

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 12, 2021

Company Name: FUJIMI INCORPORATED
 Stock Exchange Listing: Tokyo, Nagoya
 Stock Code: 5384 URL <https://www.fujimiinc.co.jp/>
 Representative: President and CEO Keishi Seki
 Deputy Senior General Manager
 Inquiries: Finance Division Toshihiro Kawashima TEL 052-503-8181
 Scheduled Date of Ordinary General Shareholders' Meeting: June 24, 2021
 Scheduled Date to File Securities Report: June 24, 2021
 Scheduled Date to Commence Dividend Payments: June 25, 2021
 Preparation of Supplementary Materials on Financial Results: Yes
 Holding of Financial Results Meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results

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	%
Year ended March 31, 2021	41,956	9.2	7,639	27.2	7,709	24.8	5,607	31.3
Year ended March 31, 2020	38,408	2.7	6,007	13.1	6,177	9.6	4,270	0.1

	Earnings per Share	Diluted Earnings per Share	Profit Attributable to Owners of Parent/Equity	Ordinary Profit /Total Assets	Operating Profit /Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	226.85	—	10.4	12.3	18.2
Year ended March 31, 2020	172.98	—	8.3	10.5	15.6

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	65,773	56,088	85.3	2,268.87
As of March 31, 2020	59,496	52,079	87.5	2,106.74

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	8,743	(42)	(2,481)	29,418
Year ended March 31, 2020	6,232	(3,544)	(2,213)	22,919

2. Cash Dividends

	Annual Dividends per Share					Total Cash Dividends (Total)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	—	40.00	—	47.00	87.00	2,177	50.3	4.2
Year ended March 31, 2021	—	50.00	—	65.00	115.00	2,878	50.7	5.3
Year ending March 31, 2022 (Forecast)	—	60.00	—	65.00	125.00		49.8	

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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
Six Months ending September 30, 2021	21,000	2.8	3,800	2.2	3,850	4.2	3,000	5.1	121.36
Full Year	43,500	3.7	8,500	11.3	8,600	11.5	6,200	10.6	250.80

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2021	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 March 31, 2021	3,978,451 shares	As of March 31, 2020	3,979,111 shares
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Average number of shares during the period

Year ended March 31, 2021	24,720,855 shares	Year ended March 31, 2020	24,685,330 shares
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(Supplementary Materials)

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1. Overview of Business Results and Financial Position

(1) Overview of Business Results

1) Business Results of the Current Fiscal Year

In the FY2021 (April 2020 - March 2021), 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. However, the global semiconductor market showed firm demand of devices used for data centers and PCs fueled by “Stay Home” to prevent the spread of novel coronavirus (COVID-19). Additionally, the semiconductor 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 Fiscal Year 2021:			Millions of JPY
	FY ended March 31, 2020	FY ended March 31, 2021	Change YoY
Net Sales	38,408	41,956	9.2%
Operating Profit	6,007	7,639	27.2%
Ordinary Profit	6,177	7,709	24.8%
Profit Attributable to Owners of Parent	4,270	5,607	31.3%

Segment Operating Results by Region

(i) Japan

Net sales in Japan increased by 13.2% to JPY 24,781 million compared with the previous fiscal year. The increase was mainly due to firm demand for products related to semiconductor devices and silicon wafers. Operating profit increased by 35.5% to JPY 7,362 million. The increase was mainly due to sales increase and a favorable product mix.

(ii) North America

Net sales in North America decreased by 1.9% to JPY 5,628 million compared with the previous fiscal year. Operating profit increased by 47.8% to JPY 416 million. The increase was mainly due to a favorable product mix.

(iii) Asia

Net sales in Asia increased by 8.6% to JPY 10,044 million compared with the previous fiscal year. Operating profit increased by 4.9% to JPY 2,050 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 1.3% to JPY 1,502 million compared with the previous fiscal year. Operating income decreased by 19.7% to JPY 159 million. The decrease in operating income was mainly due to foreign currency fluctuations.

Segment Operating Results by Application

(i) Silicon Wafers

Regarding products for silicon wafers, net sales of lapping abrasive products increased by 20.0% to JPY 4,604 million compared with the previous fiscal year and net sales of polishing slurry products increased by 6.8% to JPY 9,621 million. The increases in net sales of both product lines were mainly due to high production levels in the semiconductor industry.

(ii) Semiconductor Devices

Regarding products for the CMP process of semiconductor devices, net sales increased by 15.4% to JPY

20,037 million compared with the previous fiscal year. The increase in net sales was mainly due to continuous firm demand from logic devices, although a pause was seen in memory devices.

(iii) Hard Disks

Regarding products for hard disks, net sales decreased by 21.2% to JPY 1,705 million compared with 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 increased by 5.8% to JPY 3,779 million compared with the previous fiscal year. The increase in net sales was mainly due to recovery of demand of products for automobiles and industrial machineries.

2) Financial Forecast of the Next Fiscal Year

The Financial forecast for the next fiscal year shown below, is based on the assumption that the current strong demand from the semiconductor market will continue.

FY2022 Financial Forecast:	Millions of JPY	
	FY ending March 31, 2022	Change from FY2021
Net Sales	43,500	3.7%
Operating Profit	8,500	11.3%
Ordinary Profit	8,600	11.5%
Profit Attributable to Owners of Parent	6,200	10.6%

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) Overview of Financial Position

Summary of Total Assets, Total Liabilities and Net Assets as of March 31, 2021

Total assets increased by JPY 6,277 million to JPY 65,773 million compared with the end of the previous fiscal year mainly due to increases of JPY 5,654 million in cash and deposit and of JPY 869 million in notes and accounts receivable - trade, offsetting a decrease of JPY 332 million in other in raw materials and supplies.

Total liabilities increased by JPY 2,267 million to JPY 9,684 million compared with the end of the previous fiscal year mainly due to increases of JPY 828 million in other in current liabilities, of JPY 507 million in income taxes payable and of JPY 381 million in notes and accounts payable - trade.

Net assets increased by JPY 4,009 million to JPY 56,088 million compared with the end of the previous fiscal year mainly due to increases of JPY 3,179 million in retained earnings and of JPY 655 million in foreign currency translation adjustment.

Summary of Cash Flow for the Year Ended March 31, 2021

Cash and cash equivalents increased by JPY 6,499 million to JPY 29,418 million compared with the end of the previous fiscal year as follows.

(i) Cash Flow from Operating Activities

Net cash provided by operating activities increased by JPY 2,510 million to JPY 8,743 million compared with the end of the previous fiscal year mainly due to an increase in profit before income taxes.

(ii) Cash Flow from Investing Activities

Net cash used in investing activities decreased by JPY 3,502 million to JPY 42 million compared with the end of the previous fiscal year mainly due to investment in securities in the previous fiscal year and proceeds from redemption of securities in the current fiscal year.

(iii) Cash Flow from Financing Activities

Net cash used in financing activities increased by JPY 267 million to JPY 2,481 million compared with the end of the previous fiscal year mainly due to an increase in cash dividends paid.

(iv) Cash Flow Indicators and Trends

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity Ratio on Book Value Basis (%)	86.0	86.3	86.8	87.5	85.3
Equity Ratio on Market Value Basis (%)	102.5	102.5	103.1	111.7	162.2

(Note)

Equity Ratio on Book Value Basis: Equity / Total assets

Equity Ratio on Market Value Basis: Market capitalization / Total assets

- Market capitalization is calculated by the total number of shares outstanding at the end of the fiscal year (excluding treasury share) multiplied by the closing share price at the end of the fiscal year

(3) Policy for Distribution of Income and Dividends for the Year Ended March 31, 2021 and the Year Ending March 31, 2022

Fujimi Incorporated recognizes the appropriate distribution of income to shareholders as the most important management issue. Regarding dividend payments, Fujimi Incorporated has a policy of striving to live up to shareholder's expectations by continuously providing stable dividend payments targeting a consolidated payment ratio of over 50%. Regarding retained earnings, Fujimi Incorporated strives to reinforce R&D and production systems to meet customers' satisfaction, to execute global business strategies and to expand the business domain in order to deal with changing business environments.

For FY2021, Fujimi Incorporated plans to pay a year-end cash dividend of JPY 65 per share, and the annual dividend will be JPY 115 per share including an interim cash dividend of JPY 50 per share.

For FY2022, Fujimi Incorporated plans to pay a cash dividend of JPY 125 per share, comprising an interim cash dividend of JPY 60 per share and a year-end cash dividend of JPY 65 per share.

2. Basic Policy for the Selection of Accounting Standards

While Fujimi Incorporated has paid close attention to other companies' adoption trends regarding the IFRS, the consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan due to considering the burden of establishing a system for preparing consolidated financial statements in accordance with international accounting standards.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	23,769	29,424
Notes and accounts receivable - trade	8,228	9,098
Securities	1,499	1,900
Merchandise and finished goods	3,695	4,048
Work in process	988	999
Raw materials and supplies	2,610	2,278
Other	503	231
Allowance for doubtful accounts	(18)	(13)
Total current assets	41,279	47,967
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,017	19,348
Accumulated depreciation	(12,228)	(12,794)
Buildings and structures, net	6,788	6,553
Machinery, equipment and vehicles	21,485	21,937
Accumulated depreciation	(19,869)	(20,330)
Machinery, equipment and vehicles, net	1,615	1,606
Land	3,647	3,527
Construction in progress	533	613
Other	10,133	10,371
Accumulated depreciation	(8,785)	(9,096)
Other, net	1,347	1,274
Total property, plant and equipment	13,933	13,575
Intangible assets		
Software	195	394
Other	241	46
Total intangible assets	437	440
Investments and other assets		
Investment securities	2,939	2,562
Deferred tax assets	787	1,117
Other	129	119
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	3,846	3,789
Total non-current assets	18,217	17,806
Total assets	59,496	65,773

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,499	2,880
Income taxes payable	767	1,274
Provision for bonuses	1,242	1,438
Other	1,886	2,714
Total current liabilities	6,395	8,309
Non-current liabilities		
Deferred tax liabilities	0	0
Retirement benefit liability	752	901
Provision for share-based remuneration	157	329
Other	110	144
Total non-current liabilities	1,021	1,375
Total liabilities	7,416	9,684
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	5,570	5,570
Retained earnings	47,124	50,303
Treasury shares	(5,449)	(5,448)
Total shareholders' equity	51,998	55,179
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	94	321
Foreign currency translation adjustment	30	685
Remeasurements of defined benefit plans	(44)	(97)
Total accumulated other comprehensive income	80	908
Total net assets	52,079	56,088
Total liabilities and net assets	59,496	65,773

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	38,408	41,956
Cost of sales	21,588	22,951
Gross profit	16,819	19,005
Selling, general and administrative expenses	10,811	11,366
Operating profit	6,007	7,639
Non-operating income		
Interest income	120	70
Dividend income	30	30
Insurance claim income	2	47
Waste disposal income	30	30
Other	38	36
Total non-operating income	221	214
Non-operating expenses		
Foreign exchange losses	29	122
Other	21	22
Total non-operating expenses	51	144
Ordinary profit	6,177	7,709
Extraordinary losses		
Impairment loss	413	467
Total extraordinary losses	413	467
Income before income taxes	5,764	7,242
Income taxes - current	1,490	2,037
Income taxes - deferred	3	(402)
Total income taxes	1,493	1,634
Profit	4,270	5,607
Profit attributable to owners of parent	4,270	5,607

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	4,270	5,607
Other comprehensive income		
Valuation difference on available-for-sale securities	(46)	226
Foreign currency translation adjustment	(405)	655
Remeasurements of defined benefit plans, net of tax	16	(53)
Total other comprehensive income	(436)	828
Comprehensive income	3,833	6,435
(Breakdown)		
Comprehensive income attributable to owners of parent	3,833	6,435

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,753	5,570	45,031	(5,641)	49,714
Changes during period					
Dividends of surplus			(2,177)		(2,177)
Profit attributable to owners of parent			4,270		4,270
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				191	191
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,092	191	2,284
Balance at end of period	4,753	5,570	47,124	(5,449)	51,998

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	141	436	(60)	517	50,231
Changes during period					
Dividends of surplus					(2,177)
Profit attributable to owners of parent					4,270
Purchase of treasury shares					(0)
Disposal of treasury shares					191
Net changes in items other than shareholders' equity	(46)	(405)	16	(436)	(436)
Total changes during period	(46)	(405)	16	(436)	1,847
Balance at end of period	94	30	(44)	80	52,079

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,753	5,570	47,124	(5,449)	51,998
Changes during period					
Dividends of surplus			(2,428)		(2,428)
Profit attributable to owners of parent			5,607		5,607
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				1	1
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,179	1	3,181
Balance at end of period	4,753	5,570	50,303	(5,448)	55,179

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	94	30	(44)	80	52,079
Changes during period					
Dividends of surplus					(2,428)
Profit attributable to owners of parent					5,607
Purchase of treasury shares					(0)
Disposal of treasury shares					1
Net changes in items other than shareholders' equity	226	655	(53)	828	828
Total changes during period	226	655	(53)	828	4,009
Balance at end of period	321	685	(97)	908	56,088

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	5,764	7,242
Depreciation	1,598	1,687
Amortization of long-term prepaid expenses	2	0
Impairment loss	413	467
Increase (decrease) in provision for bonuses	173	182
Increase (decrease) in allowance for doubtful accounts	(8)	(5)
Increase (decrease) in retirement benefit liability	73	71
Increase (decrease) in provision for share-based remuneration	(152)	171
Interest income	(120)	(70)
Dividend income	(30)	(30)
Insurance claim income	(2)	(47)
Foreign exchange losses (gains)	2	(1)
Decrease (increase) in trade receivables	(302)	(724)
Decrease (increase) in inventories	(121)	128
Increase (decrease) in trade payables	44	221
Increase (decrease) in accounts payable - other	(103)	157
Other, net	270	724
Subtotal	7,501	10,175
Interest and dividends received	164	103
Proceeds from insurance income	2	47
Income taxes paid	(1,509)	(1,620)
Income taxes refund	74	37
Net cash provided by (used in) operating activities	6,232	8,743
Cash flows from investing activities		
Payments into time deposits	(6,348)	(8,174)
Proceeds from withdrawal of time deposits	7,126	8,320
Purchase of securities	(499)	(500)
Proceeds from redemption of securities	-	999
Purchase of investment securities	(1,551)	-
Proceeds from sale and redemption of investment securities	-	600
Purchase of property, plant and equipment	(2,060)	(1,197)
Purchase of intangible assets	(209)	(90)
Other, net	(1)	(0)
Net cash provided by (used in) investing activities	(3,544)	(42)
Cash flows from financing activities		
Dividends paid	(2,177)	(2,428)
Purchase of treasury shares	(0)	(0)
Other, net	(35)	(52)
Net cash provided by (used in) financing activities	(2,213)	(2,481)
Effect of exchange rate change on cash and cash equivalents	(114)	279
Net increase (decrease) in cash and cash equivalents	360	6,499
Cash and cash equivalents at beginning of period	22,559	22,919
Cash and cash equivalents at end of period	22,919	29,418