

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 2, 2023

Company Name: FUJIMI INCORPORATED
 Stock Exchange Listing: Tokyo, Nagoya
 Stock Code: 5384 URL <https://www.fujimiinc.co.jp/>
 Representative: President and CEO Keishi Seki
 Senior General Manager
 Inquiries: Finance Division Toshihiro Kawashima TEL 052-503-8181
 Scheduled date to file Quarterly Securities Report: February 6, 2023
 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, 2022 (from April 1, 2022 to December 31, 2022)

(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, 2022	45,216	17.0	11,246	18.7	11,559	18.6	8,523	17.2
Nine months ended December 31, 2021	38,654	24.2	9,473	59.5	9,749	64.4	7,270	62.1

	Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Nine months ended December 31, 2022	344.26	—
Nine months ended December 31, 2021	294.09	—

(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, 2022	77,146	66,757	86.5	2,699.68
As of March 31, 2022	75,684	62,967	83.2	2,547.00

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, 2022	—	85.00	—	100.00	185.00
Year ended March 31, 2023	—	110.00			
Year ending March 31, 2023 (Forecast)				110.00	220.00

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	62,200	20.2	14,800	22.7	15,300	22.5	11,500	25.6	464.63

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022
(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, 2022	26,699,500 shares	As of March 31, 2022	28,699,500 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	1,971,422 shares	As of March 31, 2022	3,977,290 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, 2022	24,758,775 shares	Nine months ended December 31, 2021	24,721,747 shares
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(Supplementary Materials)

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1. Overview of Business Results and Financial Position

(1) Overview of Business Results

During the first nine months of our FY2023, the global economy was continuously affected by the spread of COVID-19 variant. The inflation pressure remained strong because of soaring resource and energy prices as a result of worsening international situation. The global economic uncertainty increased due to concerns about economic recessions caused by the consecutive interest rate rise in the US and Europe. At the same time, in Japan, the sharp yen depreciation trend since the summer has changed, triggered by the Bank of Japan's widening target band for long-term interest rate in December.

In addition, the global semiconductor market has experienced rapid adjustment of production and inventory in both logic and memory sectors due to the downturn in the PC, smartphone and server markets since the third quarter, which started to affect the advanced semiconductors for which Fujimi's products are mainly used. On the other hand, although a production adjustment of small diameter silicon wafers started in the third quarter, the silicon wafers still kept high level production in general.

The consolidated results for this period are shown below.

Consolidated Results for the First Nine Months of Fiscal Year 2023:			Millions of JPY
	FY ended December 31, 2021	FY ended December 31, 2022	Change YoY
Net Sales	38,654	45,216	17.0%
Operating Profit	9,473	11,246	18.7%
Ordinary Profit	9,749	11,559	18.6%
Profit Attributable to Owners of Parent	7,270	8,523	17.2%

Segment Operating Results by Region

(i) Japan

Net sales in Japan increased by 14.7% to JPY 27,629 million compared with the same term in the previous fiscal year. Operating profit increased by 16.2% to JPY 9,925 million. However, the year-on-year growth rate of non-cumulative sales in the third quarter slowed down due to the adjustment in the semiconductor market.

(ii) North America

Net sales in North America increased by 31.0% to JPY 6,102 million compared with the same term in the previous fiscal year. Operating profit increased by 79.9% to JPY 858 million. However, the year-on-year growth rate of non-cumulative sales in the third quarter slowed down on a local currency basis due to the adjustment in the semiconductor market.

(iii) Asia

Net sales in Asia increased by 15.7% to JPY 10,000 million compared with the same term in the previous fiscal year. Operating profit increased by 25.7% to JPY 2,507 million. However, the year-on-year growth rate of non-cumulative sales in the third quarter turned downward due to adjustments in both the semiconductor and Hard Disk Drives (HDD) markets.

(iv) Europe

Net sales in Europe increased by 17.6% to JPY 1,483 million compared with the same term in the previous fiscal year. Operating profit increased by 2.2% to JPY 145 million. However, the year-on-year growth rate of non-cumulative sales in the third quarter slowed down due to the adjustment in the semiconductor market.

Segment Operating Results by Application

(i) Silicon Wafers

Regarding products for silicon wafers, net sales of lapping abrasive products increased by 14.1% to JPY 5,355 million compared with the same term in the previous fiscal year and net sales of polishing slurry products increased by 15.0% to JPY 10,432 million. However, the year-on-year growth rate of non-cumulative sales in the third quarter slowed down due to a production adjustment of small diameter silicon wafers.

(ii) Semiconductor Devices

Regarding products for the CMP process of semiconductor devices, net sales increased by 22.2% to JPY 22,538 million compared with the same term in the previous fiscal year. However, the year-on-year growth rate of non-cumulative sales in the third quarter dropped significantly due to sales down for both logic and memory sectors in Asia caused by the adjustment in the semiconductor market.

(iii) Hard Disks

Regarding products for hard disks, net sales decreased by 14.2% to JPY 1,102 million compared with the same term in the previous fiscal year. The Hard Disk Drives (HDD) market has undergone severe adjustment of production and inventory since the third quarter.

(iv) General Industries

Regarding products for general industries, net sales increased by 10.1% to JPY 3,599 million compared with the same term in the previous fiscal year.

(2) Overview of Financial Position

Summary of Total Assets, Total Liabilities and Net Assets as of December 31, 2022

Total assets increased by JPY 1,461 million to JPY 77,146 million compared with the end of the previous fiscal year mainly due to increases of JPY 1,915 million in raw materials and supplies, of JPY 955 million in merchandise and finished goods, of JPY 690 million in notes and accounts receivable - trade and of JPY 628 million in other in non-current assets, offsetting decreases of JPY 2,200 million in securities and of JPY 892 million in cash and deposits.

Total liabilities decreased by JPY 2,328 million to JPY 10,388 million compared with the end of the previous fiscal year mainly due to decreases of JPY 1,628 million in income taxes payable, of JPY 758 million in provision for bonuses.

Net assets increased by JPY 3,790 million to JPY 66,757 million compared with the end of the previous fiscal year mainly due to an increase of JPY 2,533 million in retained earnings and a decrease of JPY 2,340 million in treasury shares, offsetting a decrease of JPY 1,840 million in capital surplus.

(3) Information Concerning Revision of Financial Forecast

No adjustments were made concerning the financial forecast for FY2023 as reported in the “Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022” released on November 4, 2022.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	31,662	30,769
Notes and accounts receivable - trade	11,581	12,271
Securities	4,900	2,700
Merchandise and finished goods	4,569	5,525
Work in process	1,041	1,302
Raw materials and supplies	3,714	5,630
Other	595	647
Allowance for doubtful accounts	(15)	(20)
Total current assets	58,049	58,826
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,528	6,608
Other, net	7,697	8,325
Total property, plant and equipment	14,225	14,934
Intangible assets	349	276
Investments and other assets		
Investment securities	1,844	2,250
Deferred tax assets	1,108	749
Other	116	118
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	3,059	3,109
Total non-current assets	17,634	18,320
Total assets	75,684	77,146

	(Millions of yen)	
	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	3,986	4,239
Income taxes payable	2,307	679
Provision for bonuses	1,395	636
Provision for bonuses for directors (and other officers)	-	52
Provision for share-based remuneration	796	-
Other	2,999	3,424
Total current liabilities	11,484	9,032
Non-current liabilities		
Deferred tax liabilities	3	-
Retirement benefit liability	903	890
Provision for share-based remuneration	43	114
Other	282	350
Total non-current liabilities	1,232	1,356
Total liabilities	12,717	10,388
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	6,878	5,038
Retained earnings	55,705	58,239
Treasury shares	(6,753)	(4,413)
Total shareholders' equity	60,584	63,617
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	390	371
Foreign currency translation adjustment	2,072	2,831
Remeasurements of defined benefit plans	(79)	(62)
Total accumulated other comprehensive income	2,383	3,140
Total net assets	62,967	66,757
Total liabilities and net assets	75,684	77,146

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

(i) Consolidated Statements of Income (cumulative)

	(Millions of yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	38,654	45,216
Cost of sales	19,929	23,824
Gross profit	18,725	21,392
Selling, general and administrative expenses	9,251	10,145
Operating profit	9,473	11,246
Non-operating income		
Interest income	38	65
Dividend income	31	46
Foreign exchange gains	38	320
Other	198	73
Total non-operating income	307	506
Non-operating expenses		
Interest expenses	4	5
Loss on valuation of investment securities	-	42
Loss on investments in partnership	18	137
Other	8	7
Total non-operating expenses	31	193
Ordinary profit	9,749	11,559
Extraordinary losses		
System failure response costs	-	77
Total extraordinary losses	-	77
Profit before income taxes	9,749	11,481
Income taxes - current	2,339	2,602
Income taxes - deferred	139	355
Total income taxes	2,479	2,957
Profit	7,270	8,523
Profit attributable to owners of parent	7,270	8,523

(ii) Consolidated Statements of Comprehensive Income (cumulative)

	(Millions of yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	7,270	8,523
Other comprehensive income		
Valuation difference on available-for-sale securities	102	(19)
Foreign currency translation adjustment	627	759
Remeasurements of defined benefit plans, net of tax	17	16
Total other comprehensive income	747	756
Comprehensive income	8,017	9,280
(Breakdown)		
Comprehensive income attributable to owners of parent	8,017	9,280