

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 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: November 7, 2023
 Scheduled Date to Commence Dividend Payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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	%
Six months ended September 30, 2023	25,352	△18.5	3,949	△49.5	4,430	△46.6	3,377	△45.1
Six months ended September 30, 2022	31,097	23.0	7,819	27.0	8,293	30.5	6,155	28.1

	Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Six months ended September 30, 2023	45.53	—
Six months ended September 30, 2022	82.90	—

(Note) A 3 for 1 common stock split was conducted with an effective date of July 1, 2023. "Earnings per Share" have been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	82,489	71,422	86.6	962.78
As of March 31, 2023	80,101	69,011	86.2	930.27

(Note) A 3 for 1 common stock split was conducted with an effective date of July 1, 2023. "Net Assets per Share" have been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

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, 2023	—	110.00	—	110.00	220.00
Year ended March 31, 2024	—	36.67	—	—	—
Year ending March 31, 2024 (Forecast)	—	—	—	36.67	73.34

(Note) A 3 for 1 common stock split was conducted with an effective date of July 1, 2023. The annual dividend forecast for the fiscal year ending March 31, 2024 and March 31, 2024 (forecast) indicated above are based on the number of shares after the stock split. The annual dividend forecast for the fiscal year ending March 31, 2024 without considering the stock split are 110.01 yen for the 2nd quarter-end and for the fiscal year ending March 31, 2024 (forecast) without considering the stock split 110.01 yen for the Fiscal year-end, totaling 220.02 yen.

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	49,500	△15.2	7,100	△46.4	7,650	△43.7	5,800	△45.3	78.18

(Note) A 3 for 1 common stock split was conducted with an effective date of July 1, 2023. The full-year profit per share in the consolidated financial results forecast for the fiscal year ending March 31, 2024 is based on the number of shares after the stock split.

Earnings per share of the forecast of consolidated financial results for the year ending March 31, 2024 without considering the stock split is 234.55 yen for the full year.

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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: No

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 September 30, 2023	80,098,500 shares	As of March 31, 2023	80,098,500 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	5,915,121 shares	As of March 31, 2023	5,914,392 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	74,183,551 shares	Six months ended September 30, 2022	74,250,648 shares
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(Note) A 3 for 1 common stock split was conducted with an effective date of July 1, 2023. “Total number of issued shares at the end of the period (including treasury shares)”, “Number of treasury shares at the end of the period” and “Average number of shares during the period (cumulative from the beginning of the fiscal year)” have been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

(Supplementary Materials)

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1. Overview of Business Results and Financial Position

(1) Overview of Business Results

During the first six months of our FY2024, the global economic uncertainty further increased due to intensified concerns about economic recessions and geopolitical risks. The resource and energy prices started to rise again and the inflation drop seems to slowdown. The risk of a downturn in the global economy is increasing due to the Chinese economy has weakened which was triggered by the deterioration of its real estate market.

In addition, the global semiconductor production and inventory adjustment which started last autumn is taking longer due to the continuing weak demand in the PC, smartphone and server markets. Furthermore, silicon wafer production adjustment is further deepening.

The consolidated results for this period are shown below.

Consolidated Results for the First Six Months of Fiscal Year 2024:			Millions of JPY
	FY ended September 30, 2022	FY ended September 30, 2023	Change YoY
Net Sales	31,097	25,352	(18.5%)
Operating Profit	7,819	3,949	(49.5%)
Ordinary Profit	8,293	4,430	(46.6%)
Profit Attributable to Owners of Parent	6,155	3,377	(45.1%)

Segment Operating Results by Region

(i) Japan

Net sales in Japan decreased by 20.2% to JPY 14,862 million compared with the same term in the previous fiscal year. The decrease was mainly due to weak demand for products related to advanced memory semiconductor devices and silicon wafers. Operating profit decreased by 45.9% to JPY 3,723 million. The decrease was mainly due to sales decrease and soaring material prices.

(ii) North America

Net sales in North America decreased by 15.9% to JPY 3,463 million compared with the same term in the previous fiscal year. Operating profit decreased by 79.5% to JPY 124 million. The decreases were mainly due to weak demand for products related to semiconductor devices and silicon wafers.

(iii) Asia

Net sales in Asia decreased by 15.8% to JPY 6,171 million compared with the same term in the previous fiscal year. Operating profit decreased by 23.3% to JPY 1,465 million. The decreases were mainly due to weak demand for products related to hard disks and mature node logic semiconductor devices while sales for product related to the advanced logic were growing.

(iv) Europe

Net sales in Europe decreased by 15.4% to JPY 855 million compared with the same term in the previous fiscal year. Operating profit decreased by 48.5% to JPY 48 million. The decreases were mainly due to weak demand for products related to semiconductor devices and silicon wafers.

Segment Operating Results by Application

(i) Silicon Wafers

Regarding products for silicon wafers, net sales of lapping abrasive products decreased by 29.0% and net sales of polishing slurry products decreased by 22.4% on a quarter-on-quarter basis. The decreases were mainly due to a deepening production adjustment of silicon wafers. In addition, net sales of lapping abrasive products decreased by 19.6% to JPY 2,818 million compared with the same term in the previous fiscal year and net sales of polishing slurry products decreased by 21.7% to JPY 5,487 million.

(ii) Semiconductor Devices

Regarding products for the CMP process of semiconductor devices, net sales increased by 3.3% on a quarter-on-quarter basis. The increase was mainly due to progress in mass production of advanced logic semiconductor devices. Meanwhile, net sales decreased by 17.8% to JPY 12,962 million compared with the same term in the previous fiscal year. The decrease was mainly due to a semiconductor market adjustment especially for mature node logic semiconductor devices and memory semiconductor devices.

(iii) Hard Disks

Regarding products for hard disks, net sales decreased by 53.1% to JPY 470 million compared with the same term in the previous fiscal year. The Hard Disk Drives (HDD) market has undergone a production and inventory adjustment.

(iv) General Industries

Regarding products for general industries, net sales decreased by 3.0% to JPY 2,229 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 September 30, 2023

Total assets at the end of the second quarter increased by JPY 2,387 million to JPY 82,489 million compared with the end of the previous fiscal year mainly due to increases of JPY 1,813 million in other in property, plant and equipment, of JPY 755 million in raw materials and supplies, of JPY 500 million in securities, offsetting decreases of JPY 408 million in notes and accounts receivable – trade and of JPY 582 million in cash and deposits.

Total liabilities decreased by JPY 22 million to JPY 11,066 million compared with the end of the previous fiscal year mainly due to a decrease of JPY 927 million in accounts payable– trade, offsetting an increase of JPY 785 million in other in current liabilities.

Net assets increased by JPY 2,410 million to JPY 71,422 million compared with the end of the previous fiscal year mainly due to increases of JPY 610 million in retained earnings and of JPY 1,517 million in foreign currency translation adjustment.

(3) Information Concerning Revision of Financial Forecast

Net sales and profits for the first six months ended September 30, 2023 were lower than the earlier forecast primarily due to weak demand for semiconductor devices and silicon wafers. Financial forecast for the fiscal year ending March 31, 2024 has been revised assuming that the semiconductor market adjustment continues in the second half of this financial year and still needs time for its full recovery.

The financial forecast for the current fiscal year is shown below.

Financial Forecast for Fiscal Year 2024:	Millions of JPY	
	FY ending March 31, 2024	Change from FY2023
Net Sales	49,500	(15.2%)
Operating Profit	7,100	(46.4%)
Ordinary Profit	7,650	(43.7%)
Profit Attributable to Owners of Parent	5,800	(45.3%)

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. Consolidated Financial Statements
(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	33,538	32,956
Notes and accounts receivable - trade	11,246	10,838
Securities	2,700	3,200
Merchandise and finished goods	5,820	5,452
Work in process	1,451	1,510
Raw materials and supplies	6,329	7,085
Other	552	453
Allowance for doubtful accounts	(16)	(16)
Total current assets	61,623	61,481
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,661	6,941
Other, net	8,165	9,978
Total property, plant and equipment	14,827	16,920
Intangible assets	241	208
Investments and other assets		
Investment securities	2,282	2,671
Deferred tax assets	987	1,067
Other	149	148
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	3,409	3,878
Total non-current assets	18,478	21,007
Total assets	80,101	82,489

	(Millions of yen)	
	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	4,247	3,319
Income taxes payable	891	1,045
Provision for bonuses	1,354	1,252
Provision for bonuses for directors (and other officers)	-	42
Other	3,154	3,940
Total current liabilities	<u>9,648</u>	<u>9,600</u>
Non-current liabilities		
Deferred tax liabilities	3	6
Retirement benefit liability	925	926
Provision for share-based remuneration	191	188
Other	321	344
Total non-current liabilities	<u>1,441</u>	<u>1,466</u>
Total liabilities	<u>11,089</u>	<u>11,066</u>
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	5,038	5,038
Retained earnings	60,310	60,921
Treasury shares	(4,414)	(4,415)
Total shareholders' equity	<u>65,688</u>	<u>66,297</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	410	681
Foreign currency translation adjustment	2,998	4,515
Remeasurements of defined benefit plans	(85)	(72)
Total accumulated other comprehensive income	<u>3,323</u>	<u>5,124</u>
Total net assets	<u>69,011</u>	<u>71,422</u>
Total liabilities and net assets	<u>80,101</u>	<u>82,489</u>

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

(i) Consolidated Statements of Income (cumulative)

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	31,097	25,352
Cost of sales	16,302	14,684
Gross profit	14,795	10,668
Selling, general and administrative expenses	6,975	6,719
Operating profit	7,819	3,949
Non-operating income		
Interest income	35	88
Dividend income	22	45
Foreign exchange gains	526	304
Other	48	53
Total non-operating income	633	491
Non-operating expenses		
Interest expenses	3	3
Loss on sale and retirement of non-current assets	2	4
Loss on valuation of investment securities	42	-
Other	110	2
Total non-operating expenses	159	10
Ordinary profit	8,293	4,430
Extraordinary losses		
System failure response costs	66	-
Total extraordinary losses	66	-
Profit before income taxes	8,226	4,430
Income taxes - current	2,270	1,222
Income taxes - deferred	(199)	(169)
Total income taxes	2,071	1,053
Profit	6,155	3,377
Profit attributable to owners of parent	6,155	3,377

(ii) Consolidated Statements of Comprehensive Income (cumulative)

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	6,155	3,377
Other comprehensive income		
Valuation difference on available-for-sale securities	(68)	271
Foreign currency translation adjustment	1,870	1,517
Remeasurements of defined benefit plans, net of tax	11	12
Total other comprehensive income	1,812	1,801
Comprehensive income	7,968	5,179
(Breakdown)		
Comprehensive income attributable to owners of parent	7,968	5,179

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	8,226	4,430
Depreciation	826	963
Amortization of long-term prepaid expenses	0	3
System failure response costs	66	-
Increase (decrease) in allowance for doubtful accounts	5	-
Increase (decrease) in provision for directors bonuses	45	41
Increase (decrease) in provision for bonuses	655	(120)
Increase (decrease) in retirement benefit liability	11	19
Increase (decrease) in provision for share-based remuneration	(781)	(3)
Interest income	(35)	(88)
Dividend income	(22)	(45)
Interest expenses	3	3
Foreign exchange losses (gains)	(100)	(29)
Loss (gain) on sale and retirement of non-current assets	1	1
Loss (gain) on valuation of investment securities	42	-
Decrease (increase) in trade receivables	(2,225)	687
Decrease (increase) in inventories	(1,912)	6
Increase (decrease) in trade payables	108	(1,139)
Increase (decrease) in accounts payable - other	105	424
Other, net	323	10
Subtotal	5,346	5,165
Interest and dividends received	58	132
Income taxes paid	(2,642)	(1,094)
Income taxes refund	84	100
System failure response costs paid	(34)	-
Net cash provided by (used in) operating activities	2,811	4,303
Cash flows from investing activities		
Payments into time deposits	(1,813)	(1,923)
Proceeds from withdrawal of time deposits	2,558	1,313
Purchase of securities	-	(500)
Proceeds from redemption of securities	801	-
Purchase of property, plant and equipment	(890)	(2,230)
Purchase of investment securities	(610)	-
Purchase of intangible assets	(6)	(13)
Other, net	0	(41)
Net cash provided by (used in) investing activities	38	(3,395)
Cash flows from financing activities		
Dividends paid	(2,527)	(2,766)
Purchase of treasury shares	(0)	(1)
Other, net	(45)	(48)
Net cash provided by (used in) financing activities	(2,573)	(2,816)
Effect of exchange rate change on cash and cash equivalents	946	644
Net increase (decrease) in cash and cash equivalents	1,223	(1,264)
Cash and cash equivalents at beginning of period	34,402	35,332
Cash and cash equivalents at end of period	35,626	34,067