

Financial Overview

FY2023

FUJIMI INCORPORATED

TSE Code : 5384

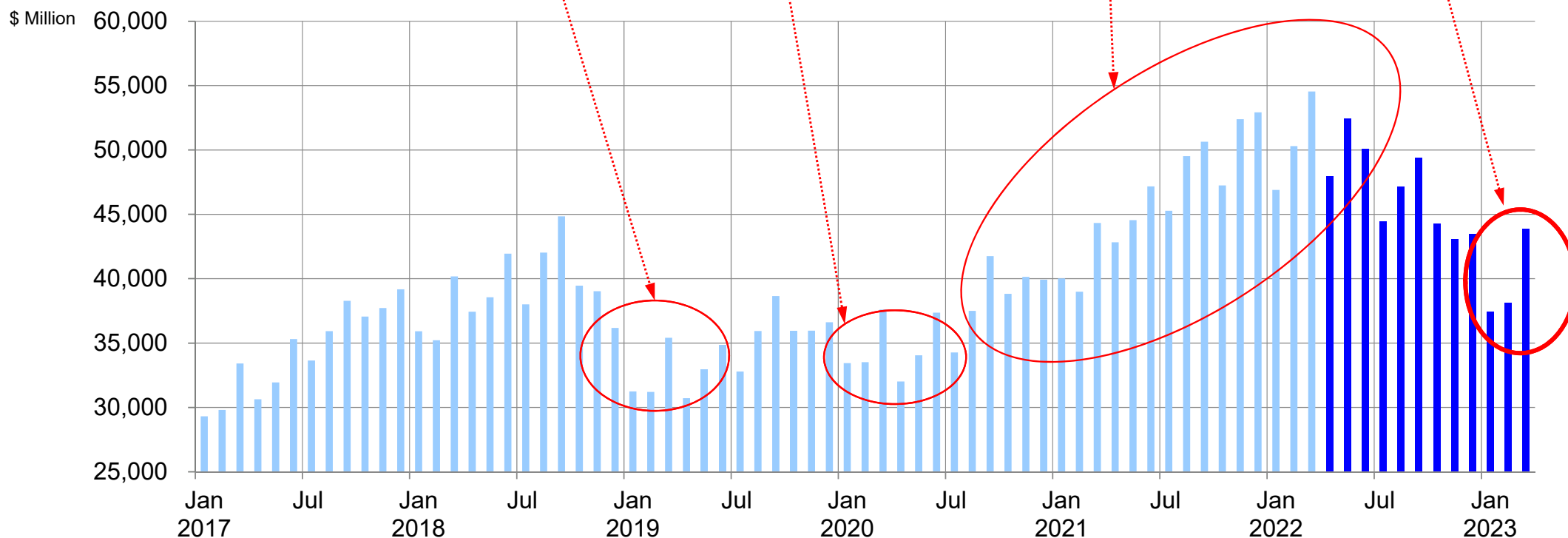
18 May 2023

Market Overview

World Semiconductor Market: Monthly Trend until March 2023

Source: WSTS, May 2023

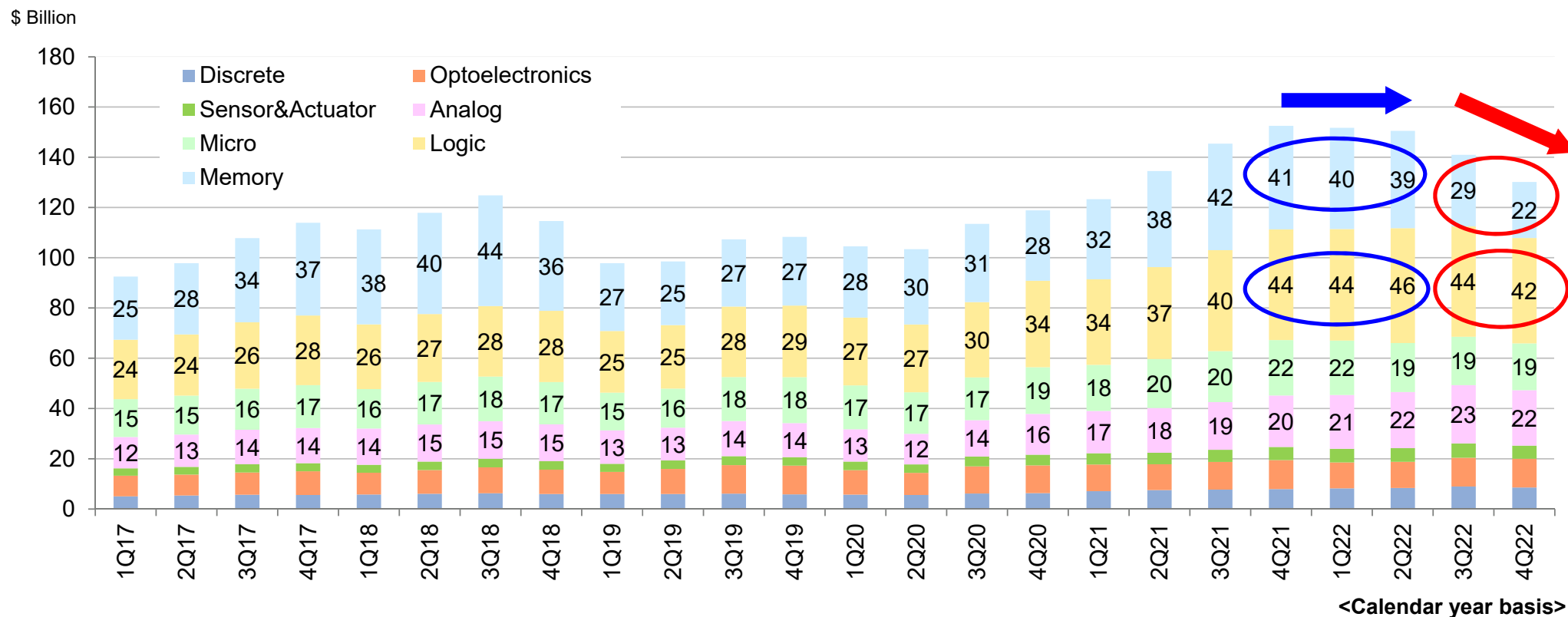
- In 2019, after a market downturn from January to July in reaction to the memory bubble, the market recovered mainly in North America and China.
- In 2020, the market dropped from January due to COVID-19, however, started to rebound in August, and the strong demand had been continuing until June 2022.
- In 2022, due to production and inventory adjustments, the market has softened since July with January 2023 sales falling below August 2020 level. March rise is believed to be a regular seasonal move.



World Semiconductor Market: Quarterly Trend by Application

Source: WSTS

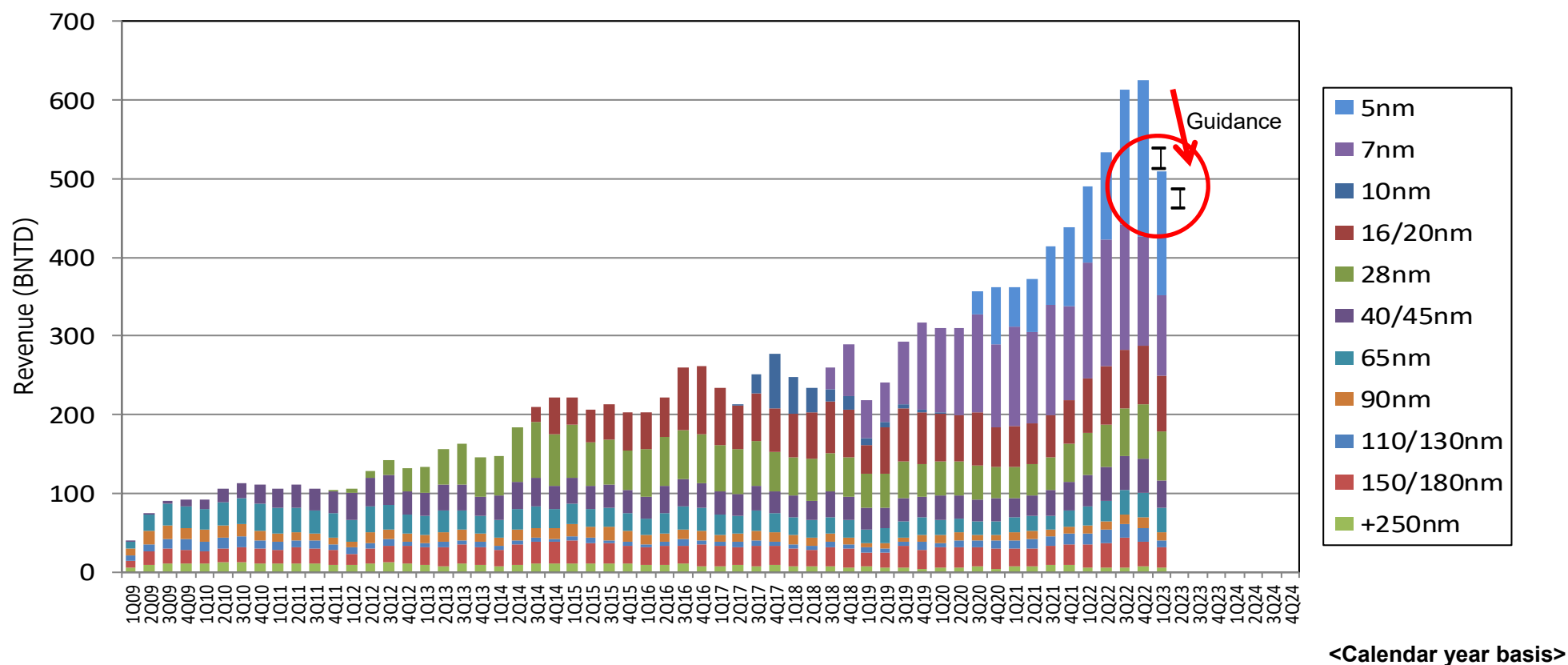
- 4Q21 – 2Q22, the semiconductor market remained at a record high level.
- 3Q22, the market faced an adjustment phase. Memory (QoQ -26% YoY -33%) Logic (QoQ -4%, YoY +9%)
- 4Q22, the market remained in the adjustment phase. Memory (QoQ -22%, YoY -46%) Logic (QoQ -5%, YoY -5%)



TSMC's Revenue: Quarterly Trend

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

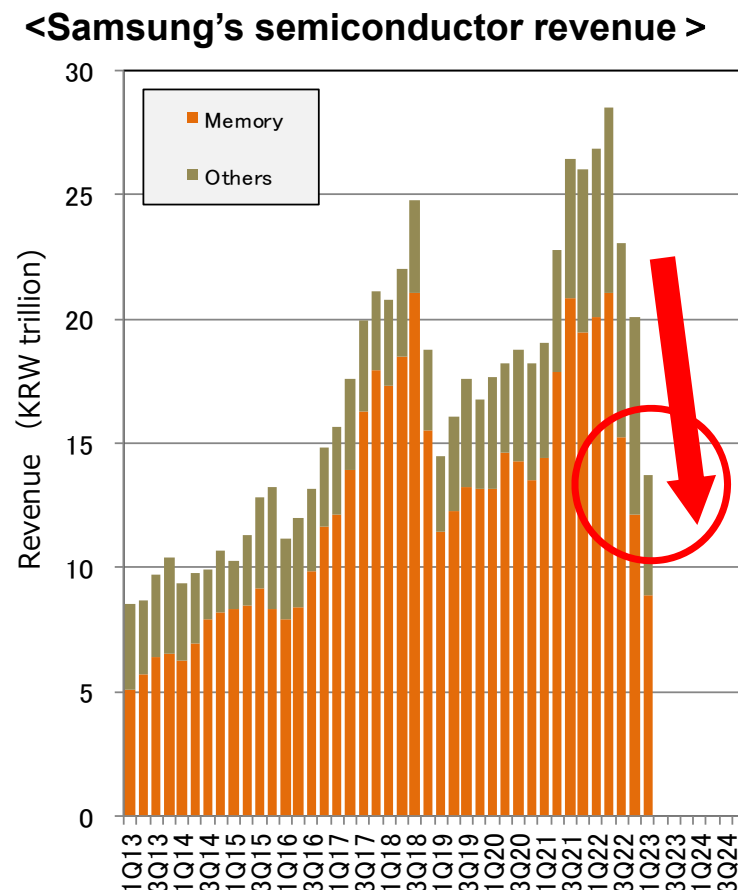
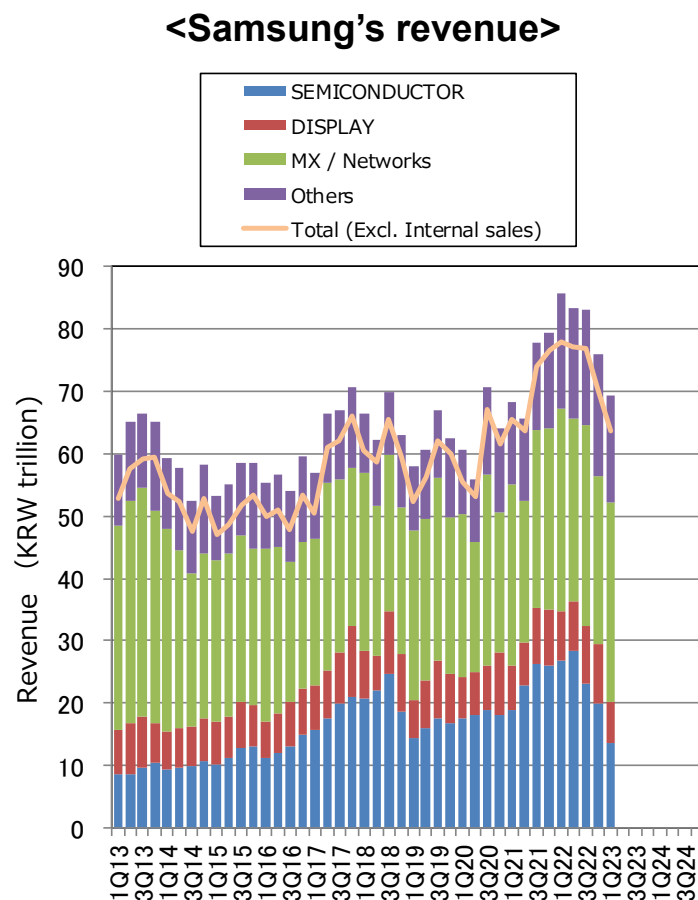
- 1Q23, the revenue was down by 19% QoQ.
- 2Q23, the revenue is forecast to be down by 7% QoQ.
- Capital investment (US\$ 363 billion in 2022 → US\$ 340 billion in 2023)



Samsung's Revenue: Quarterly Trend

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

- 4Q22, the semiconductor revenue was down by 13% QoQ due to weak memory demand.
- 1Q23, the revenue was down by 32% QoQ due to weak demands of not only memory and also logic.



<Calendar year basis>

Worldwide Silicon Wafer Area Shipment: Quarterly Trend

Source: SEMI, 2 May 2023

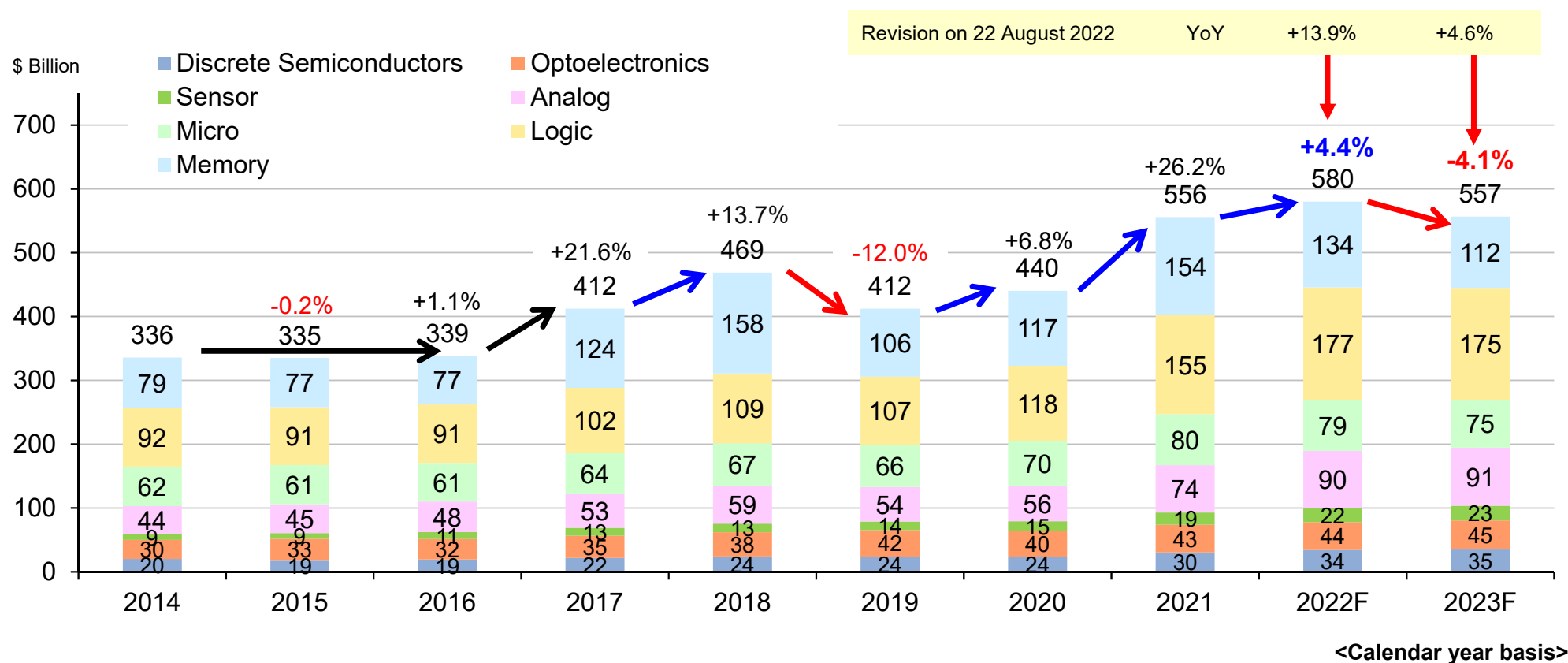
•1Q23, silicon wafer area shipment declined by 9% QoQ, 11% YoY reflecting semiconductor production adjustment.



World Semiconductor Market: WSTS Forecast by Application

Source: WSTS, 29 November 2022

- The market forecast for 2023 was revised downward from 4.6% to -4.1% due to the slowdown in the PC and smartphone markets. (April 26, 2023, Gartner forecasts for 2023 -11%.)



Financial Overview

Financial Results: FY2023

Millions of Yen	FY2022	FY2023					
		Original Forecast @May 2022	Revised Forecast @Nov 2022		vs FY2022	vs Original Forecast @May 2022	vs Revised Forecast @Nov 2022
Net Sales	51,731	58,000	62,200	58,394	+12.9%	+0.7%	(6.1%)
Operating Income	12,059	13,500	14,800	13,243	+9.8%	(1.9%)	(10.5%)
Margin	23.3%	23.3%	23.8%	22.7%	-	-	-
Ordinary Income	12,490	13,600	15,300	13,595	+8.8%	(0.0%)	(11.1%)
Margin	24.1%	23.4%	24.6%	23.3%	-	-	-
Net Income	9,156	10,000	11,500	10,594	+15.7%	+5.9%	(7.9%)
Margin	17.7%	17.2%	18.5%	18.1%	-	-	-

- YoY: Sales and incomes increased due to 1) firm demand from the semiconductor market in 1H, 2) product price increase to cover raw material cost increase and 3) JPY depreciation.
- vs Original Forecast: Sales and incomes resulted almost in line with original forecasts.
- vs Revised Forecast: Sales and incomes resulted lower than revised forecast due to accelerated semiconductor production and inventory adjustment in 2H.

Financial Results: 1H & 2H FY2023

Millions of Yen	FY2022		FY2023					
	1H	2H	1H	vs 1H FY2022	vs 2H FY2022	2H	vs 2H FY2022	vs 1H FY2023
Net Sales	25,291	26,439	31,097	+23.0%	+17.6%	27,296	+3.2%	(12.2%)
Operating Income	6,158	5,900	7,819	+27.0%	+32.5%	5,423	(8.1%)	(30.6%)
Margin	24.4%	22.3%	25.1%	-	-	19.9%	-	-
Ordinary Income	6,357	6,133	8,293	+30.5%	+35.2%	5,301	(13.6%)	(36.1%)
Margin	25.1%	23.2%	26.7%	-	-	19.4%	-	-
Net Income	4,803	4,353	6,155	+28.1%	+41.4%	4,439	+2.0%	(27.9%)
Margin	19.0%	16.5%	19.8%	-	-	16.3%	-	-

- 1H FY2023: Sales and incomes increased significantly due to firm demand from the semiconductor market
- 2H FY2023:
 - Sales: Despite slightly higher than 2H FY2022, ended lower than 1H FY2023 due to semiconductor production and inventory adjustment
 - Incomes: vs 2H FY2022: Despite slight sales increase, lower incomes due to raw material cost and expense increases
vs 1H FY2023: Significantly lower due to sales decrease and an unfavorable product mix

Financial Forecast: FY2024

Millions of Yen	FY2022	FY2023	FY2024	
			Forecast	vs FY2023
Net Sales	51,731	58,394	58,500	+0.2%
Operating Income	12,059	13,243	12,500	(5.6%)
Margin	23.3%	22.7%	21.4%	-
Ordinary Income	12,490	13,595	12,700	(6.6%)
Margin	24.1%	23.3%	21.7%	-
Net Income	9,156	10,594	9,600	(9.4%)
Margin	17.7%	18.1%	16.4%	-

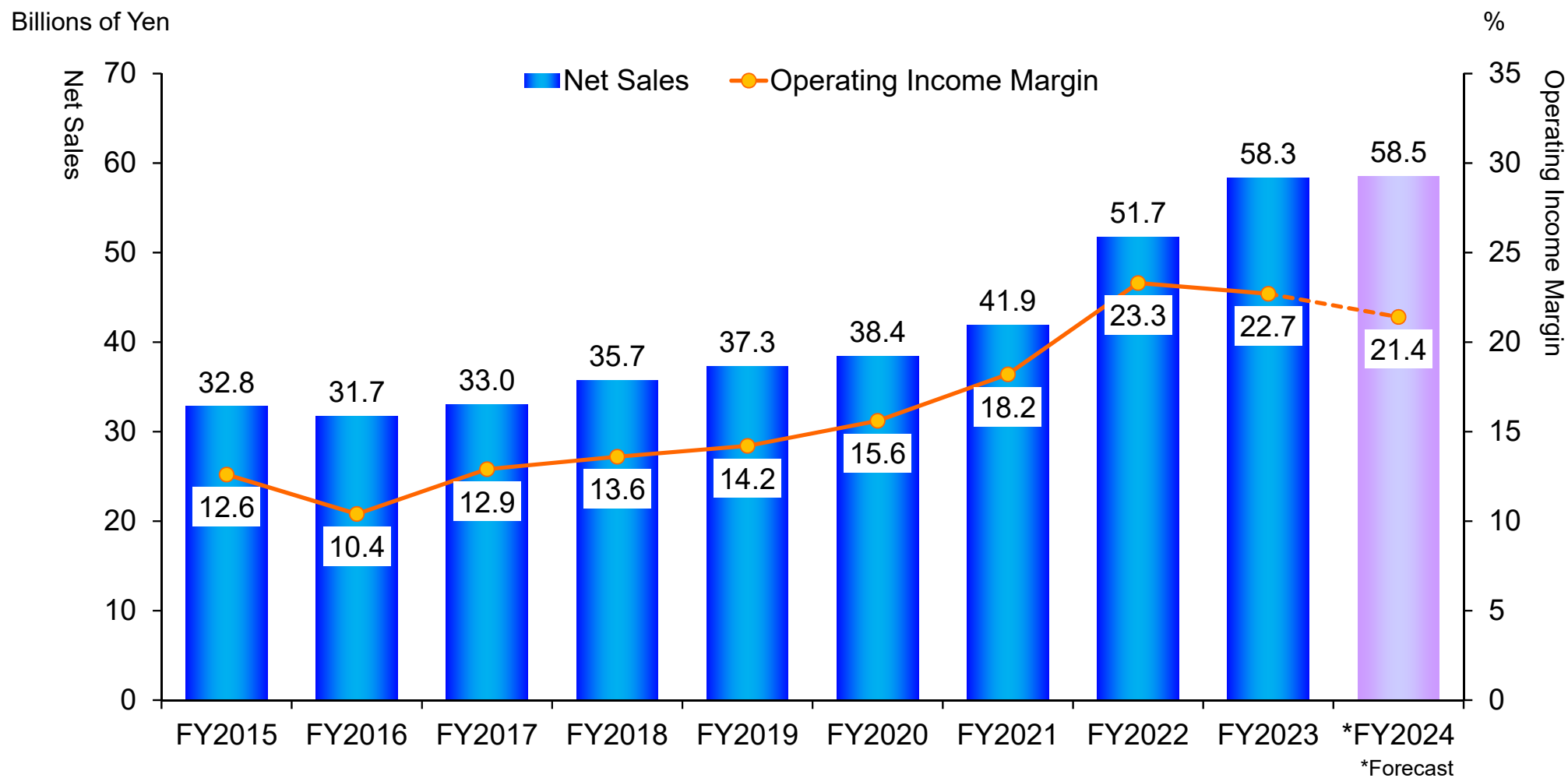
- Forecasting flat sales level and lower incomes compared with FY2023
- Exchange rate assumption: JPY130/USD (JPY135/USD in FY2023)
- Sales: Semiconductor production and inventory adjustment to continue in 1H and demands to improve in 2H
- Incomes: Lower incomes expected because of raw material cost and depreciation increases

Financial Forecast: 1H & 2H FY2024

Millions of Yen	FY2023		FY2024					
	1H	2H	1H Forecast	vs 1H FY2023	vs 2H FY2023	2H Forecast	vs 2H FY2023	vs 1H FY2024
Net Sales	31,097	27,296	27,500	(11.6%)	+0.7%	31,000	+13.6%	+12.7%
Operating Income	7,819	5,423	5,400	(30.9%)	(0.4%)	7,100	+30.9%	+31.5%
Margin	25.1%	19.9%	19.6%	-	-	22.9%	-	-
Ordinary Income	8,293	5,301	5,500	(33.7%)	+3.7%	7,200	+35.8%	+30.9%
Margin	26.7%	19.4%	20.0%	-	-	23.2%	-	-
Net Income	6,155	4,439	4,100	(33.4%)	(7.6%)	5,500	+23.9%	+34.1%
Margin	19.8%	16.3%	14.9%	-	-	17.7%	-	-

- 2H forecast is expected to higher than 1H due to semiconductor production and inventory adjustment to continue in 1H and demands to improve in 2H.

Annual Trends in Net Sales and Operating Income Margin



Net Sales Breakdown by Application

Net Sales Breakdown by Application

Millions of Yen	FY2022	FY2023					
		Original Forecast	Revised Forecast		vs FY2022	vs Original Forecast	vs Revised Forecast
Silicon	18,665	21,550	21,800	21,072	+12.9%	(2.2%)	(3.3%)
- Lapping	6,249	7,190	7,421	7,094	+13.5%	(1.3%)	(4.4%)
- Polishing	12,149	14,100	14,144	13,730	+13.0%	(2.6%)	(2.9%)
- Cutting	266	260	233	248	(6.9%)	(4.6%)	+6.5%
CMP	24,571	27,400	31,000	28,680	+16.7%	+4.7%	(7.5%)
Hard Disk	1,725	2,000	1,700	1,506	(12.7%)	(24.7%)	(11.4%)
- for Aluminum Disk	1,684	1,945	1,650	1,468	(12.8%)	(24.5%)	(11.0%)
- for Glass Disk	41	55	50	37	(8.1%)	(30.9%)	(24.0%)
SM / TS*	6,600	6,930	7,600	7,031	+6.5%	+1.5%	(7.5%)
- GI*; Abrasive	4,408	4,730	5,000	4,603	+4.4%	(2.7%)	(7.9%)
- GI ; Non-Abrasive	2,192	2,200	2,600	2,428	+10.8%	+10.4%	(6.6%)
Fujimi Brand Products Total	51,564	57,880	62,100	58,290	+13.0%	+0.7%	(6.1%)
Others	167	120	100	103	(38.1%)	(13.7%)	+3.5%
Net Sales	51,731	58,000	62,200	58,394	+12.9%	+0.7%	(6.1%)

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

Net Sales Breakdown by Application

Millions of Yen	FY2022		FY2023					
	1H	2H	1H	vs 1H FY2022	vs 2H FY2022	2H	vs 2H FY2022	vs 1H FY2023
Silicon	9,129	9,536	10,661	+16.8%	+11.8%	10,410	+9.2%	(2.4%)
- Lapping	2,985	3,264	3,538	+18.5%	+8.4%	3,555	+8.9%	+0.5%
- Polishing	6,007	6,142	7,013	+16.7%	+14.2%	6,717	+9.4%	(4.2%)
- Cutting	136	129	109	(19.5%)	(15.4%)	138	+6.4%	+25.7%
CMP	12,155	12,416	15,771	+29.8%	+27.0%	12,908	+4.0%	(18.2%)
Hard Disk	790	935	1,002	+26.8%	+7.2%	503	(46.1%)	(49.7%)
- for Aluminum Disk	770	913	987	+28.1%	+8.1%	480	(47.4%)	(51.3%)
- for Glass Disk	19	21	14	(25.0%)	(30.0%)	23	+7.7%	+53.7%
SM / TS*	3,109	3,491	3,590	+15.5%	+2.8%	3,440	(1.4%)	(4.2%)
- GI*; Abrasive	2,140	2,268	2,338	+9.2%	+3.1%	2,264	(0.1%)	(3.1%)
- GI ; Non-Abrasive	968	1,223	1,252	+29.3%	+2.3%	1,176	(3.9%)	(6.1%)
Fujimi Brand Products Total	25,185	26,379	31,026	+23.2%	+17.6%	27,264	+3.4%	(12.1%)
Others	106	60	70	(33.8%)	+17.0%	32	(45.8%)	(53.6%)
Net Sales	25,291	26,439	31,097	+23.0%	+17.6%	27,296	+3.2%	(12.2%)

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

Net Sales Breakdown by Application

* Abrasive, Non-abrasive: Materials for filler and 3D printer are reclassified from Abrasive to Non-Abrasive from FY2024. Shown after reclassification for FY2022, FY2023.

Millions of Yen	FY2022	FY2023	FY2024	
			Forecast	vs FY2023
Silicon	18,665	21,072	21,500	+2.0%
- Lapping	6,249	7,094	7,300	+2.9%
- Polishing	12,149	13,730	14,000	+2.0%
- Cutting	266	248	200	(19.4%)
CMP	24,571	28,680	27,100	(5.5%)
Hard Disk	1,725	1,506	1,700	+12.8%
- for Aluminum Disk	1,684	1,468	1,700	+15.8%
- for Glass Disk	41	37	0	(100.0%)
SM / TS**	6,600	7,031	8,100	+15.2%
- GI**, Abrasive*	4,238	4,430	5,400	+21.9%
- GI ; Non-Abrasive*	2,362	2,601	2,700	+3.8%
Fujimi Brand Products Total	51,564	58,290	58,400	+0.2%
Others	167	103	100	(3.4%)
Net Sales	51,731	58,394	58,500	+0.2%

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

Net Sales Breakdown by Application

* Abrasive, Non-abrasive: Materials for filler and 3D printer are reclassified from Abrasive to Non-Abrasive from FY2024. Shown after reclassification for FY2023.

Millions of Yen	FY2023		FY2024					
	1H	2H	1H Forecast	vs 1H FY2023	vs 2H FY2023	2H Forecast	vs 2H FY2023	vs 1H FY2024
Silicon	10,661	10,410	10,000	(6.2%)	(3.9%)	11,500	+10.5%	+15.0%
- Lapping	3,538	3,555	3,400	(3.9%)	(4.4%)	3,900	+9.7%	+14.7%
- Polishing	7,013	6,717	6,500	(7.3%)	(3.2%)	7,500	+11.7%	+15.4%
- Cutting	109	138	100	(9.0%)	(27.6%)	100	(27.6%)	0.0%
CMP	15,771	12,908	12,900	(18.2%)	(0.1%)	14,200	+10.0%	+10.1%
Hard Disk	1,002	503	700	(30.2%)	+38.9%	1,000	+98.4%	+42.9%
- for Aluminum Disk	987	480	700	(29.1%)	+45.6%	1,000	+107.9%	+42.9%
- for Glass Disk	14	23	0	(100.0%)	(100.0%)	0	(100.0%)	-
SM / TS**	3,590	3,440	3,850	+7.2%	+11.9%	4,250	+23.5%	+10.4%
- GI**, Abrasive*	2,260	2,170	2,600	+15.0%	+19.8%	2,800	+29.0%	+7.7%
- GI ; Non-Abrasive*	1,330	1,271	1,250	(6.0%)	(1.7%)	1,450	+14.1%	+16.0%
Fujimi Brand Products Total	31,026	27,264	27,450	(11.5%)	+0.7%	30,950	+13.5%	+12.8%
Others	70	32	50	(29.3%)	+52.5%	50	+52.5%	0.0%
Net Sales	31,097	27,296	27,500	(11.6%)	+0.7%	31,000	+13.6%	+12.7%

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

Silicon Wafer Business: Financial Results

<Full-year>

Millions of Yen	FY2022	FY2023		FY2024	
			vs FY2022	Forecast	vs FY2023
Silicon	18,665	21,072	+12.9%	21,500	+2.0%
- Lapping	6,249	7,094	+13.5%	7,300	+2.9%
- Polishing	12,149	13,730	+13.0%	14,000	+2.0%
- Cutting	266	248	(6.9%)	200	(19.4%)

<Half-Year>

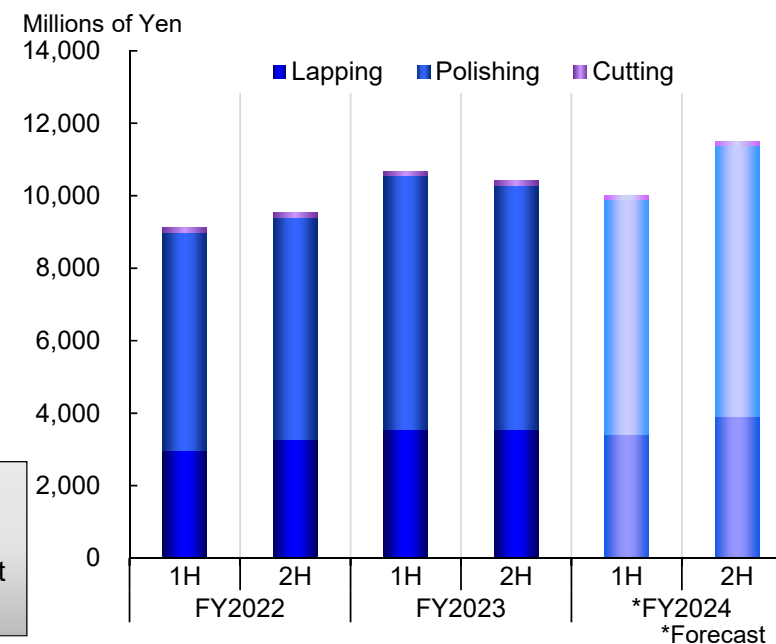
Millions of Yen	FY2022		FY2023		FY2024	
	1H	2H	1H	2H	1H Forecast	2H Forecast
Silicon	9,129	9,536	10,661	10,410	10,000	11,500
- Lapping	2,985	3,264	3,538	3,555	3,400	3,900
- Polishing	6,007	6,142	7,013	6,717	6,500	7,500
- Cutting	136	129	109	138	100	100

FY23: 1H Sales up due to high production levels for silicon wafers

2H Polishing sales down vs 1H due to small diameter silicon wafer production adjustment

FY24: 1H Sales down vs 2H FY23 assuming a continuous adjustment phase in semiconductor market

2H Sales up by 15% vs 1H assuming semiconductor market recovery



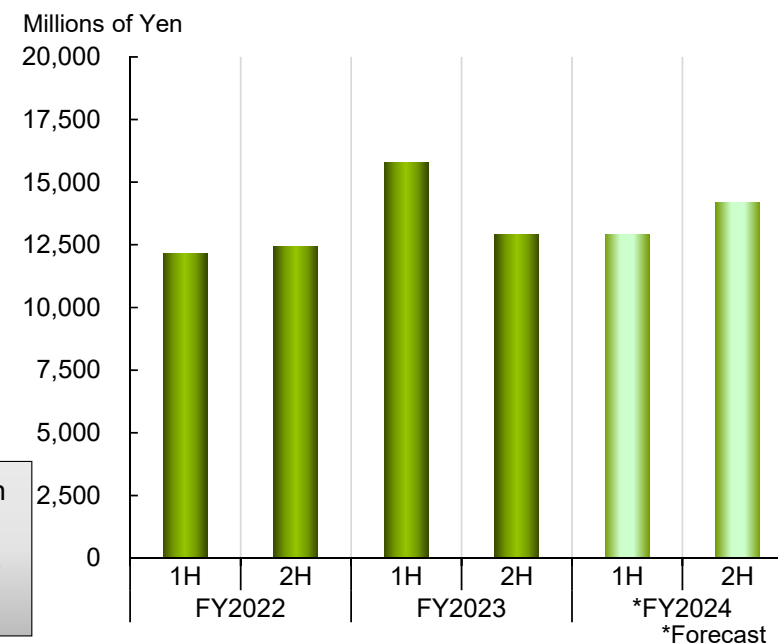
CMP Business: Financial Results

<Full-year>

Millions of Yen	FY2022	FY2023		FY2024	
			vs FY2022	Forecast	vs FY2023
CMP	24,571	28,680	+16.7%	27,100	(5.5%)

<Half-year>

Millions of Yen	FY2022		FY2023		FY2024	
	1H	2H	1H	2H	1H Forecast	2H Forecast
CMP	12,155	12,416	15,771	12,908	12,900	14,200



FY23: 1H Sales up significantly due to firm demands for logic and memory devices, and JPY depreciation
 2H Sales down significantly vs 1H due to semiconductor market adjustment
 FY24: 1H Sales remains same with 2H FY23 assuming a continuous adjustment phase in semiconductor
 2H Sales up by 10% vs 1H assuming semiconductor market recovery

Disk Business: Financial Results

<Full-year>

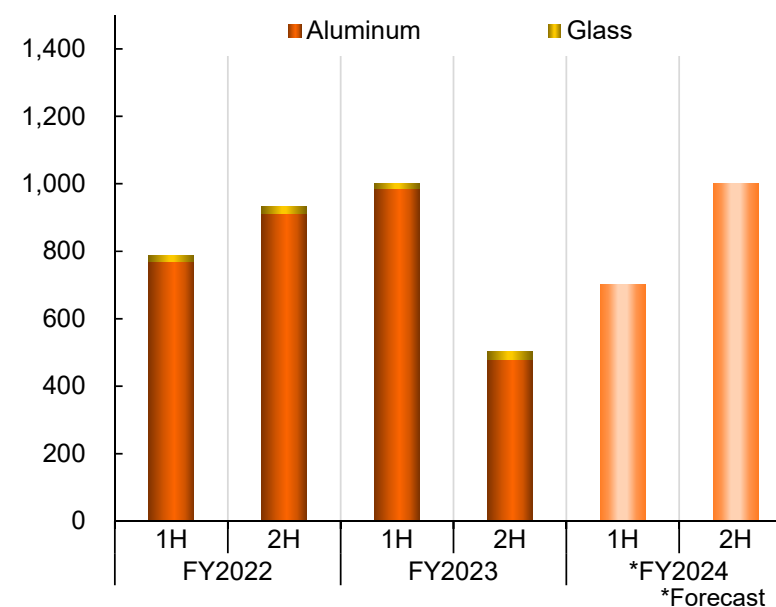
Millions of Yen	FY2022	FY2023		FY2024	
			vs FY2022	Forecast	vs FY2023
Hard Disk	1,725	1,506	(12.7%)	1,700	+12.8%
- for Aluminum Disk	1,684	1,468	(12.8%)	1,700	+15.8%
- for Glass Disk	41	37	(8.1%)	0	-

<Half-year>

Millions of Yen	FY2022		FY2023		FY2024	
	1H	2H	1H	2H	1H Forecast	2H Forecast
Hard Disk	790	935	1,002	503	700	1,000
- for Aluminum Disk	770	913	987	480	700	1,000
- for Glass Disk	19	21	14	23	0	0

FY23: 1H Sales up due to customers' production recovery and JPY depreciation
 2H Sales down significantly due to HDD market drop in 3Q
 FY24: 1H Sales up vs 2H FY23 assuming gradual HDD market recovery
 2H Sales up by 43% vs 1H assuming continuous HDD market recovery and market share recapture by Fujimi

Millions of Yen



General Industry Business: Financial Results

* Abrasive, Non-abrasive: Materials for filler and 3D printer are reclassified from Abrasive to Non-Abrasive from FY2024. Shown after reclassification for FY2022, FY2023.

<Full-year>

Millions of Yen	FY2022	FY2023		FY2024	
			vs FY2022	Forecast	vs FY2023
SM / TS*	6,600	7,031	+6.5%	8,100	+15.2%
- GI*; Abrasive	4,238	4,430	+4.5%	5,400	+21.9%
- GI; Non-Abrasive	2,362	2,601	+10.1%	2,700	+3.8%

<Half-year>

Millions of Yen	FY2022		FY2023		FY2024	
	1H	2H	1H	2H	1H Forecast	2H Forecast
SM / TS*	3,109	3,491	3,590	3,440	3,850	4,250
- GI*; Abrasive	2,054	2,184	2,260	2,170	2,600	2,800
- GI; Non-Abrasive	1,055	1,307	1,330	1,271	1,250	1,450

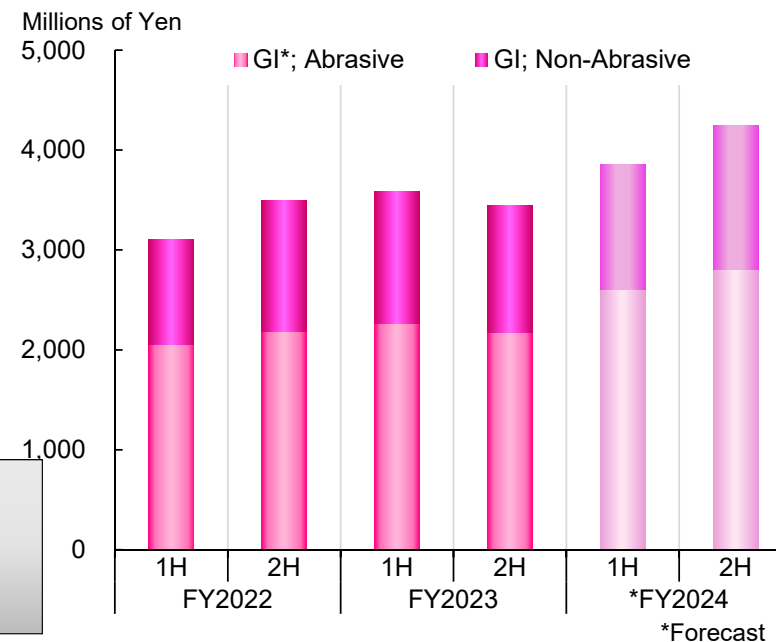
*1 SM / TS: Specialty Materials / Thermal Spray *2 GI: General Industry

(Abrasive) FY23: Sales up due to recovery of demands for automobiles and industrial machineries

FY24: Sales up assuming firm demand for products for SiC wafers (2H is +8% vs 1H)

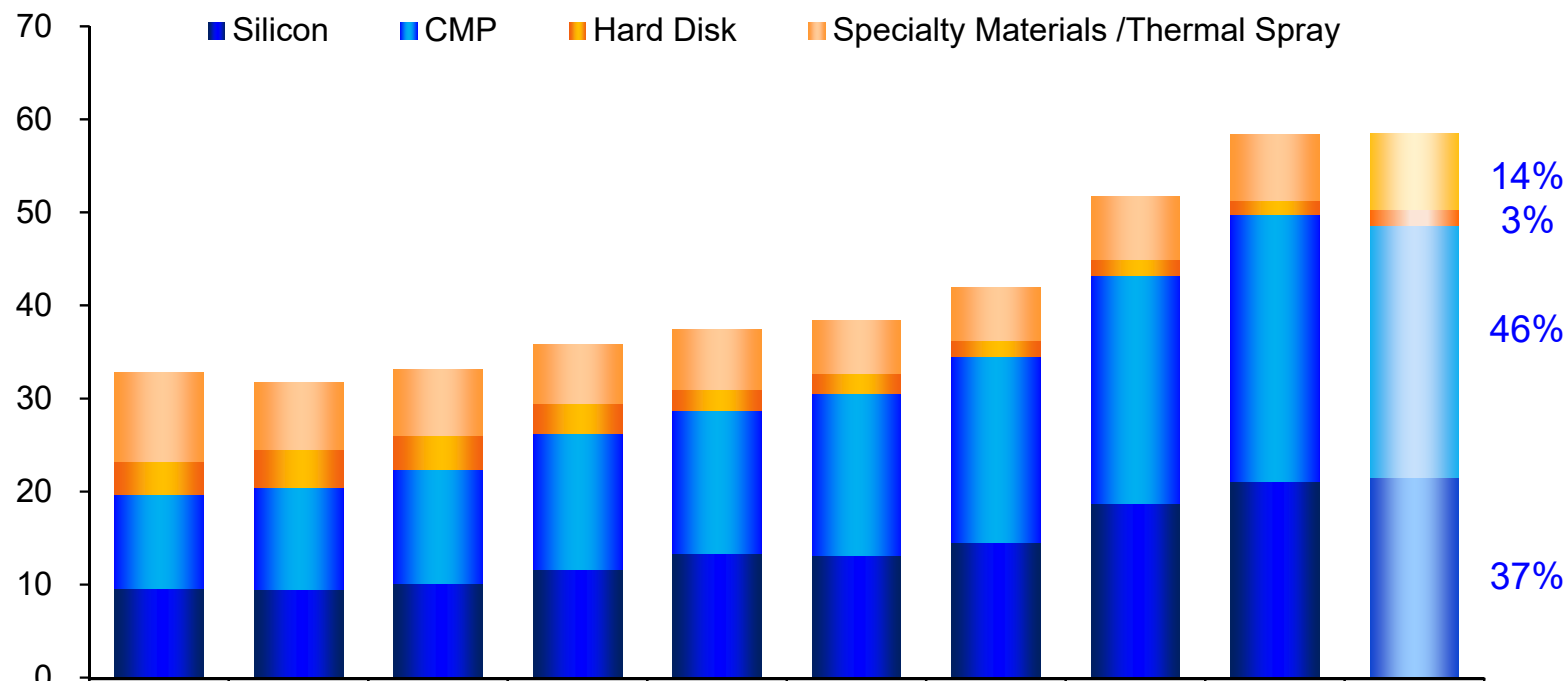
(Non-Abrasive) FY23: Sales up due to firm demand of thermal spray products for SPE*

FY24: Sales up assuming firm demand for catalyst (2H is +16% vs 2H)



Net Sales Breakdown by Application

Billions of Yen

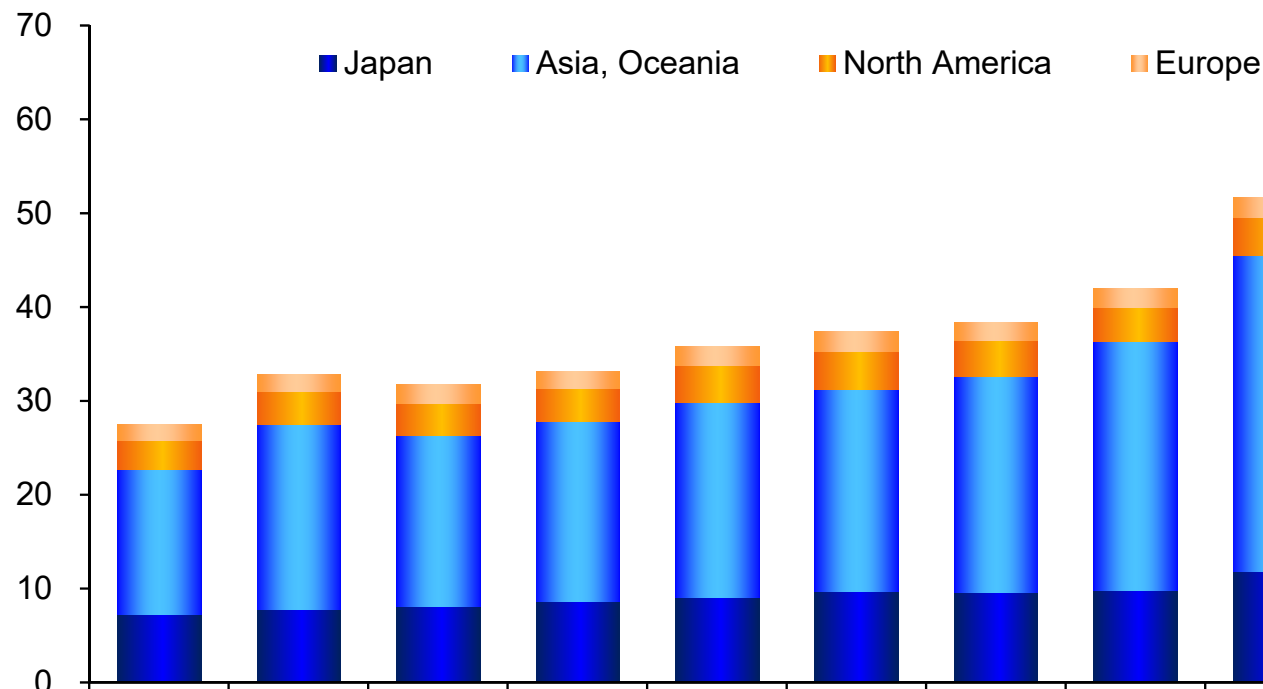


	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	*FY24
Specialty Materials/Thermal Spray	9.6	7.2	7.0	6.3	6.4	5.7	5.7	6.7	7.1	8.2
Hard Disk	3.4	4.0	3.6	3.2	2.2	2.1	1.7	1.7	1.5	1.7
CMP	10.1	10.9	12.2	14.6	15.3	17.3	20.0	24.5	28.6	27.1
Silicon	9.5	9.4	10.0	11.5	13.3	13.1	14.4	18.6	21.0	21.5
Total	32.8	31.7	33.0	35.7	37.3	38.4	41.9	51.7	58.3	58.5

*Forecast

Net Sales Breakdown by Region

Billions of Yen



*Forecast

Capital Expenditure

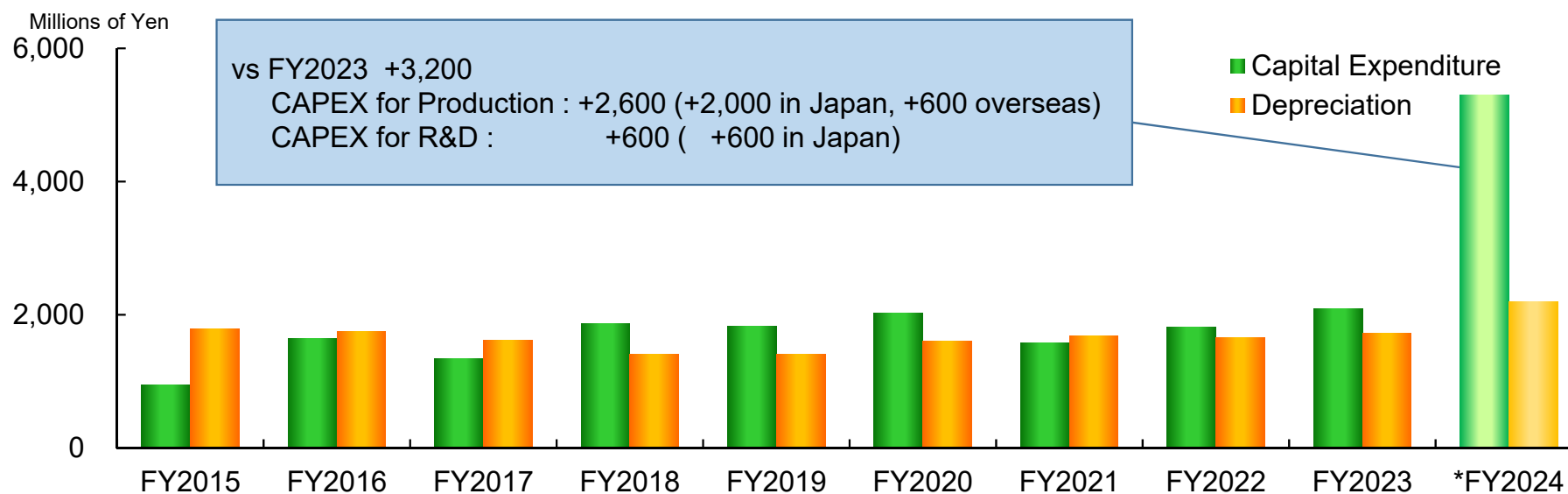
Depreciation

R&D Expense

Capital Expenditure / Depreciation: Annual Results/Forecast

Millions of Yen	FY2022	FY2023						FY2024	
		Original Forecast	Revised Forecast		vs FY2022	vs Original Forecast	vs Revised Forecast	Forecast	vs FY2023
Capital Expenditure	1,814	3,400	4,100	2,094	+15.5%	(38.4%)	(48.9%)	5,300	+153.0%
Depreciation	1,661	1,800	1,800	1,729	+4.1%	(3.9%)	(3.9%)	2,200	+27.2%

*CAPEX : Inspection basis

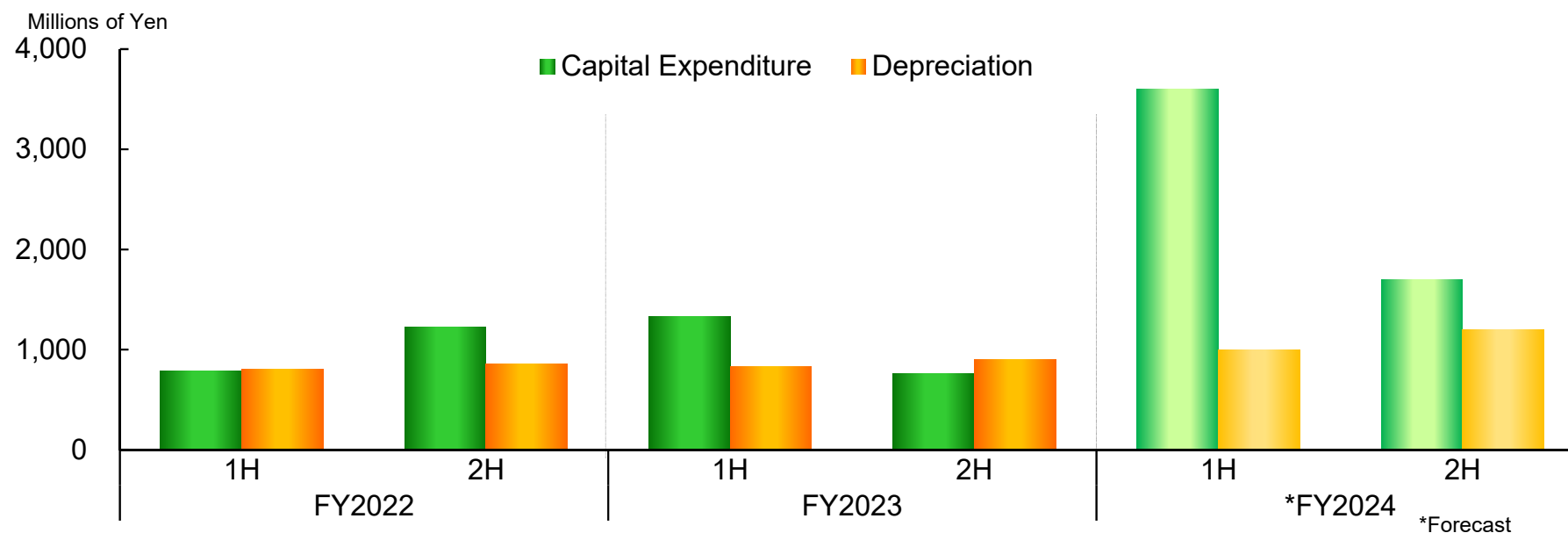


*Forecast

Capital Expenditure / Depreciation: Semi-Annual Results/Forecast

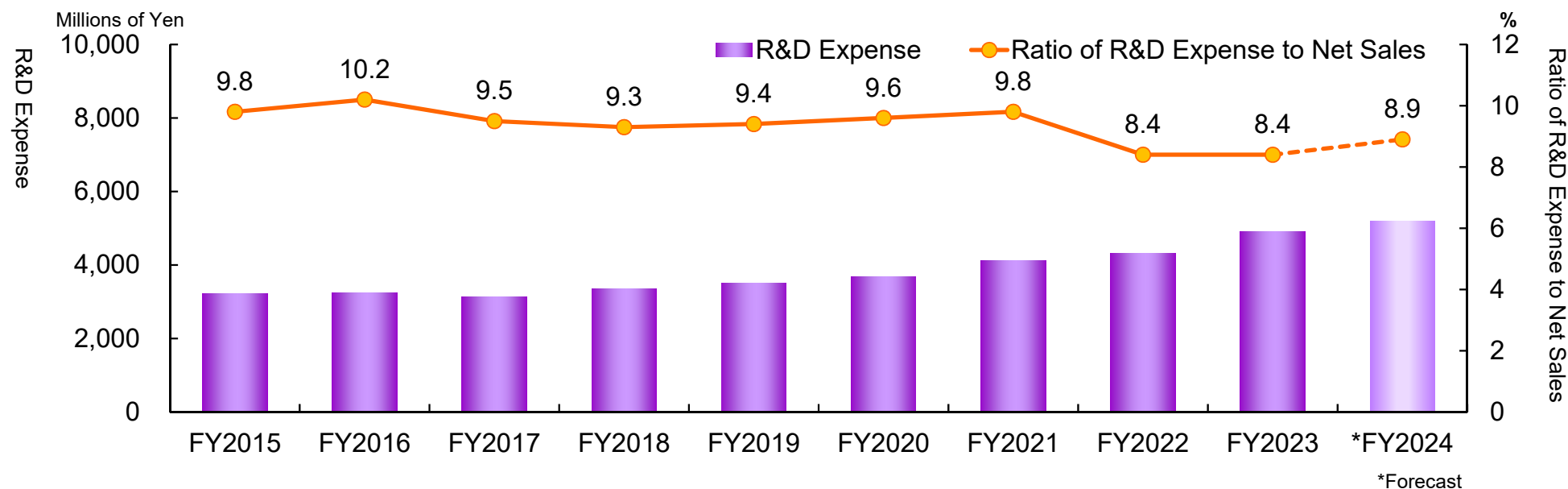
Millions of Yen	FY2022		FY2023				FY2024					
	1H	2H	1H	2H	vs 2H FY2022	vs 1H FY2023	1H Forecast	vs 1H FY2023	vs 2H FY2023	2H Forecast	vs 2H FY2023	vs 1H FY2024
Capital Expenditure	789	1,024	1,333	761	(25.7%)	(42.9%)	3,600	+170.0%	+372.6%	1,700	+123.2%	(52.8%)
Depreciation	802	859	826	903	+5.1%	+9.3%	1,000	+21.0%	+10.7%	1,200	+32.8%	+20.0%

*CAPEX : Inspection basis



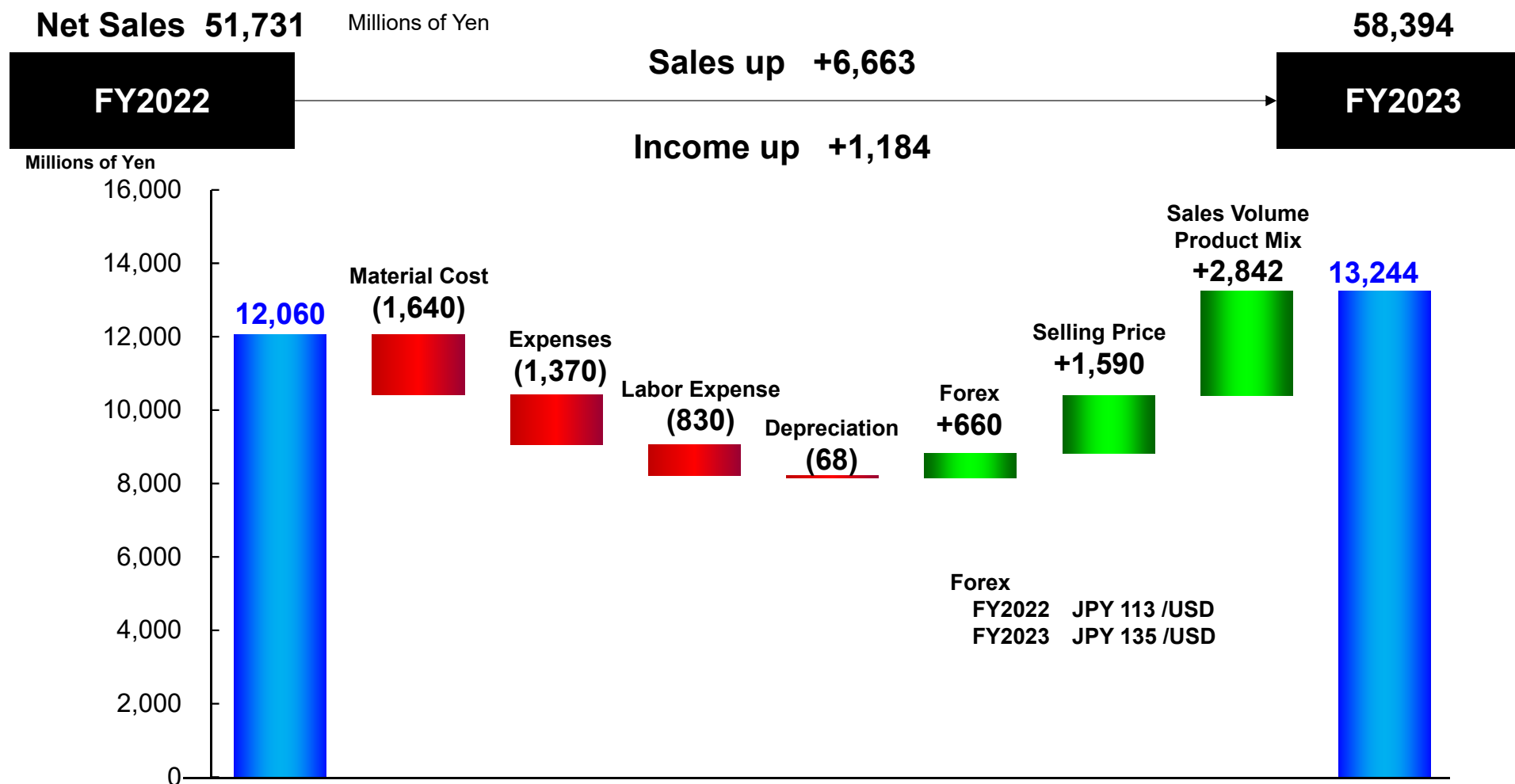
R&D Expense: Annual Results/Forecast

Millions of Yen	FY2022	FY2023						FY2024	
		Original Forecast	Revised Forecast		vs FY2022	vs Original Forecast	vs Revised Forecast	Forecast	vs FY2023
R&D Expense	4,325	4,800	4,800	4,912	+13.6%	+2.3%	+2.3%	5,200	+5.9%

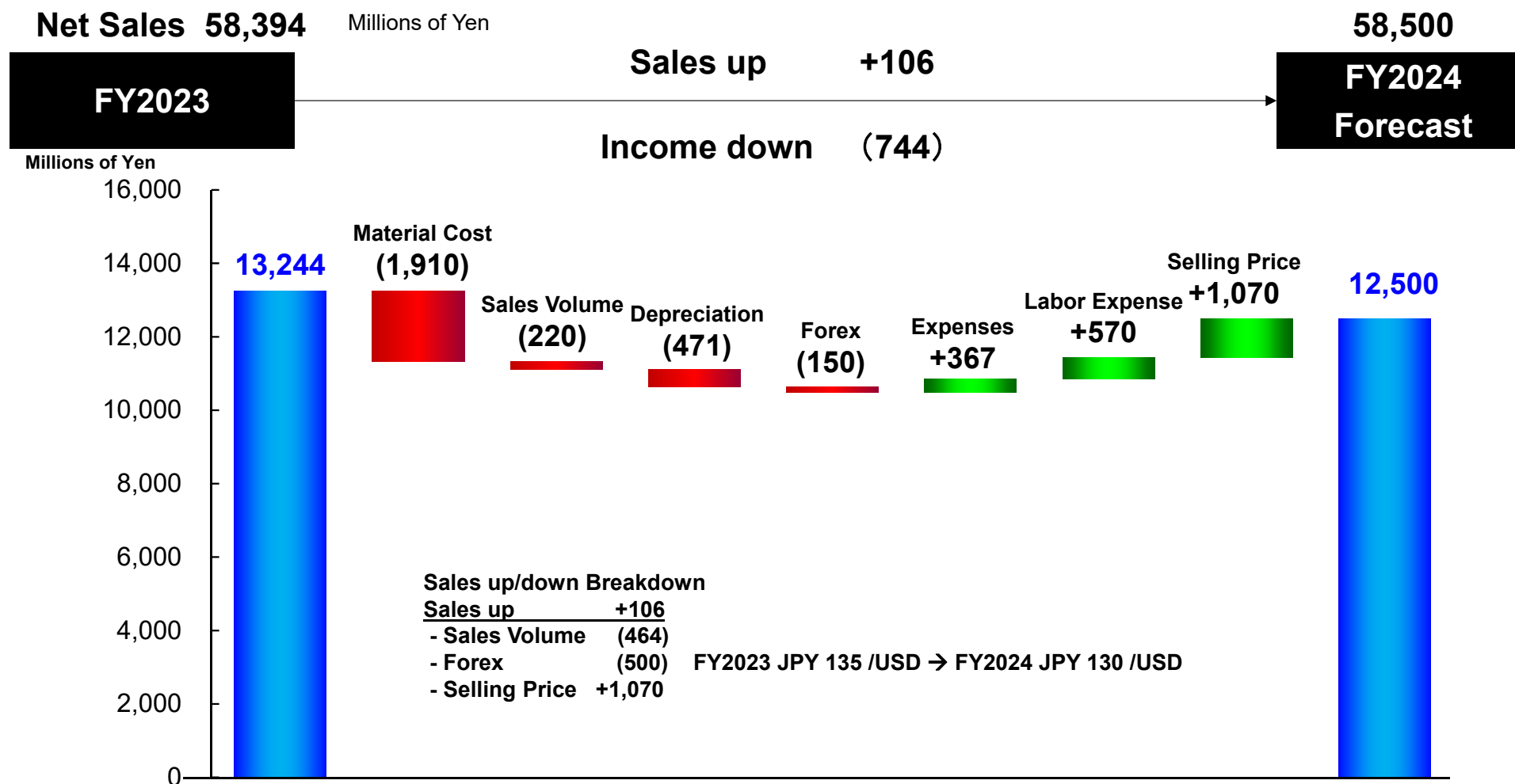


Operating Income Analysis

Operating Income Analysis: FY2023 vs FY2022



Operating Income Analysis: FY2024 Forecast vs FY2023



Shareholder Returns

Shareholder Returns

- Profit Distribution Policy

1. Payout ratio: 50% or higher → **55%** or higher from FY2024
2. Continuous and stable distribution

Fujimi will start an examination for an addition of DOE (Dividend on Equity) related policy.

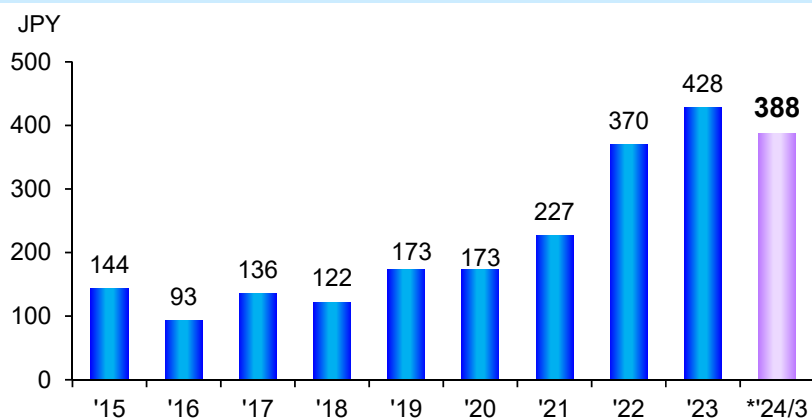
Shareholder Returns

3-for-1 Stock Split

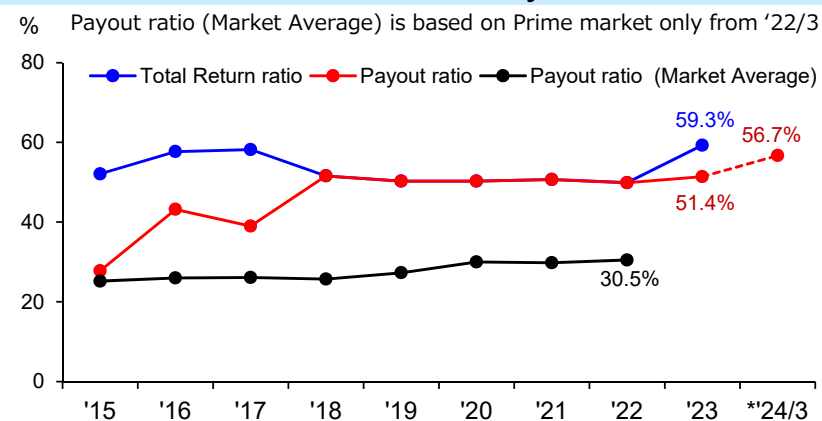
	FY2021		FY2022		FY2023		FY2024	
	Forecast 4 Nov 2020	Actual 12 May 2021	Forecast 12 May 2021	Actual 31 May 2022	Forecast 31 May 2022	Actual 10 May 2023	Forecast on a pre-split basis	Forecast on a post-split basis
Interim dividend	JPY50	JPY50	JPY60	JPY85	JPY95	JPY110	JPY110.01	JPY36.67
Year-end dividend	JPY50	JPY65	JPY65	JPY100	JPY105	JPY110	JPY110.01	JPY36.67
Total dividend	JPY100	JPY115	JPY125	JPY185	JPY200	JPY220	JPY220.02	JPY73.34
Payout ratio	47.5%	50.7%	49.8%	49.9%	49.4%	51.4%	56.7%	56.7%

Shareholder Returns on a pre-split basis

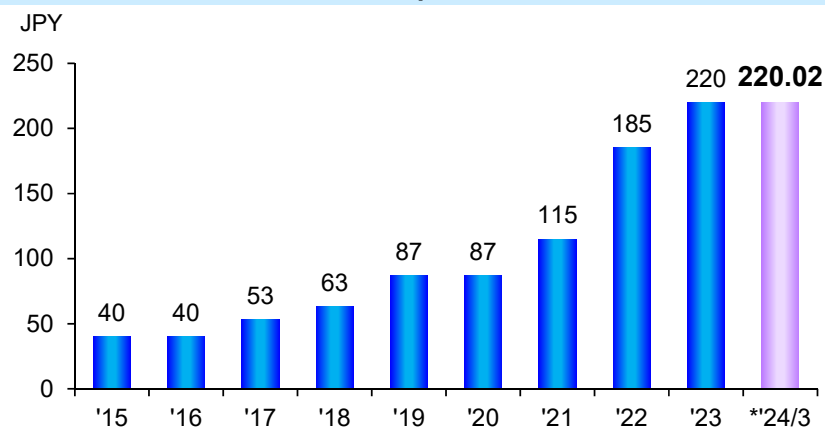
EPS



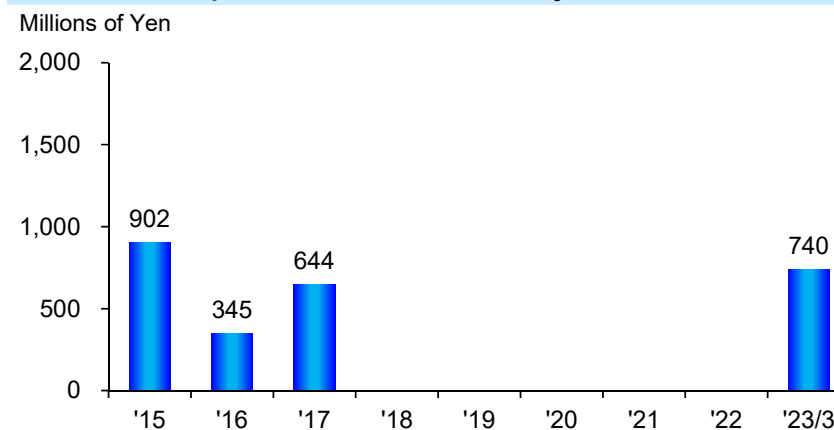
Total Return ratio / Payout ratio



Dividends per Share



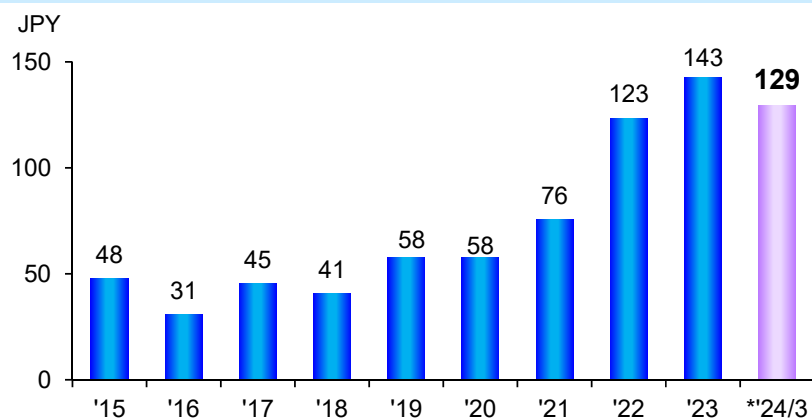
Acquisition of Treasury Stocks



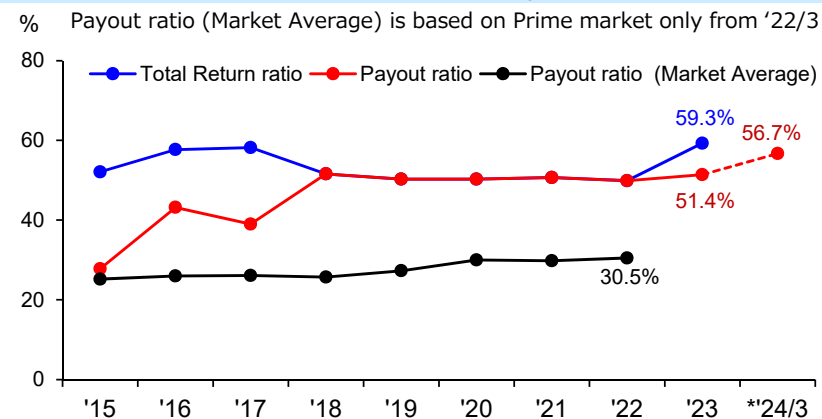
*Forecast

Shareholder Returns on a post-split basis

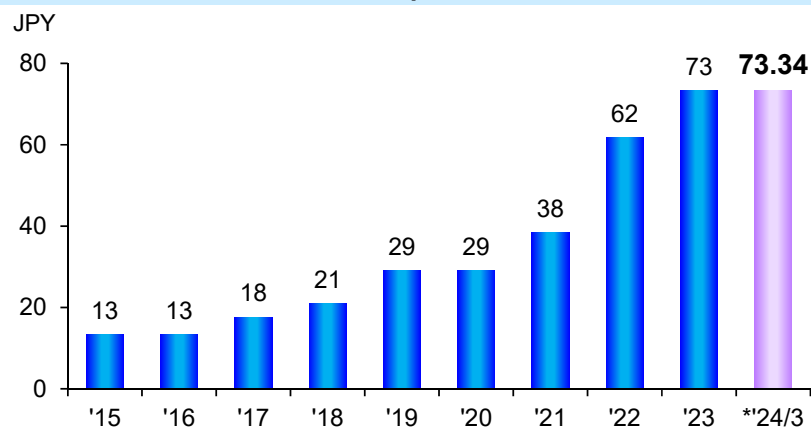
EPS



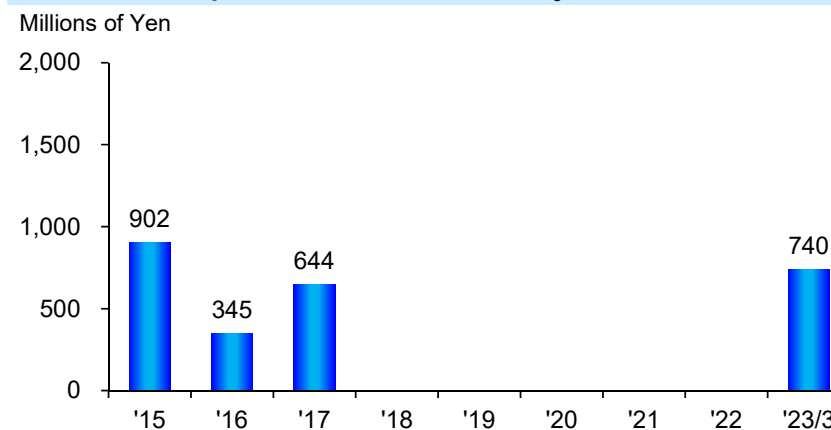
Total Return ratio / Payout ratio



Dividends per Share



Acquisition of Treasury Stocks



*Forecast

Financial Summary: FY2023 Results / FY2024 Forecast

FY2023 Financial Results vs FY2022

Net Sales	+12.9%	:	1) firm demand from the semiconductor market in 1H, 2) product price increase to cover raw material cost increase and 3) JPY depreciation Record highs for 2 consecutive years in Sales
Operating Income	+9.8%	:	
Ordinary Income	+8.8%	:	
Net Income	+15.7%	:	Record highs in Operating, Ordinary and Net Incomes
Silicon Wafer	+12.9%	:	High production levels for silicon wafers
CMP	+16.7%	:	Firm demands for logic and memory devices, and JPY depreciation
Hard Disks	(12.7%)	:	HDD market drop in 3Q
General Industry	+6.5%	:	Recovering demands for automobiles and industry machineries
Shareholder Returns		:	Increased dividends / DPS: JPY220 which was increased by JPY35 equivalent to 19% compared to JPY185 in FY2022

FY2024 Financial Forecast vs FY2023

Net Sales	+0.2%	:	Semiconductor production and inventory adjustment to continue in 1H and demands to improve in 2H
Operating Income	-5.6%	:	Lower incomes expected because of raw material cost and depreciation increases
Ordinary Income	-6.6%	:	
Net Income	-9.4%	:	



FUJIMI INCORPORATED