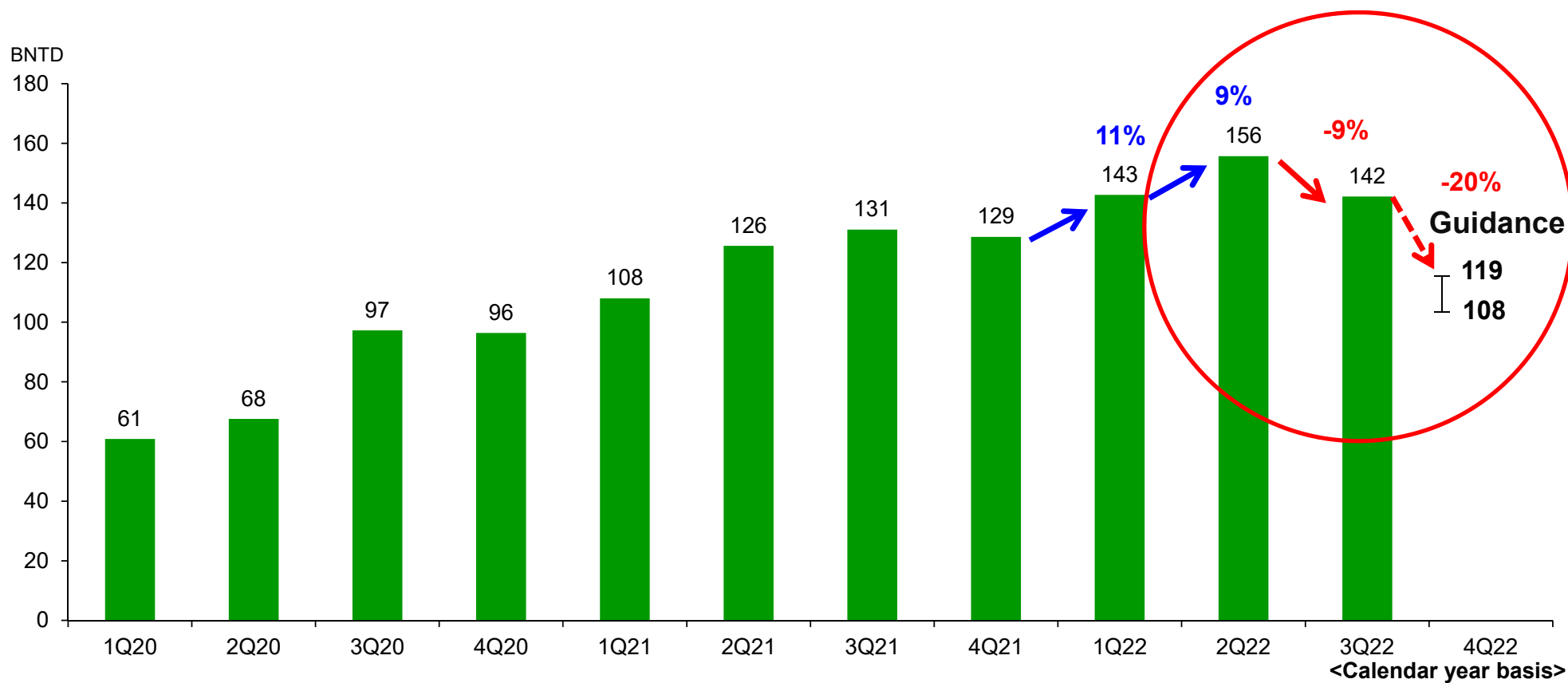
- 1Q22, 2Q22 and 3Q22, revenues have been hitting record highs consecutively.
- 4Q22, the revenue is expected to reach a record high.
- 3Q22, 7nm revenue was down by 2% QoQ.
- Capital Investment for 2022 was revised downward. (US\$40 billion → US\$ 36 billion)



MediaTek's Revenue : Quarterly Trend

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

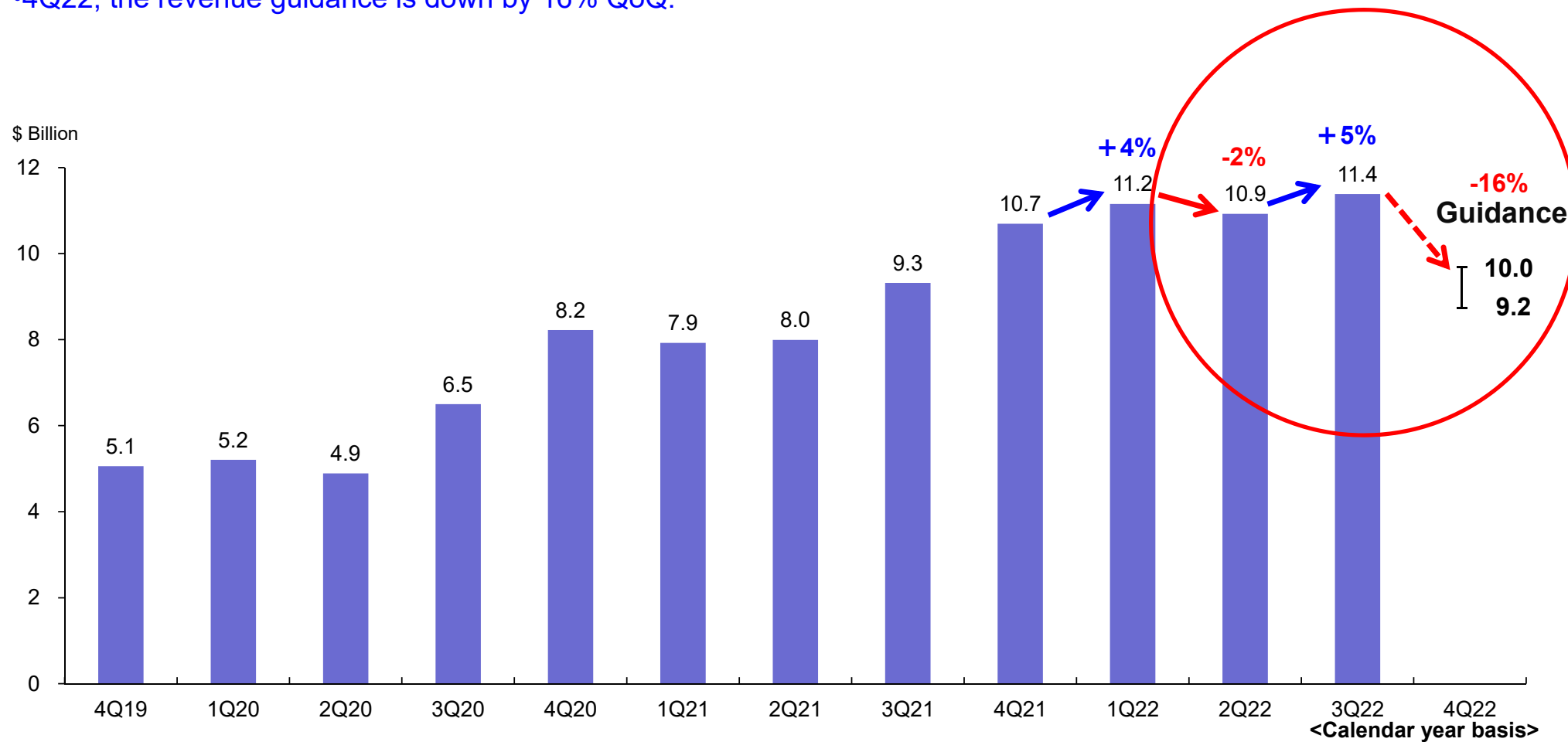
- 3Q22, the revenue was down by 9% QoQ due to an inventory adjustment of smartphone market.
- 4Q22, the revenue guidance is down by 20% QoQ.



Qualcomm's Revenue : Quarterly Trend

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

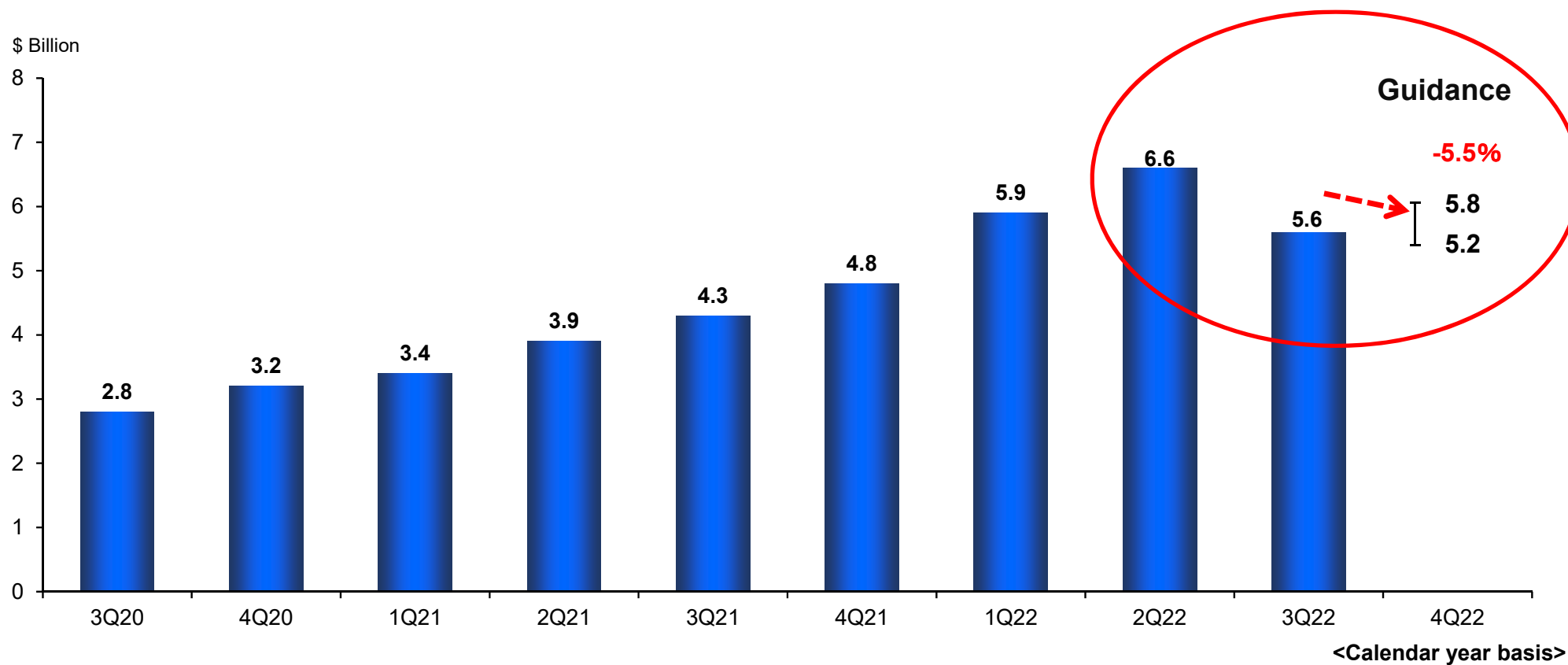
- 3Q22, the revenue was up by 5% QoQ.
- 4Q22, the revenue guidance is down by 16% QoQ.



AMD's Revenue : Quarterly Trend

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

- 3Q22, the revenue was down by 16% QoQ.
- 4Q22, the revenue guidance is down by 5.5% QoQ.
- The revenue decrease is mainly due to the softening PC market and an inventory correction.

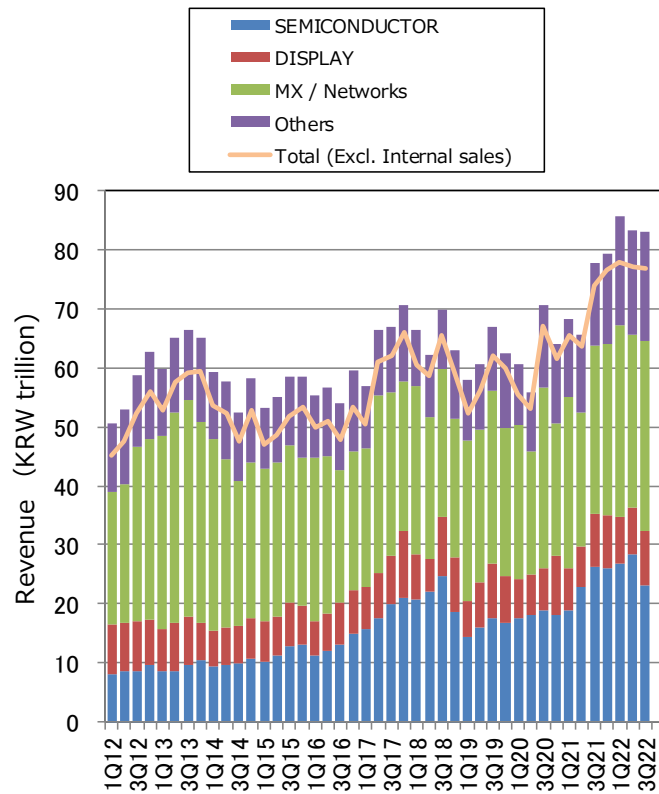


Samsung's Revenue : Quarterly Trend

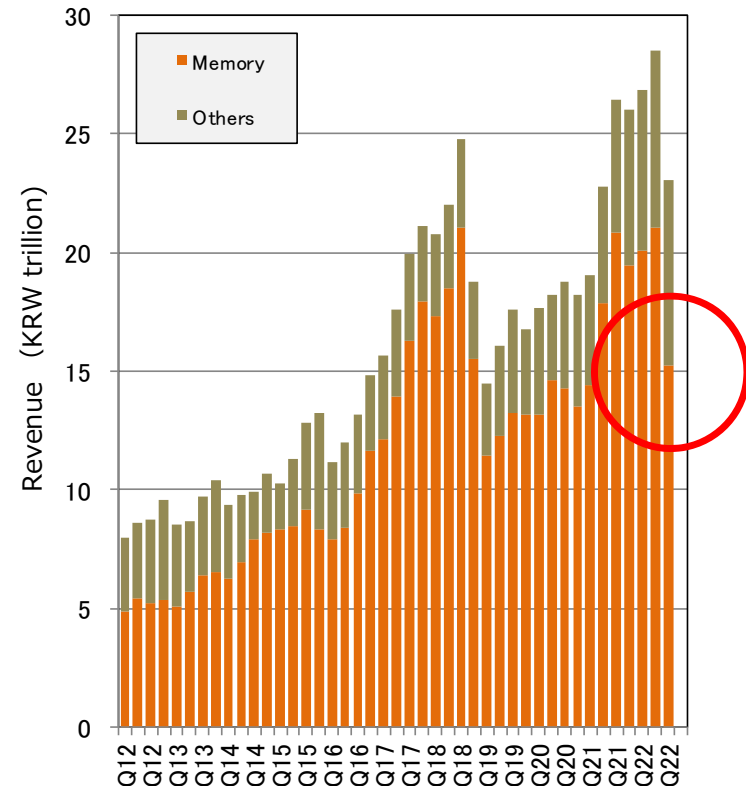
Source : Graphs are created by Fujimi with Samsung Electronics' public information.

•3Q22, the semiconductor revenue was down by 19% QoQ due to the softening memory market.

<Samsung's revenue>



<Samsung's semiconductor revenue >

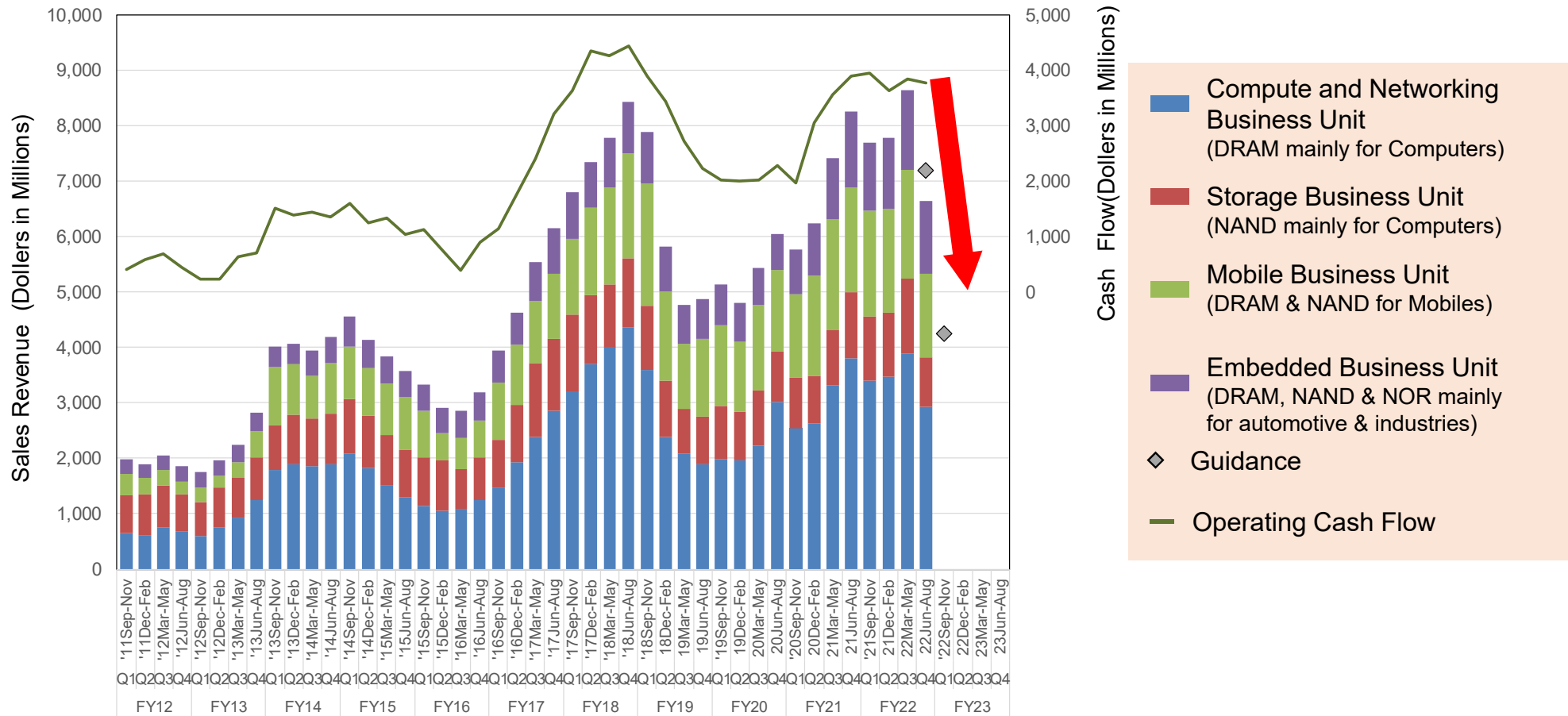


<Calendar year basis>

Micron Technology's Revenue : Quarterly Trend

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

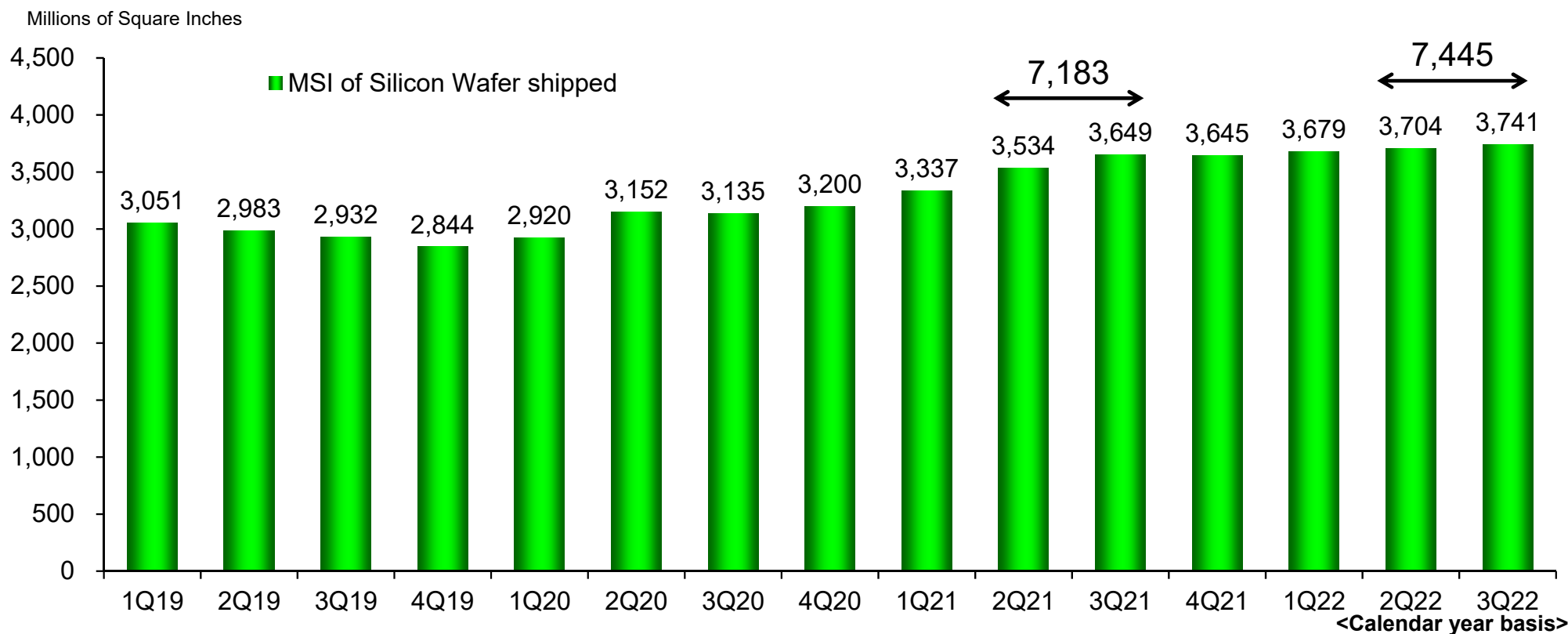
- June - August 2022, the revenue was down by 23% QoQ.
- September - November 2022, the revenue guidance is down by 34% QoQ.



Worldwide Silicon Wafer Area Shipment : Quarterly Trend

Source : SEMI, 27 October 2022

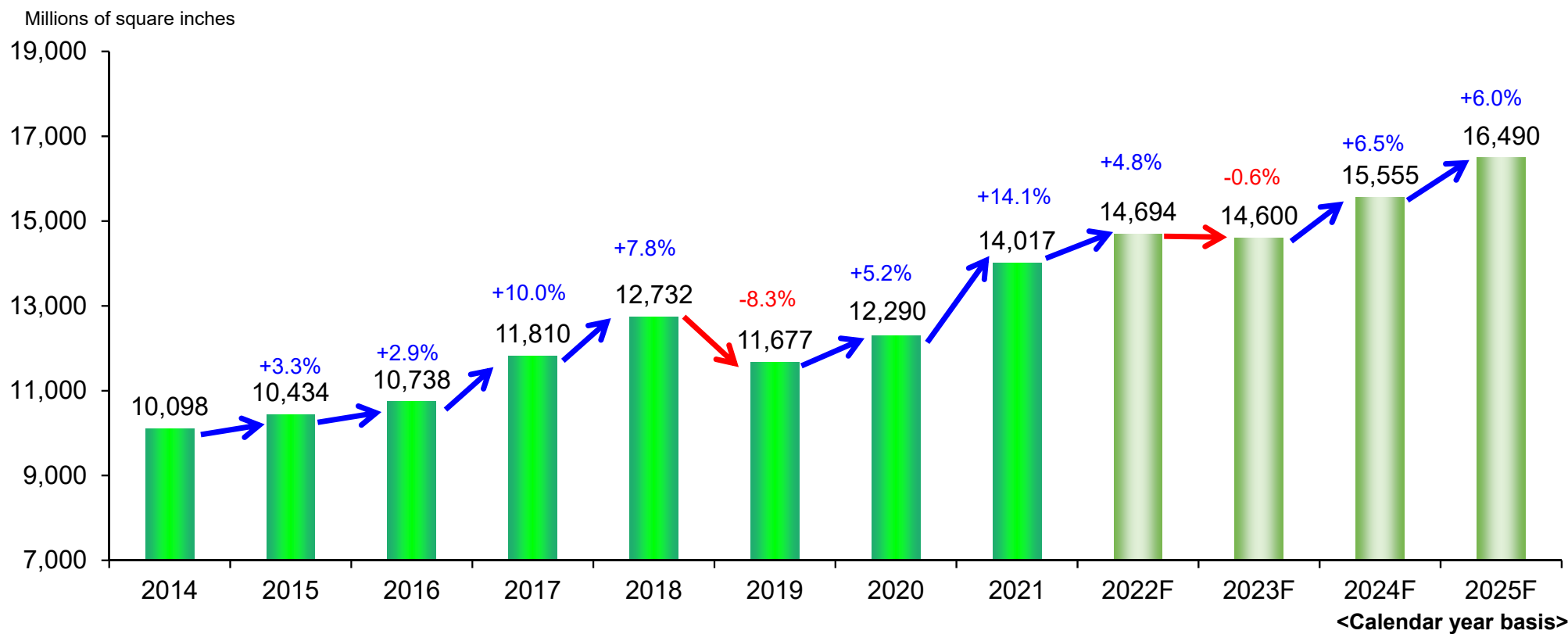
•April - September 2022, silicon wafer area shipment increased by 3.6%.



Worldwide Silicon Wafer Area Shipment : Annual Trend

Source : SEMI, Actual; 2 February 2022, Forecast; 9 November 2022

•Silicon wafer area shipment is forecast to be up by +4.8% in 2022, however, down by -0.6% in 2023.

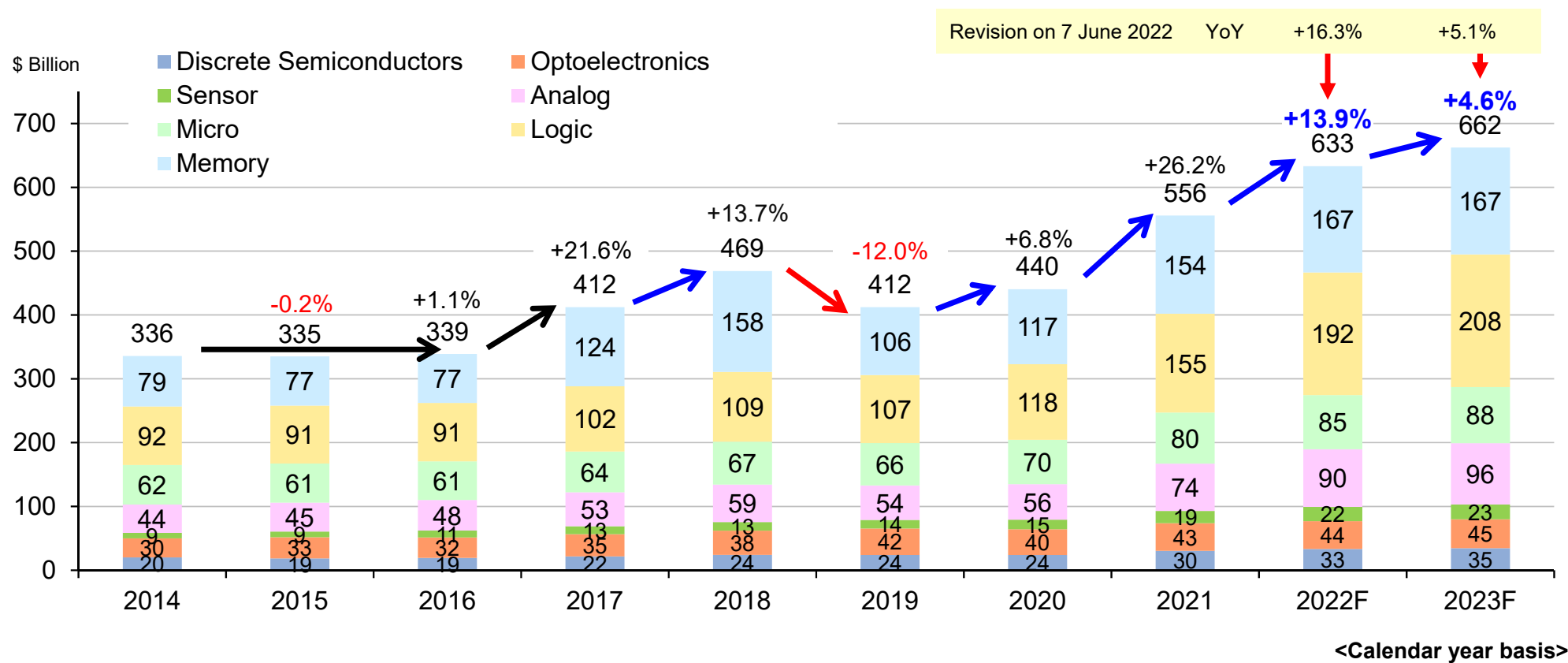


World Semiconductor Market : WSTS Forecast by Application

Source : WSTS, 22 August 2022

- The market forecast for 2022 and 2023 was revised downward in August 2022 due to the concerns about global economic recessions.
 - The market forecast for 2022 was revised downward from 16.3% to 13.9% due to the softening memory market.
 - The market forecast for 2023 was revised downward from 5.1% to 4.6%.

(Considering the current situation, the market in 2023 may fall below the forecast.)



Financial Overview

Financial Results : 1H FY2023



Millions of Yen

	FY2022		FY2023				
	1H	2H	1H Original Forecast as of May 2022	1H	vs 1H FY2022	vs 2H FY2022	vs 1H Original Forecast
Net Sales	25,291	26,439	28,500	31,097	+23.0%	+17.6%	+9.1%
Operating Income	6,158	5,900	6,500	7,819	+27.0%	+32.5%	+20.3%
Margin	24.4%	22.3%	22.8%	25.1%	-	-	-
Ordinary Income	6,357	6,133	6,550	8,293	+30.5%	+35.2%	+26.6%
Margin	25.1%	23.2%	23.0%	26.7%	-	-	-
Net Income	4,803	4,353	4,800	6,155	+28.1%	+41.4%	+28.2%
Margin	19.0%	16.5%	16.8%	19.8%	-	-	-

- Significant increase in sales and incomes on YoY basis
 - Firm demand for advanced logic and memory semiconductor devices, and customers' inventory increasing which includes recovery shipments after our cyber incident
 - High level silicon wafer production continued
 - Favorable product mix increased
 - Ordinary Income increasing due to foreign exchange gains
- Exchange rate: JPY133/USD

Financial Forecast : 2H FY2023

Millions of Yen

	FY2022		FY2023					
	1H	2H	1H	2H Original Forecast as of May 2022	2H Revised Forecast as of Nov 2022	vs 2H FY2022	Vs 1H FY2023	vs 2H Original Forecast
Net Sales	25,291	26,439	31,097	29,500	31,103	+17.6%	+0.0%	+5.4%
Operating Income	6,158	5,900	7,819	7,000	6,980	+18.3%	(10.7%)	(0.3%)
Margin	24.4%	22.3%	25.1%	23.7%	22.4%	-	-	-
Ordinary Income	6,357	6,133	8,293	7,050	7,006	+14.2%	(15.5%)	(0.6%)
Margin	25.1%	23.2%	26.7%	23.9%	22.5%	-	-	-
Net Income	4,803	4,353	6,155	5,200	5,344	+22.8%	(13.2%)	+2.8%
Margin	19.0%	16.5%	19.8%	17.6%	17.2%	-	-	-

- Significant increase in sales and incomes on YoY basis. However, lower income compared to 1H FY2023 despite almost same level of sales.
 - Sales: Impact of the end of recovery shipments after our cyber incident, the softening semiconductor market(CMP) and HDD market slowdown, offsetting sales increase by JPY depreciation
 - Incomes: Impact of soaring raw material prices and expenses, offsetting income increase coming from selling price improvement and JPY depreciation
- Assumed exchange rate: JPY145/USD

Financial Forecast : FY2023

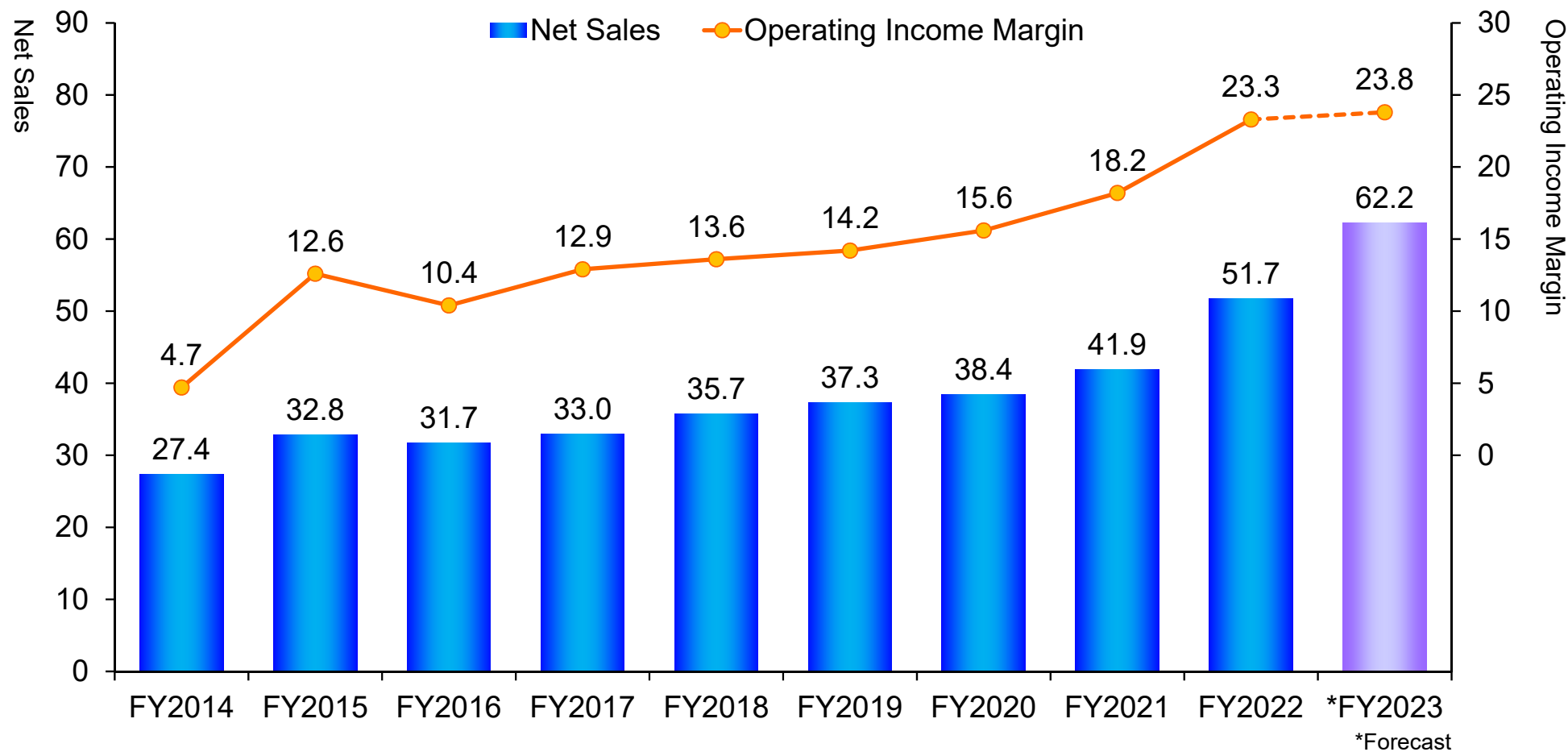
	FY2022	FY2023			
		Original Forecast as of May 2022	Revised Forecast as of Nov 2022	vs FY2022	vs Original Forecast
Net Sales	51,731	58,000	62,200	+20.2%	+7.2%
Operating Income	12,059	13,500	14,800	+22.7%	+9.6%
Margin	23.3%	23.3%	23.8%	-	-
Ordinary Income	12,490	13,600	15,300	+22.5%	+12.5%
Margin	24.1%	23.4%	24.6%	-	-
Net Income	9,156	10,000	11,500	+25.6%	+15.0%
Margin	17.7%	17.2%	18.5%	-	-

- Upward forecast in sales and incomes: **Sales and incomes are expected to hit record highs.**
 - Silicon wafer business sales forecast: +17.9% YoY
 - CMP business sales forecast: +26.2% YoY

Annual Trends in Net Sales and Operating Income Margin

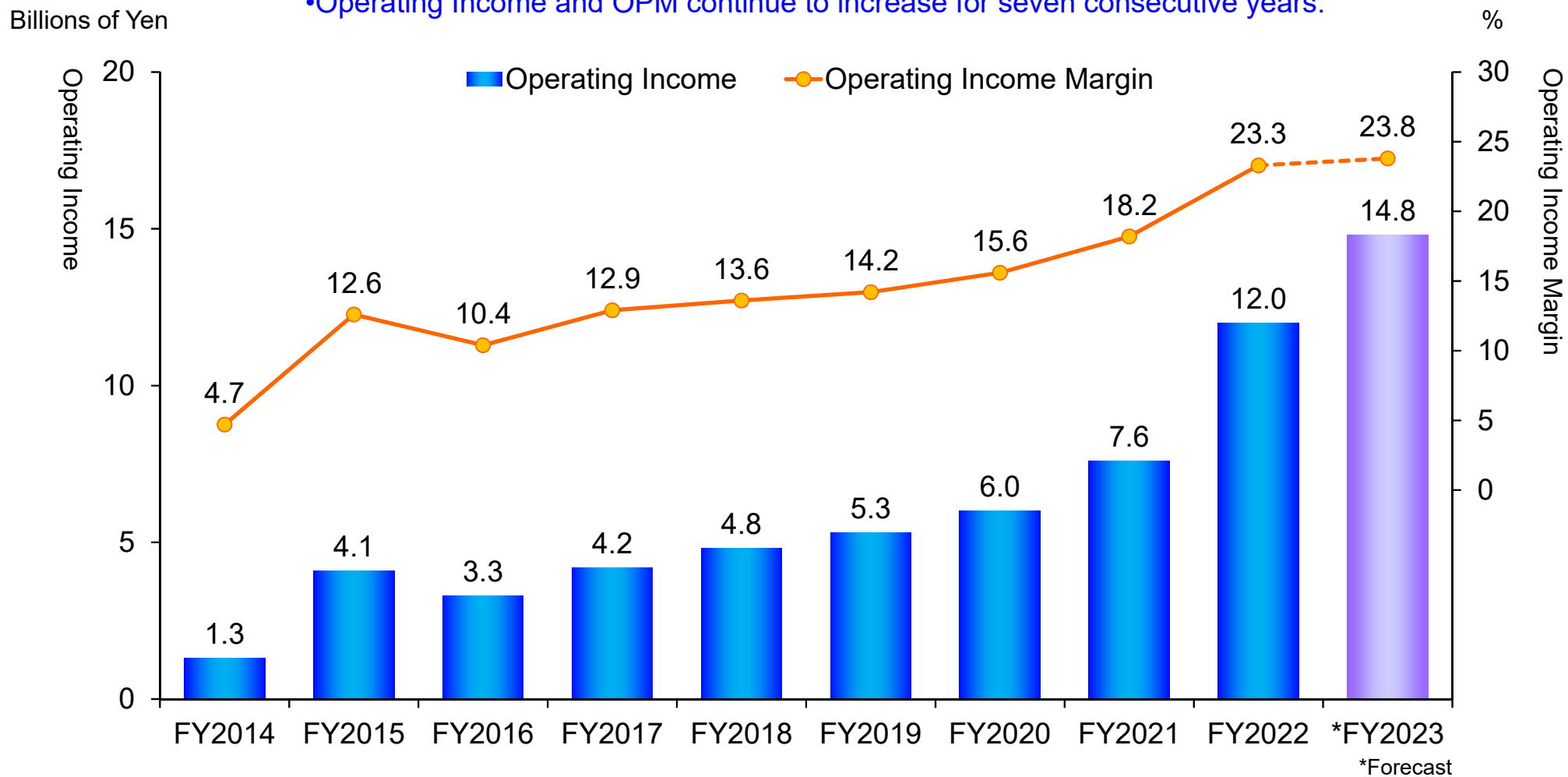
•Sales and OPM continue to increase for seven consecutive years.

Billions of Yen



Annual Trends in Operating Income

• Operating Income and OPM continue to increase for seven consecutive years.



Net Sales Breakdown by Application

Net Sales Breakdown by Application: 1H FY2023 Results

Millions of Yen

	FY2022		FY2023				
	1H	2H	1H Original Forecast as of Jun 2022	1H	vs 1H FY2022	vs 2H FY2022	vs 1H Original Forecast
Silicon	9,129	9,536	10,700	10,661	+16.8%	+11.8%	(0.4%)
- Lapping	2,985	3,264	3,550	3,538	+18.5%	+8.4%	(0.3%)
- Polishing	6,007	6,142	7,020	7,013	+16.7%	+14.2%	(0.1%)
- Cutting	136	129	130	109	(19.5%)	(15.4%)	(15.5%)
CMP	12,155	12,416	13,400	15,771	+29.8%	+27.0%	+17.7%
Hard Disk	790	935	980	1,002	+26.8%	+7.2%	+2.3%
- for Aluminum Disk	770	913	965	987	+28.1%	+8.1%	+2.3%
- for Glass Disk	19	21	15	14	(25.0%)	(30.0%)	(0.2%)
SM / TS*	3,109	3,491	3,360	3,590	+15.5%	+2.8%	+6.9%
- GI*; Abrasive	2,140	2,268	2,310	2,338	+9.2%	+3.1%	+1.2%
- GI ; Non-Abrasive	968	1,223	1,050	1,252	+29.3%	+2.3%	+19.3%
Fujimi Brand Products Total	25,185	26,379	28,440	31,026	+23.2%	+17.6%	+9.1%
Others	106	60	60	70	(33.8%)	+17.0%	+1.0%
Net Sales	25,291	26,439	28,500	31,097	+23.0%	+17.6%	+9.1%

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

Net Sales Breakdown by Application: FY2023 Forecast

	Millions of Yen					
	FY2021	FY2022	FY2023			
			Original Forecast as of Jun 2022	Revised Forecast as of Nov 2022	vs FY2022	vs Original Forecast
Silicon	14,472	18,665	21,550	21,800	+16.8%	+1.2%
- Lapping	4,604	6,249	7,190	7,421	+18.7%	+3.2%
- Polishing	9,621	12,149	14,100	14,144	+16.4%	+0.3%
- Cutting	245	266	260	233	(12.5%)	(10.4%)
CMP	20,037	24,571	27,400	31,000	+26.2%	+13.1%
Hard Disk	1,705	1,725	2,000	1,700	(1.5%)	(15.0%)
- for Aluminum Disk	1,668	1,684	1,945	1,650	(2.1%)	(15.2%)
- for Glass Disk	36	41	55	50	+20.9%	(9.1%)
SM / TS*	5,688	6,600	6,930	7,600	+15.1%	+9.7%
- GI*; Abrasive	3,779	4,408	4,730	5,000	+13.4%	+5.7%
- GI ; Non-Abrasive	1,909	2,192	2,200	2,600	+18.6%	+18.2%
Fujimi Brand Products Total	41,903	51,564	57,880	62,100	+20.4%	+7.3%
Others	52	167	120	100	(40.2%)	(16.7%)
Net Sales	41,956	51,731	58,000	62,200	+20.2%	+7.2%

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

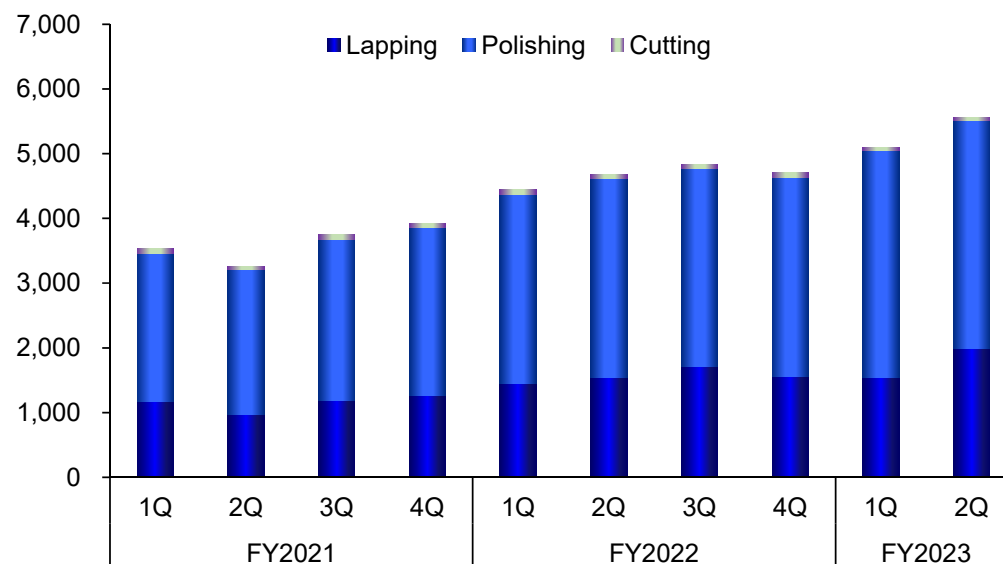
Silicon Wafer Business : Financial Results

<Half-year>

Millions of Yen

	FY2022		FY2023				
	1H	2H	1H Original Forecast as of Jun 2022	1H	vs 1H FY2022	vs 2H FY2022	vs 1H Original Forecast
Silicon	9,129	9,536	10,700	10,661	+16.8%	+11.8%	(0.4%)
- Lapping	2,985	3,264	3,550	3,538	+18.5%	+8.4%	(0.3%)
- Polishing	6,007	6,142	7,020	7,013	+16.7%	+14.2%	(0.1%)
- Cutting	136	129	130	109	(19.5%)	(15.4%)	(15.5%)

Millions of Yen



- Business environment:
 - Firm silicon wafer market
 - Record high for silicon wafer shipment (square inch basis)
- Lapping & Polishing:
 - Sales up steadily due to aforementioned business environment
 - Lapping: Price pass-through due to soaring raw material prices
 - Polishing: Continuous market share increase in stock polishing

Silicon Wafer Business : Financial Forecast

- Assumption: High level silicon wafer production and price pass-through due to soaring raw material prices

<Half-year>

Millions of Yen

	FY2022		FY2023					
	1H	2H	1H	2H Original Forecast as of Jun 2022	2H Revised Forecast as of Nov 2022	vs 2H FY2022	vs 1H FY2023	vs 2H Original Forecast
Silicon	9,129	9,536	10,661	10,850	11,140	+16.8%	+4.5%	+2.7%
- Lapping	2,985	3,264	3,538	3,640	3,883	+19.0%	+9.7%	+6.7%
- Polishing	6,007	6,142	7,013	7,080	7,132	+16.1%	+1.7%	+0.7%
- Cutting	136	129	109	130	123	(5.3%)	+11.9%	(5.4%)

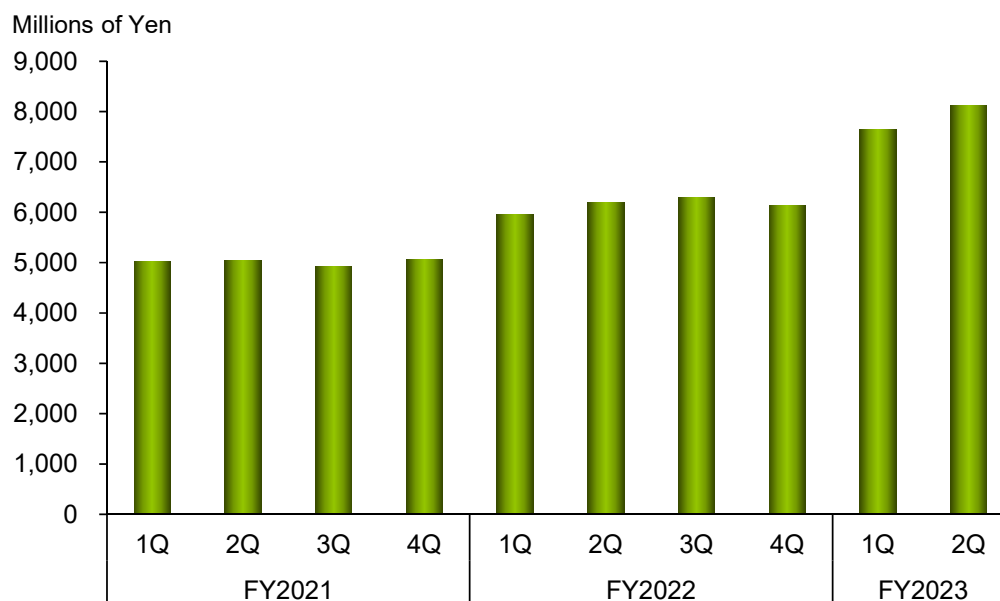
<Full-year>

Millions of Yen

	FY2021	FY2022	FY2023			
			Original Forecast as of Jun 2022	Revised Forecast as of Nov 2022	vs FY2022	vs Original Forecast
Silicon	14,472	18,665	21,550	21,800	+16.8%	+1.2%
- Lapping	4,604	6,249	7,190	7,421	+18.7%	+3.2%
- Polishing	9,621	12,149	14,100	14,144	+16.4%	+0.3%
- Cutting	245	266	260	233	(12.5%)	(10.4%)

CMP Business : Financial Results

<Half-year>	Millions of Yen						
	FY2022		FY2023				
	1H	2H	1H Original Forecast as of Jun 2022	1H	vs 1H FY2022	vs 2H FY2022	vs 1H Original Forecast
CMP	12,155	12,416	13,400	15,771	+29.8%	+27.0%	+17.7%



- Business environment:
 - The semiconductor demand started softening and inventories increasing in both logic and memory sectors due to weak demand for PCs and smartphones.
 - However, the advanced semiconductors still kept high level production.
- CMP:
 - Firm demand for advanced logic and memory semiconductor devices, and customers' inventory increasing which includes recovery shipments after our cyber incident
 - Price pass-through due to soaring raw material prices
 - JPY depreciation

CMP Business : Financial Forecast

▪ Assumption: The semiconductor demand becomes softening in both logic and memory sectors.

<Half-year>

Millions of Yen

	FY2022		FY2023					
	1H	2H	1H	2H Original Forecast as of Jun 2022	2H Revised Forecast as of Nov 2022	vs 2H FY2022	vs 1H FY2023	vs 2H Original Forecast
CMP	12,155	12,416	15,771	14,000	15,229	+22.7%	(3.4%)	+8.8%

<Full-year>

Millions of Yen

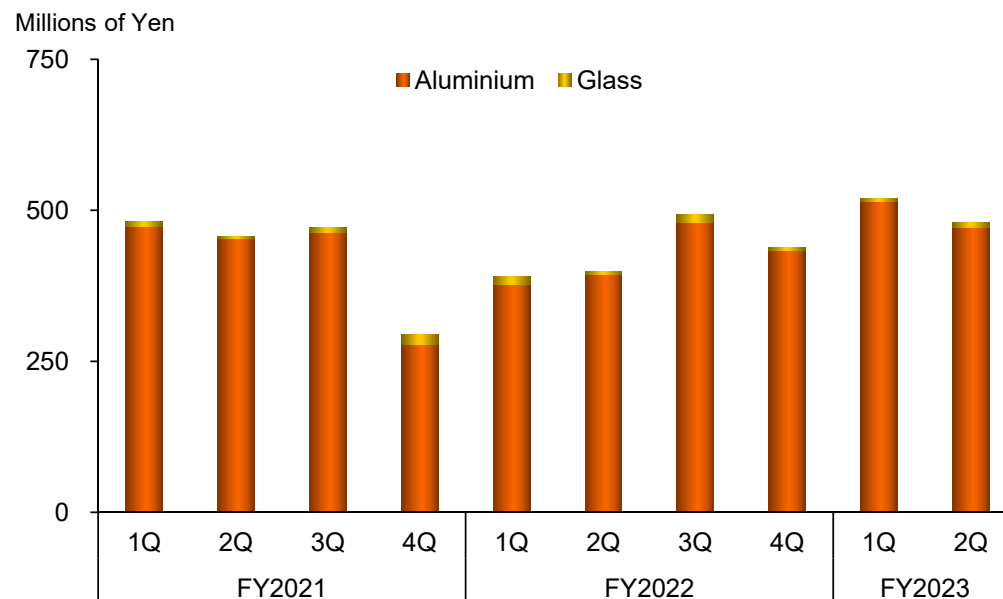
	FY2021	FY2022	FY2023			
			Original Forecast as of Jun 2022	Revised Forecast as of Nov 2022	vs FY2022	vs Original Forecast
CMP	20,037	24,571	27,400	31,000	+26.2%	+13.1%

Disk Business : Financial Results

<Half-year>

Millions of Yen

	FY2022		FY2023				
	1H	2H	1H Original Forecast as of Jun 2022	1H	vs 1H FY2022	vs 2H FY2022	vs 1H Original Forecast
Hard Disk	790	935	980	1,002	+26.8%	+7.2%	+2.3%
- for Aluminum Disk	770	913	965	987	+28.1%	+8.1%	+2.3%
- for Glass Disk	19	21	15	14	(25.0%)	(30.0%)	(0.2%)



- Business environment:
 - Market shift from HDD to SSD
- Aluminum Disk:
 - Customers' production utilization recovery
 - JPY depreciation

Disk Business : Financial Forecast

- Assumption: Weak demand due to HDD market slowdown

<Half-year>

Millions of Yen

	FY2022		FY2023					
	1H	2H	1H	2H Original Forecast as of Jun 2022	2H Revised Forecast as of Nov 2022	vs 2H FY2022	vs 1H FY2023	vs 2H Original Forecast
Hard Disk	790	935	1,002	1,020	698	(25.4%)	(30.4%)	(31.6%)
- for Aluminum Disk	770	913	987	980	663	(27.4%)	(32.9%)	(32.3%)
- for Glass Disk	19	21	14	40	35	+63.7%	+133.8%	(12.5%)

<Full-year>

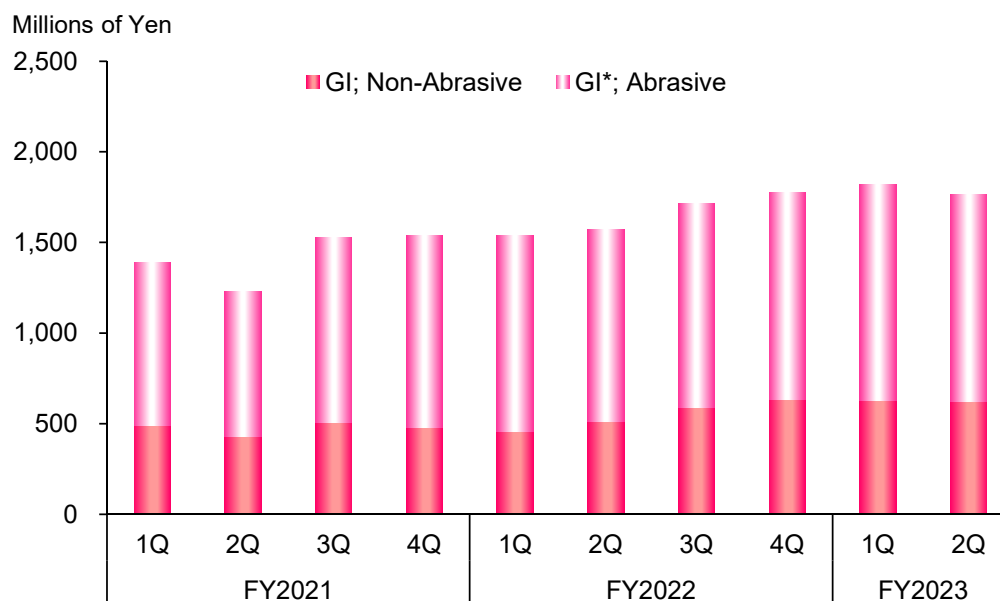
Millions of Yen

	FY2021	FY2022	FY2023			
			Original Forecast as of Jun 2022	Revised Forecast as of Nov 2022	vs FY2022	vs Original Forecast
Hard Disk	1,705	1,725	2,000	1,700	(1.5%)	(15.0%)
- for Aluminum Disk	1,668	1,684	1,945	1,650	(2.1%)	(15.2%)
- for Glass Disk	36	41	55	50	+20.9%	(9.1%)

General Industry Business : Financial Results

<Half-year> Millions of Yen

	FY2022		FY2023				
	1H	2H	1H Original Forecast as of Jun 2022	1H	vs 1H FY2022	vs 2H FY2022	vs 1H Original Forecast
SM / TS*	3,109	3,491	3,360	3,590	+15.5%	+2.8%	+6.9%
- GI*; Abrasive	2,140	2,268	2,310	2,338	+9.2%	+3.1%	+1.2%
- GI; Non-Abrasive	968	1,223	1,050	1,252	+29.3%	+2.3%	+19.3%



- Business environment:
 - Recovering demands for automobiles and industry machineries
 - Firm capital investments for semiconductor production equipment
- Abrasive:
 - Sales up due to aforementioned business environment
- Non-Abrasive:
 - Sales up due to aforementioned business environment

General Industry Business : Financial Forecast

- Assumption: Sales increase of products for SiC wafers (Planning the production at the Malaysia subsidiary)

<Half-year>

Millions of Yen

	FY2022		FY2023					
	1H	2H	1H	2H Original Forecast as of Jun 2022	2H Revised Forecast as of Nov 2022	vs 2H FY2022	vs 1H FY2023	vs 2H Original Forecast
SM / TS*	3,109	3,491	3,590	3,570	4,008	+14.8%	+11.6%	+12.3%
- GI*; Abrasive	2,140	2,268	2,338	2,420	2,662	+17.4%	+13.8%	+10.0%
- GI; Non-Abrasive	968	1,223	1,252	1,150	1,346	+10.0%	+7.5%	+17.0%

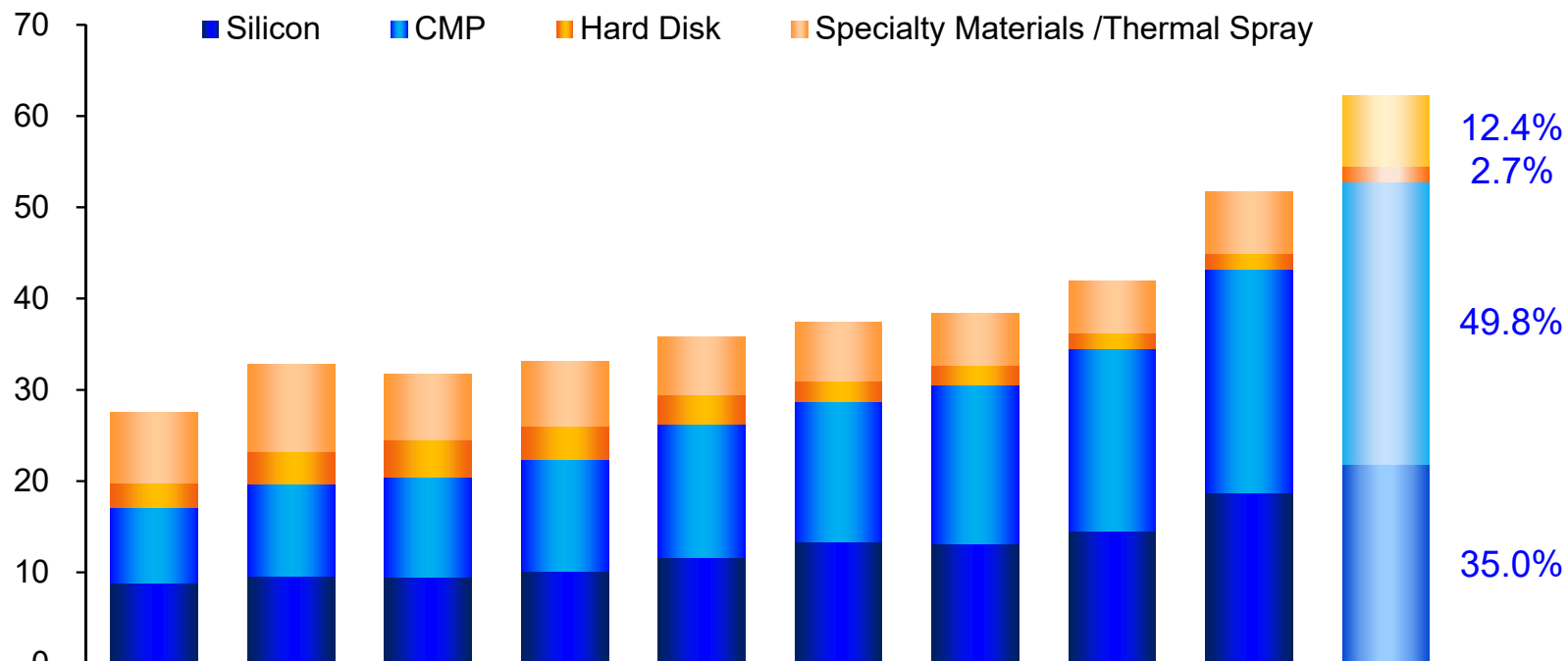
<Full-year>

Millions of Yen

	FY2021	FY2022	FY2023			
			Original Forecast as of Jun 2022	Revised Forecast as of Nov 2022	vs FY2022	vs Original Forecast
SM / TS*	5,688	6,600	6,930	7,600	+15.1%	+9.7%
- GI*; Abrasive	3,779	4,408	4,730	5,000	+13.4%	+5.7%
- GI; Non-Abrasive	1,909	2,192	2,200	2,600	+18.6%	+18.2%

Net Sales Breakdown by Application

Billions of Yen



	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	*FY23
Specialty Materials/Thermal Spray	7.7	9.6	7.2	7.0	6.3	6.4	5.7	5.7	6.7	7.7
Hard Disk	2.6	3.4	4.0	3.6	3.2	2.2	2.1	1.7	1.7	1.7
CMP	8.2	10.1	10.9	12.2	14.6	15.3	17.3	20.0	24.5	31.0
Silicon	8.8	9.5	9.4	10.0	11.5	13.3	13.1	14.4	18.6	21.8
Total	27.4	32.8	31.7	33.0	35.7	37.3	38.4	41.9	51.7	62.2

*Forecast

Capital Expenditure

Depreciation

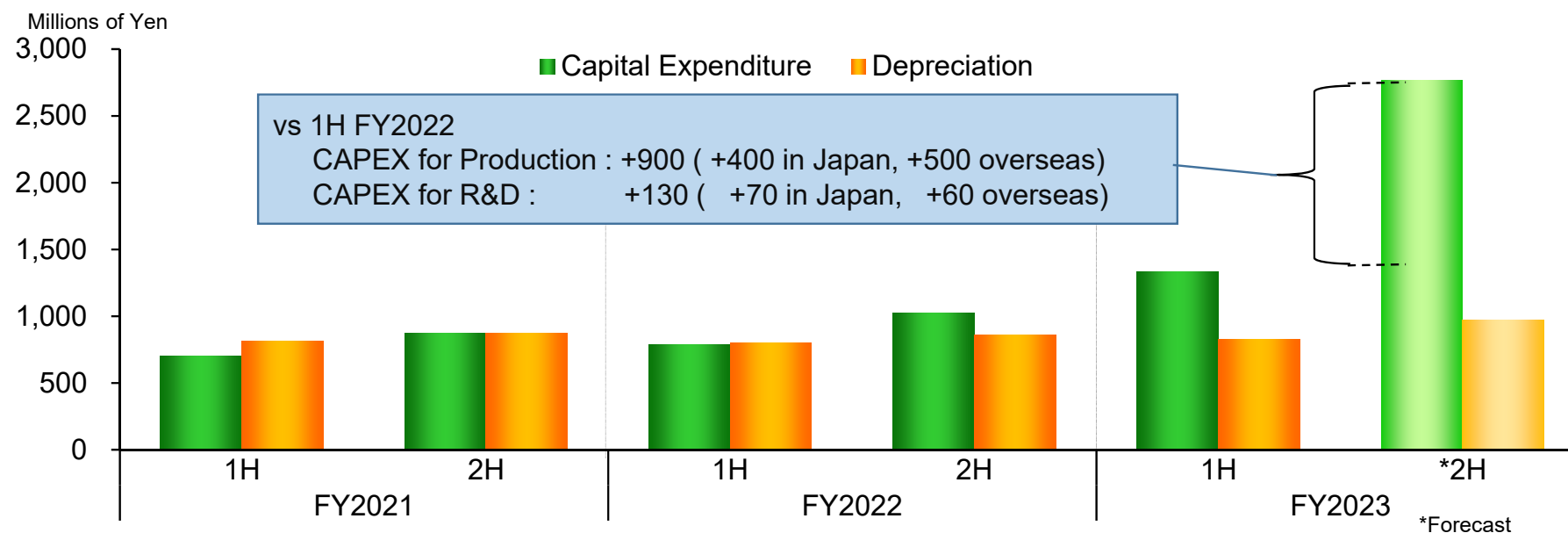
R&D Expense

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

Millions of Yen

	FY2022		FY2023									
	1H	2H	1H Original Forecast	1H	vs 1H FY2022	vs 2H FY2022	vs Original Forecast	2H Original Forecast	2H Revised Forecast	vs 2H FY2022	vs 1H FY2023	vs Original Forecast
Capital Expenditure	789	1,024	1,800	1,333	+68.9%	+30.1%	(25.9%)	1,600	2,766	+170.0%	+107.5%	+72.9%
Depreciation	802	859	850	826	+3.0%	(3.8%)	(2.8%)	950	973	+13.3%	+17.8%	+2.5%

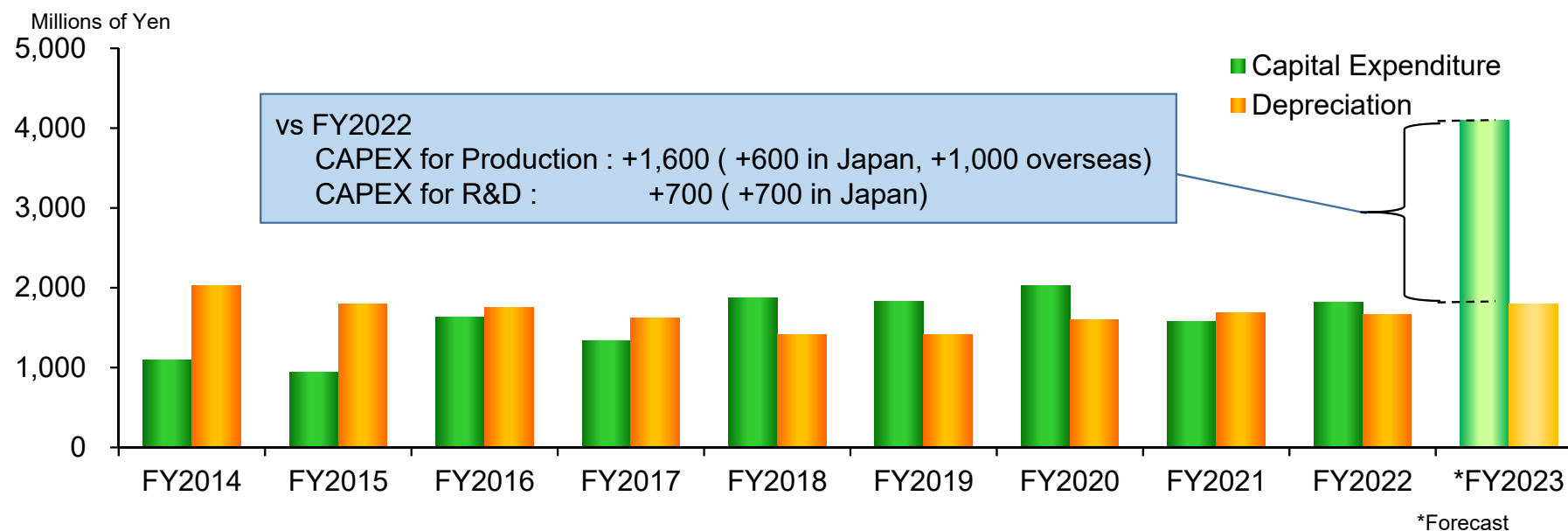
*CAPEX : Inspection basis



Capital Expenditure / Depreciation : FY2023 Forecast

	Millions of Yen				
	FY2022	FY2023			
		Original Forecast	Revised Forecast	vs FY2022	vs Original Forecast
Capital Expenditure	1,814	3,400	4,100	+126.0%	+20.6%
Depreciation	1,661	1,800	1,800	+8.3%	0.0%

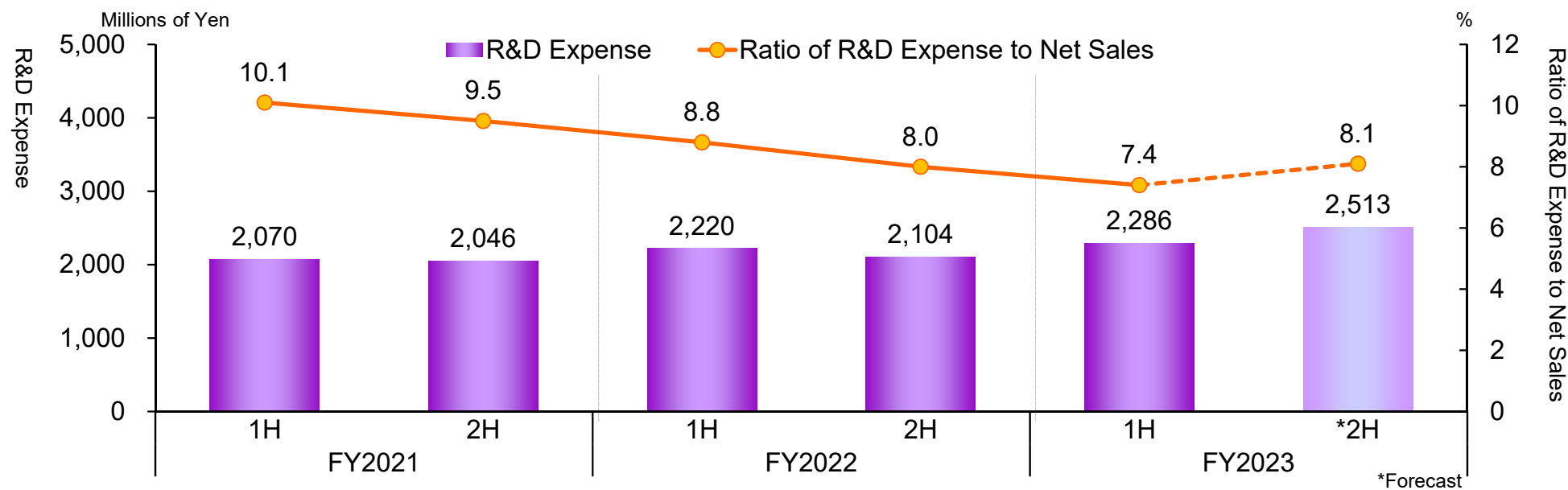
*CAPEX : Inspection basis



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

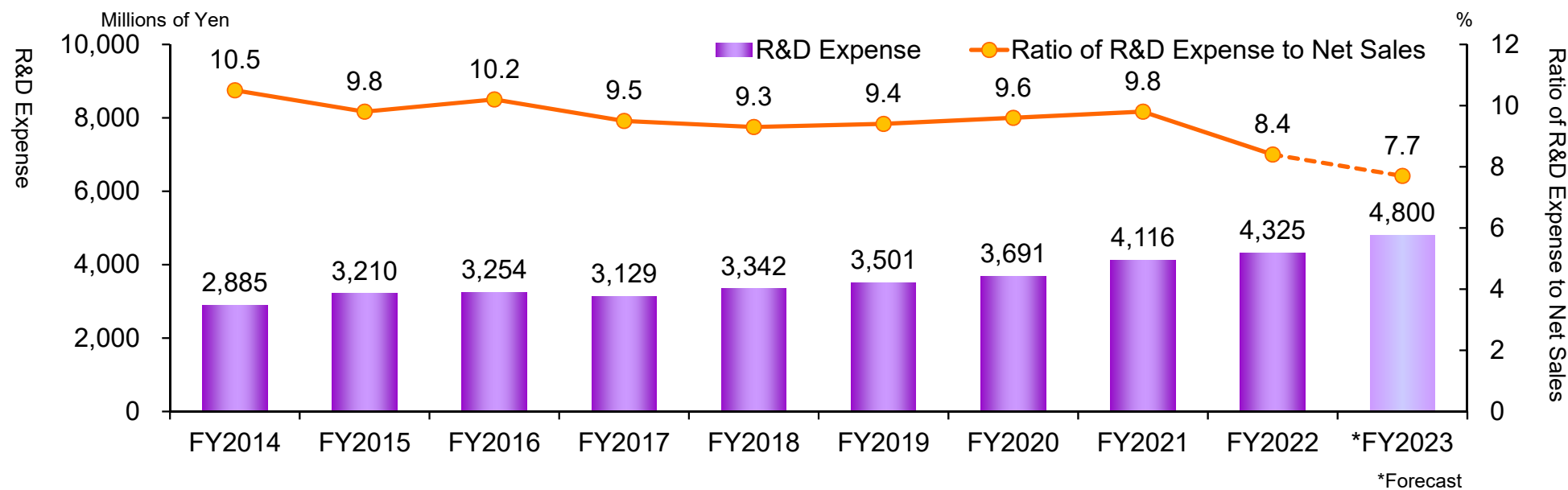
Millions of Yen

	FY2022		FY2023									
	1H	2H	1H Original Forecast	1H	vs 1H FY2022	vs 2H FY2022	vs Original Forecast	2H Original Forecast	2H Revised Forecast	vs 2H FY2022	vs 1H FY2023	vs Original Forecast
R&D Expense	2,220	2,104	2,400	2,286	+3.0%	+8.7%	(4.7%)	2,400	2,513	+19.4%	+9.9%	+4.7%



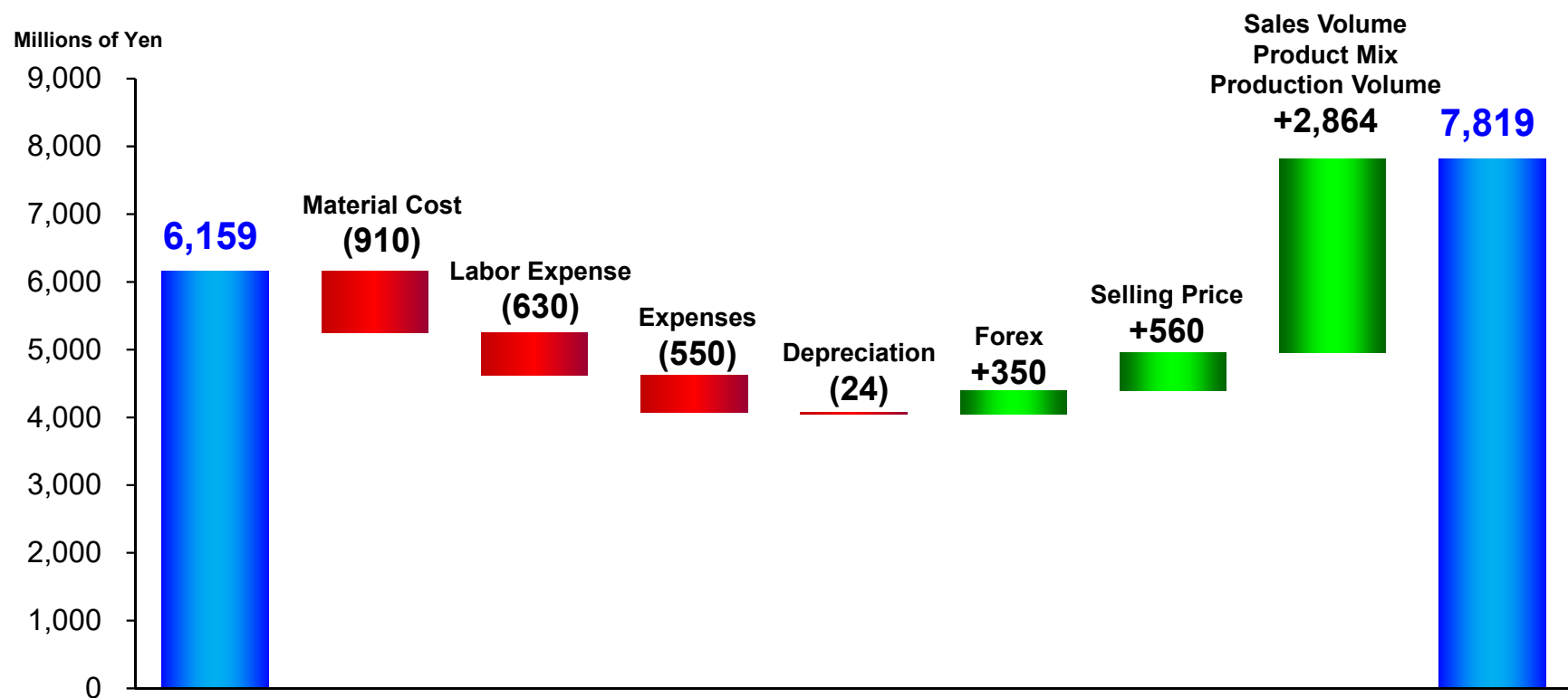
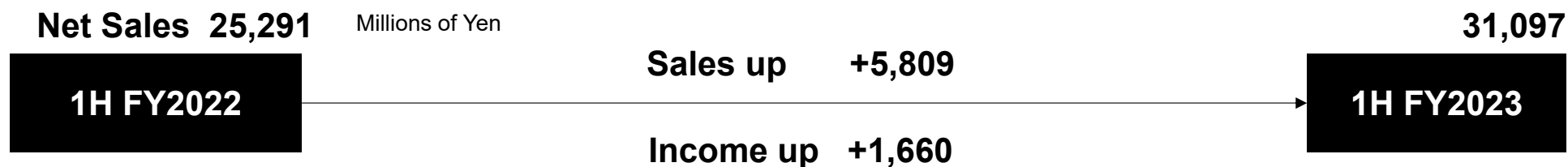
R&D Expense : FY2023 Forecast

		Millions of Yen			
		FY2023			
	FY2022	Original Forecast	Revised Forecast	vs FY2022	vs Original Forecast
R&D Expense	4,325	4,800	4,800	+11.0%	0.0%

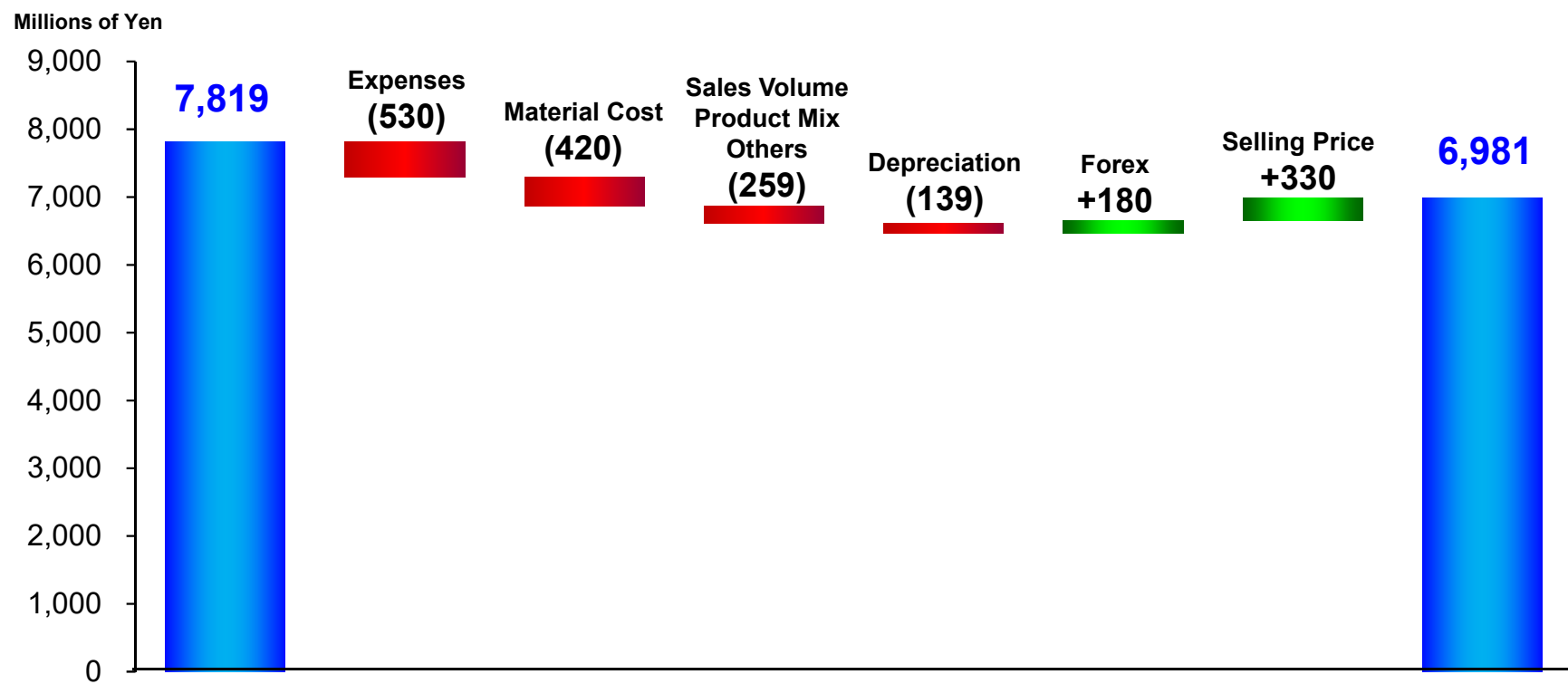


Operating Income Analysis

Operating Income Analysis : 1H FY2023 vs 1H FY2022



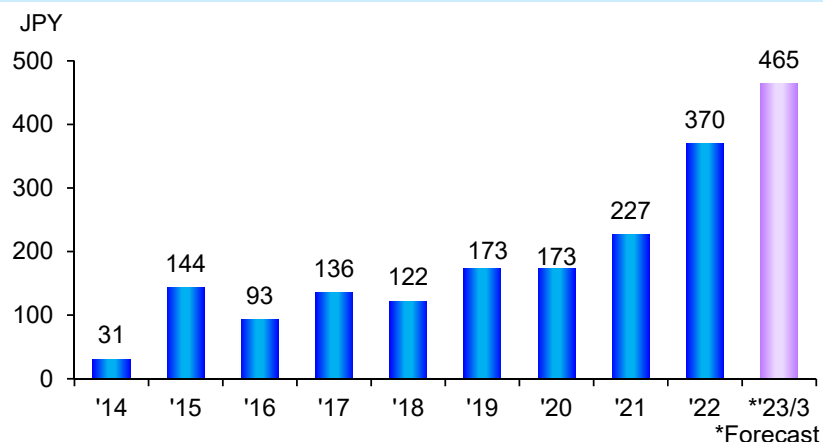
Operating Income Analysis : 2H Forecast vs 1H FY2023



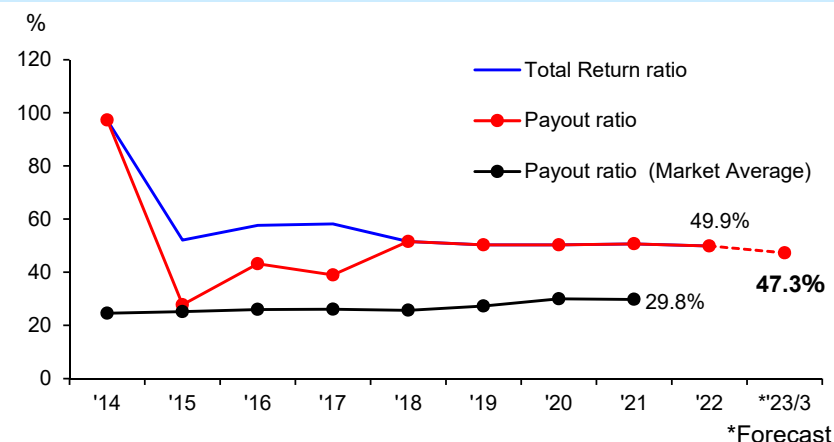
Shareholder Returns

Shareholder Returns

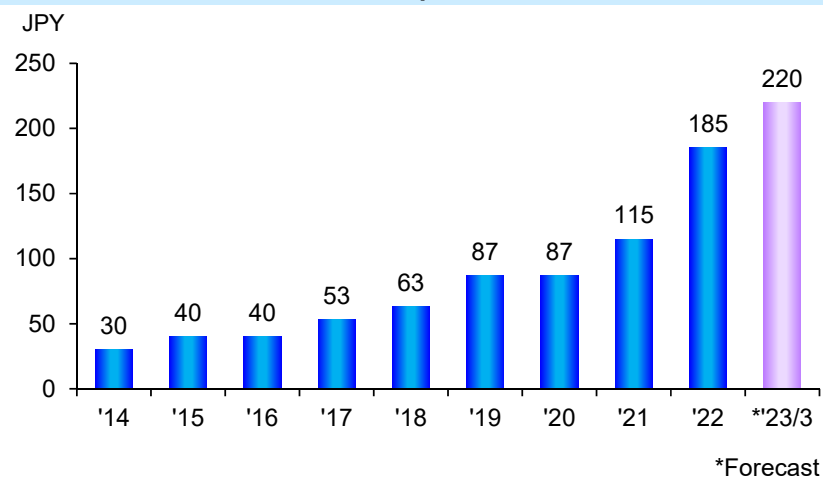
EPS



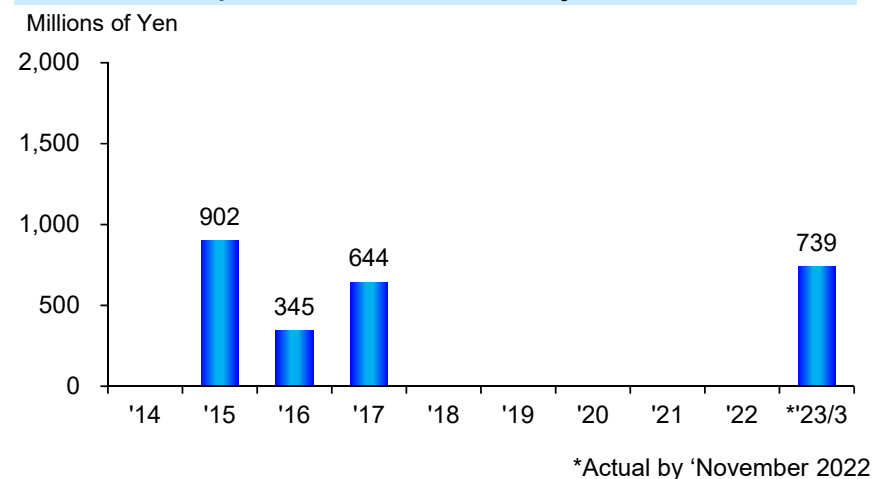
Total Return ratio / Payout ratio



Dividends per Share



Acquisition of Treasury Stocks



Financial Summary : 1H FY2023 Results / FY2023 Forecast

1H FY2023 Financial Results vs 1H FY2022

Net Sales	+23.0%	:	Firm demands for CMP products related to advanced semiconductor devices and products for silicon wafers Record high in Sales
Operating Income	+27.0%	:	Sales increase and favorable sales mix
Ordinary Income	+30.5%	:	JPY depreciation
Net Income	+28.1%	:	Record highs in Operating, Ordinary and Net Incomes
Silicon Wafer	+16.8%	:	Sales up for lapping and polishing products due to high production levels in the semiconductor industry
CMP	+29.8%	:	Sales up due to firm demands for advanced logic and advanced memory devices, even though the semiconductor demand started softening and inventories increasing
Hard Disks	+26.8%	:	Sales up due to customers' production recovery and JPY depreciation despite the market shift from HDD to SSD
General Industry	+9.2%	:	Recovering demands for automobiles and industry machineries
Shareholder Returns		:	Increased dividends / DPS: JPY110 vs JPY95 in forecast (JPY85 in 1H FY2022)

FY2023 Financial Forecast vs FY2022

Net Sales	+20.2%	:	Expected to reach a record high for 2 consecutive years in Sales
Operating Income	+22.7%	:	Expected to reach record highs for 4 consecutive years in Operating, Ordinary Incomes
Ordinary Income	+22.5%	:	JPY depreciation
Net Income	+25.6%	:	Expected to reach a record high for 5 consecutive years in Net Incomes

Supplementary Data

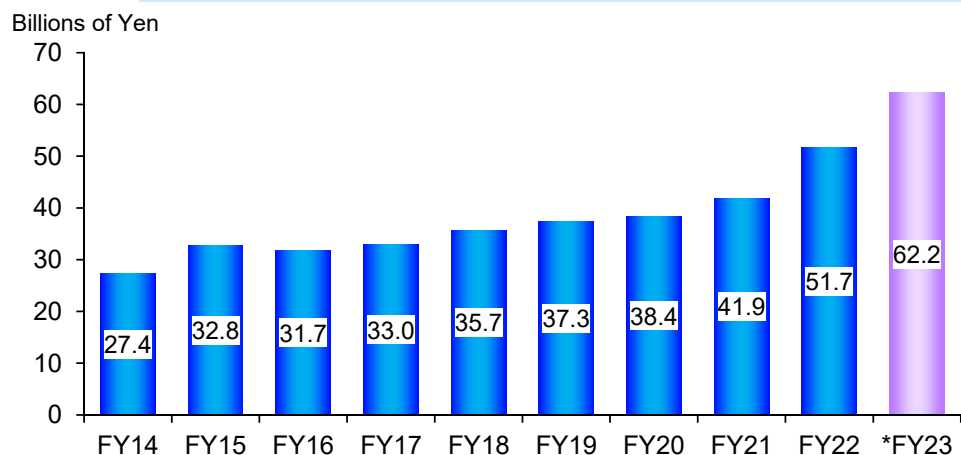
Number of Employee

	FY2022		FY2023			
	As of 31 March 2022		As of 30 September 2022			
	Full-time	*Temporary	Full-time	*Temporary	vs FY2022	
Full-time					*Temporary	
FUJIMI INCORPORATED	693	216	720	205	+27	(11)
FUJIMI CORPORATION	118	3	129	2	+11	(1)
FUJIMI TAIWAN LIMITED	95	2	94	2	(1)	—
FUJIMI-MICRO TECHNOLOGY SDN.BHD	67	5	67	5	—	—
FUJIMI EUROPE GmbH	4	2	4	2	—	—
FUJIMI KOREA LIMITED	0	0	0	0	—	—
FUJIMI SHENZHEN TECHNOLOGY. CO.,LTD	3	1	2	1	(1)	—
Total	980	229	1,016	217	+36	(12)

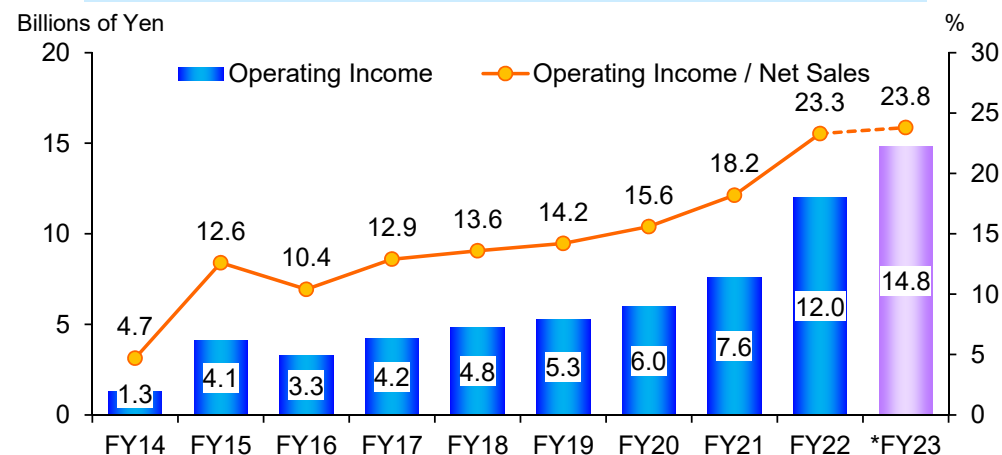
* Temporary: average number of employee(s) for the term

Annual Trends in Net Sales and Incomes

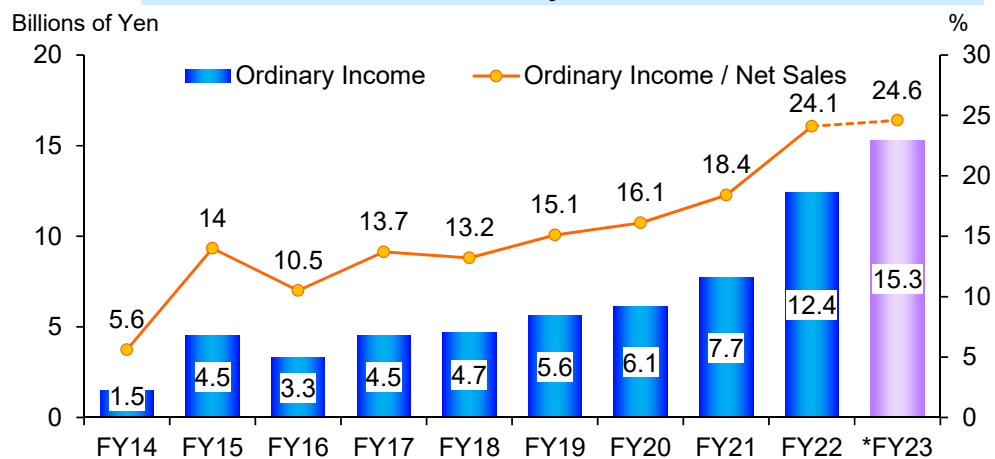
Net Sales



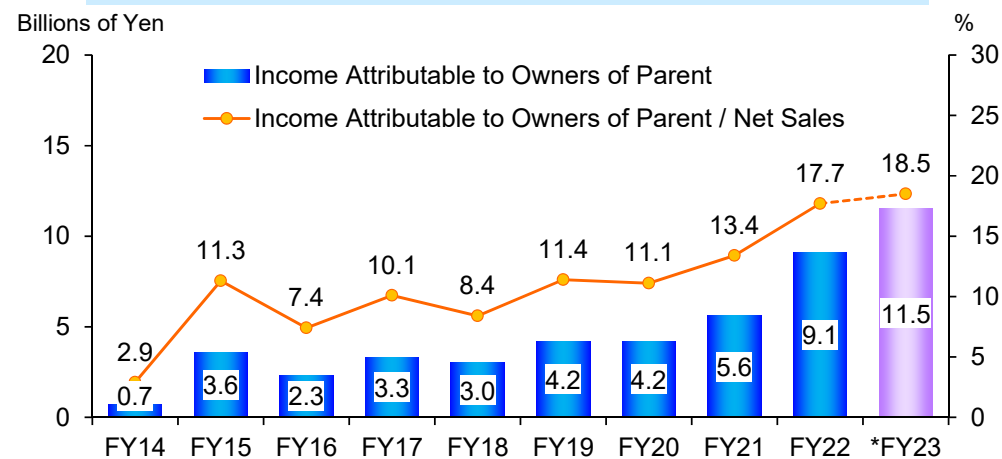
Operating Income



Ordinary Income



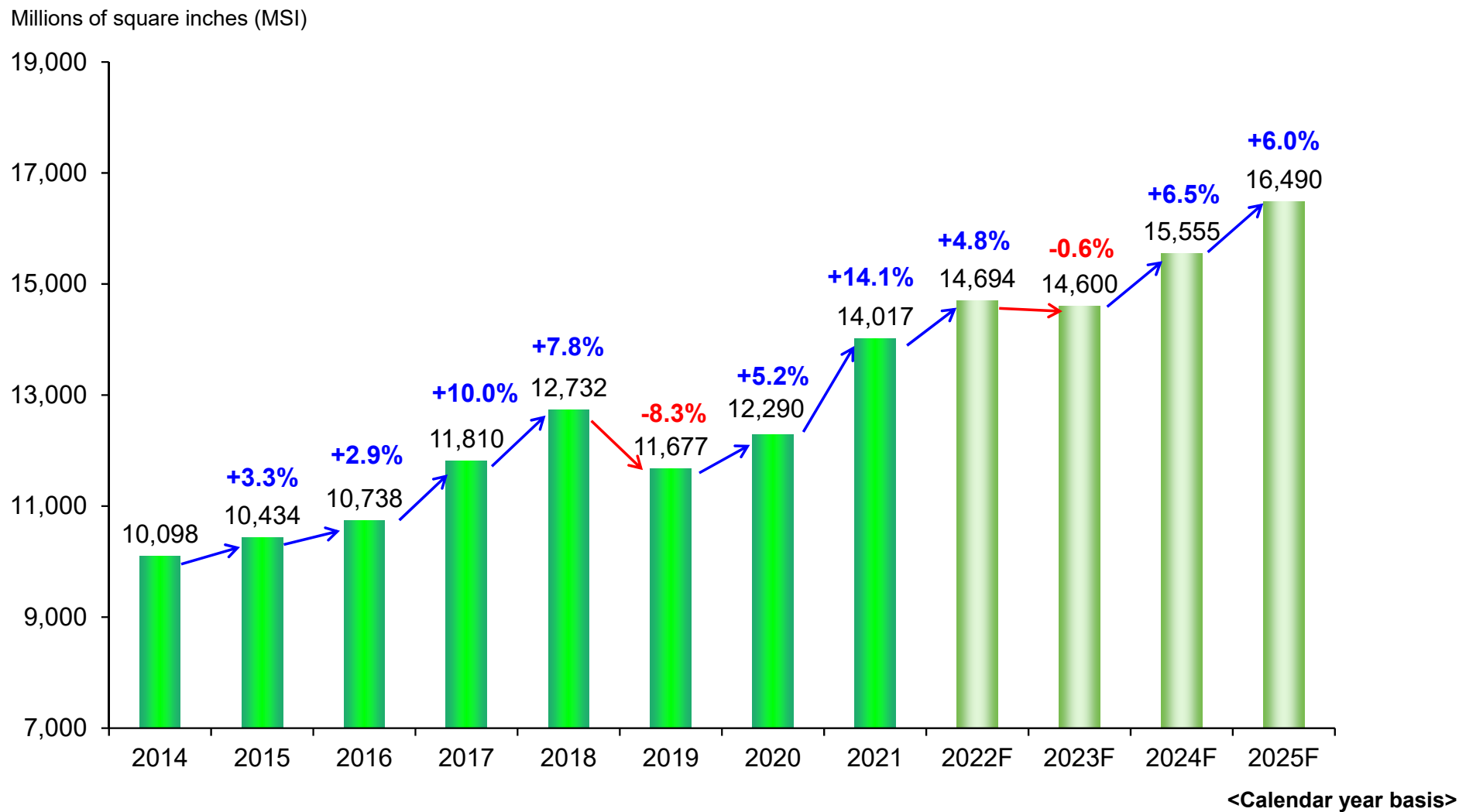
Income Attributable to Owners of Parent



*Forecast

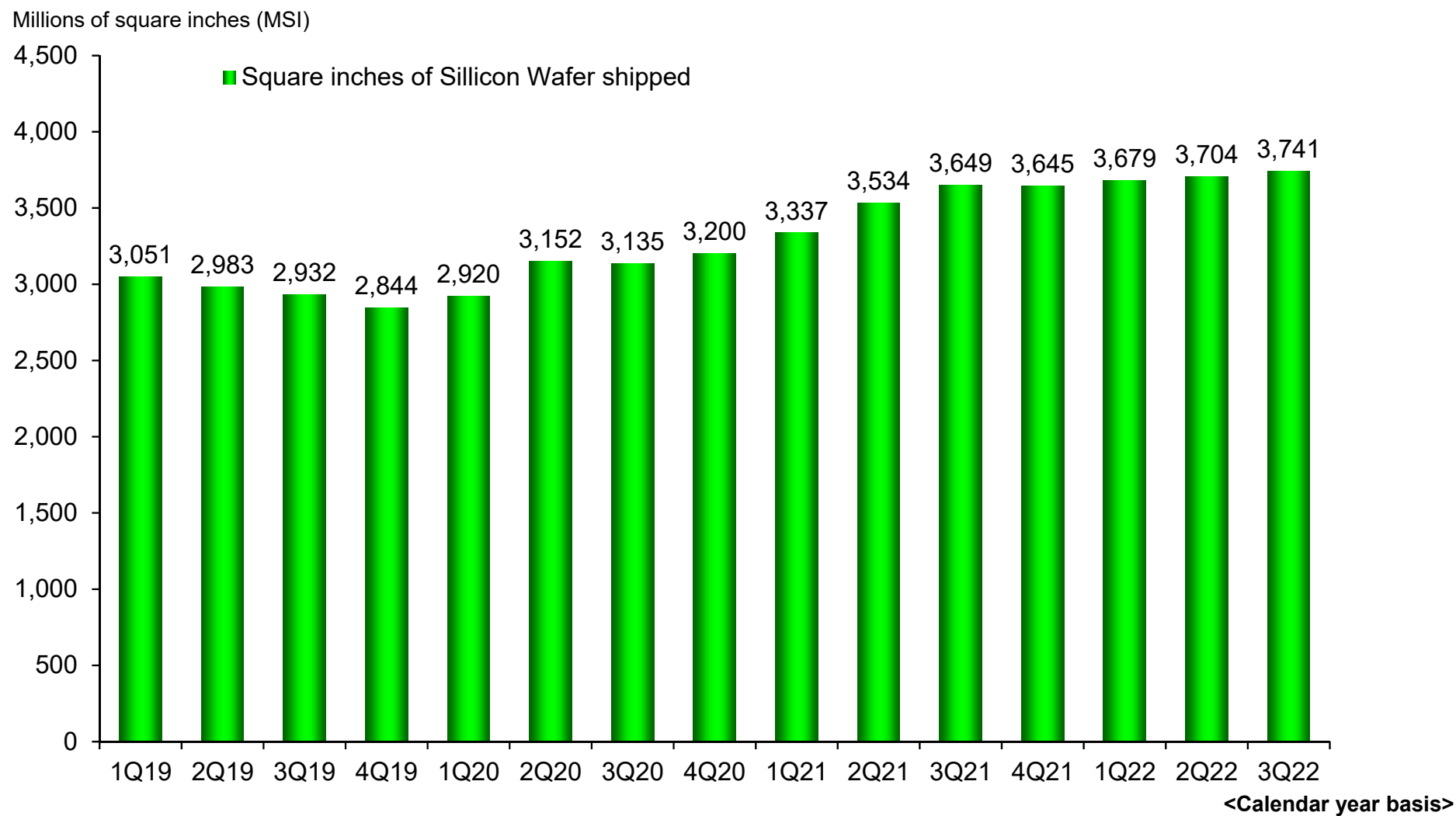
Annual Shipments of Silicon Wafers - Worldwide

Source : SEMI, Actual; 2 February 2022, Forecast; 9 November 2022



Quarterly Shipments of Silicon Wafers - Worldwide

Source : SEMI, 27 October 2022



Semiconductor Market Scale by Region

Source : WSTS, 22 August 2022

