Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 5384
June 3, 2021

To Our Shareholders:

Keishi Seki
President and CEO
Fujimi Incorporated
2-1-1 Chiryo, Nishibiwajima-cho, Kiyosu-shi, Aichi

Notice of the 69th Annual General Shareholders' Meeting

We are pleased to announce the 69th Annual General Shareholders' Meeting of Fujimi Incorporated (the "Company") will be held as described below.
Placing top priority on ensuring the safety of all shareholders, the Company strongly requests that you exercise your voting rights in advance in writing or via the internet and refrain from attending the General Shareholders' Meeting regardless of your health condition due to the recent nationwide spread of the novel coronavirus (COVID-19) and its variants. Please review the Reference Documents for General Shareholders' Meeting below, and exercise your voting rights no later than 5:00 p.m. on Wednesday, June 23, 2021 (JST).

1. **Date and Time:** Thursday, June 24, 2021, at 10 a.m. (JST) (Reception opens at 9:20 a.m.)
2. **Venue:** 3rd floor, Doremi Hall, Nishibi Sozo Center
   1-12-1 Otai, Nishibiwajima-cho, Kiyosu-shi, Aichi

3. **Purpose of the Meeting:**
   Matters to be reported:
   1. Business Report and Consolidated Financial Statements for the 69th term (April 1, 2020 to March 31, 2021) as well as the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
   2. Non-consolidated Financial Statements for the 69th term (April 1, 2020 to March 31, 2021)

   Matters to be resolved:
   Proposal No. 1 Appropriation of Surplus
   Proposal No. 2 Election of Five Directors
   Proposal No. 3 Election of One Substitute Corporate Auditor
4. **Other Matters concerning This Notice**
   Items listed below are posted on the Company's website (https://www.fujimiinc.co.jp/) pursuant to the relevant laws and regulations and the provision of Article 15 of the Company's Articles of Incorporation and are therefore not included in the attachments to this Notice.
   (i) Consolidated Statement of Changes in Equity
   (ii) Notes to Consolidated Financial Statements
   (iii) Non-consolidated Statement of Changes in Equity
   (iv) Notes to Non-consolidated Financial Statements

   Accordingly, the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Corporate Auditors and the Accounting Auditor consist of the documents stated in the attachments to the Notice of the General Shareholders' Meeting, as well as the Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements, Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements posted on the Company's website.

Any updates to the Reference Documents for General Shareholders' Meeting, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements will be posted on the Company's website (https://www.fujimiinc.co.jp/).

Reference Documents for General Shareholders' Meeting

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

1. Year-end dividends
   The Company regards the appropriate return of profit to its shareholders as one of its most important management issues in operating its business. The Company's target for the consolidated dividend payout ratio is 50% or more. While making proactive return of profits to shareholders based on business performance, the basic policy is to pay attention to maintaining stable dividends.
   As a result of careful consideration based on this basic policy, the Company proposes to pay a year-end dividend for the current fiscal year of ¥65 per share as an ordinary dividend.
   (1) Type of dividend property
   To be paid in cash.
   (2) Allotment of dividend property and their aggregate amount
   The Company proposes to pay a dividend of ¥65 per common share of the Company.
   In this event, the total dividends will be ¥1,627,050,685.
   Accordingly, including the interim dividend of ¥50 per share already paid, the annual dividend for the current fiscal year will total ¥115 per share.
   (3) Effective date of dividends of surplus
   The effective date of dividends will be June 25, 2021.
2. Other appropriation of surplus
   (1) Item of surplus to be decreased and amount of decrease
   Retained earnings brought forward: ¥3,000,000,000
   (2) Item of surplus to be increased and amount of increase
   General reserve: ¥3,000,000,000

Proposal No. 2 Election of Five Directors

The terms of office of all six Directors will expire at the conclusion of this meeting. Therefore, in light of its current management system, the Company proposes the election of five Directors.
The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company, and important concurrent positions outside the Company		Number of the Company's shares owned
1	Keishi Seki (April 6, 1964) Reappointment Tenure as Director 18 years Attendance at meetings of the Board of Directors in the fiscal year under review 19 / 19 (100%)	Apr. 1989	Joined Fuji Bank (currently Mizuho Bank, Ltd.)	447,706 shares
		Oct. 1997	Joined the Company	
		Feb. 2000	President of FUJIMI CORPORATION	
		June 2003	Director and Senior General Manager of New Business Development Division of the Company	
		Apr. 2005	Director and Senior General Manager of CMP Division, Director of CMP Business Unit	
		Apr. 2008	President and CEO	
		Jan. 2013	President and CEO of the Company; and President of FUJIMI KOREA LIMITED	
		Aug. 2013	President and CEO of the Company; President of FUJIMI KOREA LIMITED; and President of FUJIMI TAIWAN LIMITED	
		Apr. 2014	President and CEO, and Senior General Manager of CMP Division of the Company; President of FUJIMI KOREA LIMITED; and President of FUJIMI TAIWAN LIMITED	
		Apr. 2015	President and CEO of the Company; and President of FUJIMI KOREA LIMITED	
		Apr. 2016	President and CEO of the Company	
		Apr. 2020	President and CEO, and Senior General Manager of Finance Division of the Company (current position)	
	[Reasons for nomination as candidate for Director] Keishi Seki was appointed as President and CEO in 2008 and has been involved in the management of the Company and the supervision of its overseas subsidiaries for many years. He has been nominated to continue as a candidate for Director because he is expected to strengthen the functions of the Board of Directors based on his abundant experience and wide knowledge concerning management in general. [Special interest between the candidate and the Company] There is no special interest.			

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities in the Company, and important concurrent positions outside the Company</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">2</td><td>Toshiki Owaki
(December 27, 1960)

Reappointment

Tenure as Director
9 years

Attendance at meetings of the Board of Directors in the fiscal year under review
19 / 19 (100%)</td><td>Apr. 1983
Apr. 1999

Apr. 2011

June 2012

Apr. 2014

Apr. 2017

Dec. 2020

Apr. 2021</td><td>Joined the Company
Seconded to FUJIMI AMERICA INC. (currently FUJIMI CORPORATION)
Senior General Manager and General Manager of Disk Division of the Company; and President of FUJIMI-MICRO TECHNOLOGY SDN. BHD.
Director, and Senior General Manager and General Manager of Disk Division of the Company; and President of FUJIMI-MICRO TECHNOLOGY SDN. BHD.
Director and Senior General Manager of Specialty Materials Division of the Company
Director and Senior General Manager of Specialty Materials Division of the Company; and President of FUJIMI-MICRO TECHNOLOGY SDN. BHD.
Director and Senior General Manager of Specialty Materials Division of the Company
Managing Director and Senior General Manager of Specialty Materials Division of the Company</td><td>14,457 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Toshiki Owaki has a wealth of experience and achievements gained through his involvement in the supervision of the Disk, Specialty Materials, and Thermal Spray Materials Divisions and the management of overseas subsidiaries. He has been nominated to continue as a candidate for Director because he is expected to strengthen the functions of the Board of Directors based on his experience and achievements.
[Special interest between the candidate and the Company]
There is no special interest.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities in the Company, and important concurrent positions outside the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">3</td><td>Katsuhiro Suzuki
(March 9, 1962)

Reappointment

Tenure as Director
9 years

Attendance at meetings of the Board of Directors in the fiscal year under review
19 / 19 (100%)</td><td>Apr. 1984
July 1992

Apr. 2005
Apr. 2011
June 2012

Apr. 2015

Apr. 2016

Apr. 2018

Apr. 2021</td><td>Joined the Company
Seconded to FUJIMI AMERICA INC. (currently FUJIMI CORPORATION)
Director of FUJIMI CORPORATION
Senior General Manager of Silicon Division
Director and Senior General Manager of Silicon Division
Director and Senior General Manager of Silicon Division and CMP Division of the Company; and President of FUJIMI TAIWAN LIMITED
Director and Senior General Manager of CMP Division of the Company; President of FUJIMI CORPORATION; and President of FUJIMI TAIWAN LIMITED
Director and Senior General Manager of CMP Division of the Company; Chairman of FUJIMI CORPORATION; and President of FUJIMI TAIWAN LIMITED
Managing Director and Senior General Manager of CMP Division of the Company; Chairman of FUJIMI CORPORATION; and President of FUJIMI TAIWAN LIMITED (current position)</td><td>16,057 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Katsuhiro Suzuki has a wealth of experience and achievements gained through his involvement in the supervision of the Silicon and CMP Divisions and the management of overseas subsidiaries. He has been nominated to continue as a candidate for Director because he is expected to strengthen the functions of the Board of Directors based on his experience and achievements.
[Special interest between the candidate and the Company]
There is no special interest.</td></tr>
<tr><td rowspan="2">4</td><td>Masami Kawashita
(September 3, 1949)

Reappointment
Outside

Tenure as Outside Director
6 years
(Tenure as Outside Corporate Auditor: 3 years)

Attendance at meetings of the Board of Directors in the fiscal year under review
18 / 19 (94.7%)</td><td>Apr. 1973
July 2004
June 2005
June 2008
Feb. 2009
June 2009
June 2011
June 2012
June 2012
June 2015</td><td>Joined NGK Spark Plug Co., Ltd.
Head of Auto Parts Marketing, China
Director
Managing Director
Senior Managing Director
Executive Vice President
Special Adviser
Adviser
Outside Corporate Auditor of the Company
Outside Director (current position)</td><td>– shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Outside Director]
Masami Kawashita has specialized knowledge and experience, etc. gained through the post as a manager of NGK Spark Plug Co., Ltd., and has provided many suggestions about the Company's management from an objective point of view. He has been nominated to continue as a candidate for Outside Director because he is expected to strengthen the functions of the Board of Directors based on his abundant experience and achievements.
[Special interest between the candidate and the Company]
There is no special interest.
[Independence of the candidate]
Transactions between the Company and NGK Spark Plug Co., Ltd. in the past three years including fiscal 2018 account for less than 1% of consolidated net sales, none of which were purchases.
There are no personal or capital relationships, or other special interests, and there is deemed to be no detrimental effect on his duty as an Outside Director or his independence.</td></tr>
</table>

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company, and important concurrent positions outside the Company	Number of the Company's shares owned
5	Yoshitsugu Asai (May 16, 1954) Reappointment Outside Tenure as Outside Director 4 years Attendance at meetings of the Board of Directors in the fiscal year under review 19 / 19 (100%)	Apr. 1977 Joined Brother Industries, Ltd. July 1989 Seconded to BROTHER INDUSTRIES (AUST) PTY LTD. Representative Director & President Oct. 2000 General Manager of General Planning Department of Brother Industries, Ltd. June 2004 Executive Officer; EVP* of I & D Company and General Manager of Corporate Planning Department *EVP: Executive Vice President Apr. 2006 Executive Officer, and General Manager of Human Resource Department Apr. 2011 Managing Executive Officer and General Manager of Legal & General Affairs Department Apr. 2016 Managing Executive Officer June 2017 Outside Director of the Company (current position) June 2020 Outside Director of ANEST IWATA Corporation (current position) [Important concurrent positions outside the Company] Outside Director of ANEST IWATA Corporation	1,914 shares
	[Reasons for nomination as candidate for Outside Director] Yoshitsugu Asai served in various important posts such as Executive Officer at Brother Industries Ltd. and has discernment and insight required of management and provides suggestions about the Company's management from an objective point of view. He has been nominated to continue as a candidate for Outside Director because he is expected to strengthen the functions of the Board of Directors based on his abundant experience and achievements. [Special interest between the candidate and the Company] There is no special interest. [Independence of the candidate] Transactions and purchases do not exist between the Company and Brother Industries, Ltd. in the past three years including fiscal 2018. There are no personal or capital relationships, or other special interests, and there is deemed to be no detrimental effect on his duty as an Outside Director or his independence.		

Notes:
1. Masami Kawashita and Yoshitsugu Asai are candidates for Outside Director and the Company has submitted notification to the Tokyo Stock Exchange and the Nagoya Stock Exchange that they have been designated as independent officers.
2. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with Masami Kawashita and Yoshitsugu Asai to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. If the reappointment of Masami Kawashita and Yoshitsugu Asai is approved, the Company intends to renew the aforementioned agreement with each of them.
   An overview of the content of the agreement is as follows.
   (1) If the Outside Director is found to be liable to the Company for compensation for damages due to failure to perform duties as an Outside Director, liability shall be limited to the amount provided by laws and regulations.
   (2) The above limitation of liability is only recognized when the Outside Director acts in good faith and without gross negligence concerning the duties causing such liability.
3. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of the insured in this policy includes all Directors and Corporate Auditors of the Company, and insurance premiums are not borne by the insured.
   An overview of the content of the policy is as follows.
   (1) Litigation expenses and compensation for damage borne by the insured due to company litigation, third-party litigation and shareholder derivative suits are covered.
   (2) As a measure to prevent impairment of the appropriateness of the execution of duties by the insured, losses caused by the insured through illegal acts, etc. are not covered.
   If each candidate is elected and assumes the office as a Director, the Company plans to include them as an insured in this policy.
4. The number of the Company's shares owned includes those acquired through the Stock Ownership schemes.

Proposal No. 3 Election of One Substitute Corporate Auditor

The Company proposes the election of one Substitute Corporate Auditor to be ready to fill a vacant position should the number of Corporate Auditors fall below the number required by laws and regulations.
The appointment of the Substitute Corporate Auditor is conditional upon the number of Corporate Auditors falling below the number required by laws and regulations, and his term of office shall be until the expiration date of the retiring Corporate Auditor's term of office. Furthermore, the nomination shall remain in effect until the commencement of the next Annual General Shareholders' Meeting.
The consent of the Board of Corporate Auditors has been obtained for this proposal.
The candidate for Substitute Corporate Auditor is as follows:

Name (Date of birth)	Career summary, position in the Company, and important concurrent positions outside the Company		Number of the Company's shares owned
Nobufumi Hayashi (April 12, 1955) Outside	Mar. 1978	Joined Osaka office of Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)	– shares
	Sept. 1981	Joined Marunouchi Accounting and Auditing Firm	
	Mar. 1982	Registered as a Certified Public Accountant	
	Aug. 1995	Partner at Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)	
	Sept. 2014	Left Deloitte Touche Tohmatsu LLC	
	Oct. 2014	Established Nobufumi Hayashi Accounting Office (current position)	
[Reasons for nomination as candidate for Substitute Outside Corporate Auditor] Nobufumi Hayashi is familiar with finance and accounting as a Certified Public Accountant. In addition, as a representative of an accounting office, he possesses insight concerning management in general. He has been nominated to continue to be the Substitute Outside Corporate Auditor, because he is deemed to be able to appropriately execute his duties as an Outside Corporate Auditor based on his experience and achievements. [Special interest between the candidate and the Company] There is no special interest.			

Notes:
1. Nobufumi Hayashi is a candidate for Substitute Outside Corporate Auditor. If he is appointed as a Corporate Auditor, the Company intends to submit notification to the Tokyo Stock Exchange and the Nagoya Stock Exchange that he is designated as an independent officer.
2. If Nobufumi Hayashi is appointed as a Corporate Auditor, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph (1) of the Companies Act. An overview of the content of the agreement is as follows.
   (1) If the Outside Corporate Auditor is found to be liable to the Company for compensation for damages due to failure to perform duties as an Outside Corporate Auditor, liability shall be limited to the amount provided by laws and regulations.
   (2) The above limitation of liability is only recognized when the Outside Corporate Auditor acts in good faith and without gross negligence concerning the duties causing such liability.
3. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company.
   The scope of the insured in this policy includes all Directors and Corporate Auditors of the Company, and insurance premiums are not borne by the insured. An overview of the content of the policy is as follows.
   (1) Litigation expenses and compensation for damage borne by the insured due to company litigation, third-party litigation and shareholder derivative suits are covered.
   (2) As a measure to prevent impairment of the appropriateness of the execution of duties by the insured, losses caused by the insured through illegal acts, etc. are not covered.
   If Nobufumi Hayashi assumes the office as a Corporate Auditor, he will be included as an insured in this policy.

(For reference) Criteria for Independence of Outside Directors

The Company deems that the Outside Director has independence when he/she does not meet any of the following:

1. Relations with the Company
   (i) A person who is an Officer or an employee of the Company or any of its subsidiaries or affiliates

2. Relations with shareholders
   (i) A person who is a director, corporate auditor, accounting advisor, operating executive, executive officer (hereinafter an "executive") or an employee of a company that is a major shareholder (with 10% or more of voting rights) of the Company
   (ii) A person who was an executive or employee of a major shareholder of the Company in the past five years
   (iii) An executive or employee of a company of which the Company is a major shareholder

3. Relations with trading partner companies
   (i) A person for whom the Company or any of its subsidiaries and affiliates was a major trading partner (*1) in the past three years
      *1 Major trading partner: a partner whose sales to the Company or any of its subsidiaries and affiliates exceeded 1% of (annual) consolidated sales
   (ii) A person who was a major trading partner (*2) for the Company in the past three years
      *2 Major trading partner: a partner whose trading with the Company totaled 1% or more of the Company's (annual) consolidated sales

4. Person with economic interests
   (i) An incumbent executive or employee of a company that accepts a director or corporate auditor from the Company or any of its subsidiaries and affiliates, or of its parent company or subsidiary

5. Person who provides technical service
   (i) A certified public accountant or a member, partner or employee of an audit firm that is an accounting auditor or accounting advisor of the Company or any of its subsidiaries and affiliates
   (ii) A certified public accountant or a member, partner or employee of an audit firm that was an accounting auditor or accounting advisor of the Company or any of its subsidiaries and affiliates and was in charge of audits of the Company or any of its subsidiaries and affiliates in the past three years (including one who has resigned or retired)
   (iii) A certified public accountant, tax accountant, attorney, or other consultant who does not meet the conditions above and has received a financial profit of ¥10 million or more in cash or others annually on average in the past three years in other ways than compensation to a director from the Company or any of its present subsidiaries

6. Close relative
   (i) A relative within the second degree of kinship to, or a relative who lives with of an executive director or executive officer of the Company or any of its subsidiaries and affiliates, a major shareholder, a major trading partner, or an executive of a major creditor
   (ii) A person whose relative within the second degree of kinship or a relative who lives with him/her is an accounting auditor or an employee or partner of an audit firm of the Company or any of its present subsidiaries
   (iii) A person whose relative within the second degree of kinship or a relative who lives with him/her is an attorney or other consultant who has received a financial profit of ¥10 million or more in cash or others annually on average in the past three years in other ways than compensation to a director from the Company or any of its present subsidiaries
   (iv) A person who is a relative within the second degree of kinship with, or a relative who lives with of a director, corporate auditor, accounting advisor, operating executive or executive officer of a company that accepts a director or corporate auditor from the Company or any of its subsidiaries or affiliates

Attached documents to the Notice of the 69th Annual General Shareholders' Meeting

Business Report

(From April 1, 2020 to March 31, 2021)

1. Business Progress and Achievement of the Company's Group ("the Group")

(1) Business Activities and Results

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 unless otherwise stated

	FY2020 ended March 31, 2020	FY2021 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) Status of Capital Investments

The Group invested JPY 1,574 million during this consolidated fiscal year.

(3) Status of Financing

The Group expended mostly its own funds for investment capital during this consolidated fiscal year.

(4) Status of Consolidated Assets and Operating Results

Millions of JPY unless otherwise stated

Category	66th Fiscal Year Ended March 31, 2018	67th Fiscal Year Ended March 31, 2019	68th Fiscal Year Ended March 31, 2020	69th Fiscal Year Ended March 31, 2021
Net Sales	35,788	37,394	38,408	41,956
Ordinary Profit	4,728	5,637	6,177	7,709
Profit Attributable to Owners of Parent	3,011	4,265	4,270	5,607
Net Profit per Share (JPY)	122.16	173.07	172.98	226.85
Total Assets	55,439	57,848	59,496	65,773
Net Assets	47,848	50,231	52,079	56,088
Net Assets per Share (JPY)	1,941.26	2,037.96	2,106.74	2,268.87

Notes;

1. For the net income per share calculation, the average number of the common share over the current business year is calculated after deducting treasury share that includes a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP). （346,311 shares and 310,715 shares for the previous business year and the current business year respectively）

2. For the net assets per share calculation, the total number of issued shares at the end of the current business year is calculated after deducting treasury shares that include a BBT and J-ESOP. （311,200 shares and 310,500 shares for the previous business year end and the current business year end respectively）

(5) Status of Important Subsidiaries

Company Name	Capital	Equity Ownership	Main Business
FUJIMI CORPORATION	USD 330 thousand	100.0%	Manufacture and sales of lapping abrasive and polishing compounds
FUJIMI-MICRO TECHNOLOGY SDN. BHD.	MYR 5 million	100.0%	Manufacture and sales of lapping abrasive and polishing compounds
FUJIMI EUROPE GmbH	EUR 25 thousand	100.0%	Sales of abrasive and polishing compounds
FUJIMI TAIWAN LIMITED	NTD 800 million	100.0%	Manufacture and sales of lapping abrasive and polishing compounds
FUJIMI KOREA LIMITED	KRW 200 million	100.0%	Sales support of abrasive and polishing compounds
FUJIMI SHENZHEN TECHNOLOGY CO., LTD.	CNY 3 million	100.0%	Sales support of abrasive and polishing compounds

(6) Issues to be Addressed

The semiconductor market, in which the Company mainly develop its business, has an industrial structure with a cyclical nature, and the Company has endeavored to expand the business domain aiming to mitigate the cyclicality, stabilize and further expand its sales.

However, the Company's sales have been becoming more dependent on the semiconductor market due to a significant sales increase for the semiconductor application.

The backgrounds of increase are as follows;

(i) In recent years, the sales increased significantly in the silicon business and CMP business supported by firm demand for the semiconductors.

(ii) In the current business year, because of “Stay Home” to prevent the spread of novel coronavirus (COVID-19), the global semiconductor market showed firm demand for the both logic and memory devices used for data centers and PCs. Additionally, the inventory levels have increased due to concerns over the spread of the novel coronavirus (COVID-19) and the intensified US-China trade friction.

In the medium to long term, the Company believes that it is difficult to expect the semiconductor market to continue double-digit year-on-year growth as before.

Under these circumstances, the Company recognizes that activities (i) and (ii) below are the essentials to improve the Company's corporate value.

(i) The New Business Division and the Advanced Technology Research Center strive to expand the business domain by conducting research and development from a short term and medium to long term perspective and exploring and incubating new businesses.

(ii) Specialty Materials Division expands applications in non-semiconductor and non-polishing fields.

The details are described in "7. Basic Policy Regarding the Control of the Company, (2) The Measures to Realize the Basic Policy, 2) Measures to Enhance Corporate Value (Medium & Long Term Business Plan)".

(7) Main Business Activities (as of March 31, 2021)

All businesses incidental to manufacturing and sales of lapping abrasive and polishing compounds and related businesses.

(8) Plants and Offices（as of March 31, 2021）

1) The Company

Headquarters	Kiyosu City, Aichi Prefecture
Biwajima Plant	Kiyosu City, Aichi Prefecture
Inazawa Plant	Inazawa City, Aichi Prefecture
Kakamigahara Plant	Kakamigahara City, Gifu Prefecture
Kakamihigashimachi Plant	Kakamigahara City, Gifu Prefecture
R&D Center	Kakamigahara City, Gifu Prefecture
Advanced Technology Research Center	Kakamigahara City, Gifu Prefecture
Logistics Center	Kakamigahara City, Gifu Prefecture
Tokyo Office	Chiyoda-ku, Tokyo
Shanghai Office	Shanghai, China

2) Consolidated Subsidiary

(i) FUJIMI CORPORATION	U.S.A
(ii) FUJIMI-MICRO TECHNOLOGY SDN. BHD.	Malaysia
(iii) FUJIMI EUROPE GmbH	Germany
(iv) FUJIMI TAIWAN LIMITED	Taiwan
(v) FUJIMI KOREA LIMITED	Korea
(vi) FUJIMI SHENZHEN TECHNOLOGY CO., LTD.	China

(9) Status of Employees (as of March 31, 2021)

1) Employees of the Group

Region	Number of Employees	Increase (Decrease) from the Previous Business Year-End
JAPAN	604	Increased by 27
North America	117	Increased by 9
Asia	166	Increased by 7
Europe	5	-
Administrations	66	Increased by 7
Total	958	Increased by 50

Notes; The number of employees does not include temporary workers.

2) Employees of the Company

Number of Employees in the Current Business Year	Increase (Decrease) from the Previous Business Year-End	Average Age	Average Service Years
670	Increased by 34	42.0 years old	13.9 years

Notes; The number of employees does not include temporary workers.

2. Status of the Company's Shares (as of March 31, 2021)

(1) Total Number of Authorized Shares:

120,000,000

(2) Total Number of Issued Shares:

28,699,500

(3) Number of Shareholders:

6,596

(4) Leading Shareholders（Top 10）

Name of Shareholder	Number of Shares Owned (Thousands of Shares)	Shareholding Ratio
Koma Co.,Ltd.	3,743	14.9
The Master Trust Bank of Japan, Ltd.(Trust Account)	1,990	7.9
Custody Bank of Japan, Ltd.(Trust Account)	1,321	5.2
Japan Post Insurance Co.,Ltd.	985	3.9
MUFG Bank, Ltd.	728	2.9
Isamu Koshiyama	717	2.8
Fujimi Suppliers' Stock Ownership Program	685	2.7
Nippon Life Insurance Co.	639	2.5
The Koshiyama Science and Technology Foundation	600	2.3
Sumitaka Noda	520	2.0

Notes;

1. The shareholding ratio is calculated by excluding the number of shares of treasury shares (3,667,951 shares).
2. The Company has a Board Benefit Trust (BBT) and an Employee Stock Ownership Plan (J-ESOP), pursuant to which Custody Bank of Japan, Ltd. (Trust E Account) owns 310,500 shares of the Company. Such 310,500 shares are not included in the number of shares of treasury shares. 700 shares were decreased in the current business year as a result of benefit granted under the Board Benefit Trust (BBT).

(5) Status of Shares Granted as Consideration for the Execution of Duties to the Directors and the Corporate Auditors in the Current Business Year

	Number of Shares	Number of Recipients
Directors (excluding Outside Directors)	700	1

Notes;

1. The details of the Company's share compensation are described in "4 (3) Amount of Remuneration for the Directors and the Corporate Auditors".
2. The above are shares of the Board Benefit Trust (BBT) granted to the Director who retired during the current business year. To other Directors (excluding Outside Directors), no shares have been granted, while points based on the regulations on share compensation are granted.

(6) Other Matters regarding the Company's Shares

None

3. Share Acquisition Rights Issued by the Company

None

4. The Officers of the Company

(1) Status of the Directors and the Corporate Auditors (as of March 31, 2021)

Position	Name	Responsibilities in the Company and Important Concurrent Positions
President and CEO	Keishi Seki	Senior General Manager of Finance Division of the Company
Managing Director	Hirokazu Ito	Senior General Manager of Quality Assurance Division of the Company
Director	Toshiki Owaki	Senior General Manager of Specialty Materials Division of the Company
Director	Katsuhiro Suzuki	Senior General Manager of CMP Division of the Company, Chairman of FUJIMI CORPORATION and President of FUJIMI TAIWAN LIMITED
Director	Masami Kawashita	
Director	Yoshitsugu Asai	Outside Director of ANEST IWATA Corporation
Standing Corporate Auditor	Yoshiaki Fujikawa	
Corporate Auditor	Masahiko Takahashi	Director of the Masahiko Takahashi Certified Public Accountant and Tax Accountant Office
Corporate Auditor	Masaru Okano	

Notes;

1. The Company has an agreement with the Outside Directors Masami Kawashita and Yoshitsugu Asai, and the Outside Corporate Auditors Masahiko Takahashi and Masaru Okano, pursuant to Paragraph 1, Article 427 of the Corporations Law, to limit the amount of the liability for damages stipulated in Paragraph 1, Article 423 of said law to the amount set forth in the applicable law.

The content of the agreement is as follows;

1) If an Outside Director is found to be liable to the Company for compensation for damages due to failure to perform duties as an Outside Director, liability shall be limited to the amount provided by laws and regulations.

2) The above limitation of liability is only recognized when the Outside Director acts in good faith and without gross negligence concerning the duties causing such liability.

2. Masami Kawashita and Yoshitsugu Asai are the Outside Directors and the Company has submitted notification to the Tokyo Stock Exchange and the Nagoya Stock Exchange that they have been designated as Independent Officers.

3. Masahiko Takahashi and Masaru Okano are the Outside Corporate Auditors and the Company has submitted notification to the Tokyo Stock Exchange and the Nagoya Stock Exchange that they have been designated as Independent Officers.

4. Masahiko Takahashi, the Outside Corporate Auditor, is licensed as a Certified Public Accountant and Certified Public Tax Accountant, and brings with him a considerable degree of knowledge and experience in the fields of finance and accounting.

5. The Company decided to change the Directors' responsibilities and important concurrent positions from April 1, 2021 as follows at its Board of Directors meeting held on February 2, 2021.

Name	Before the Change	After the Change
Hirokazu Ito	Managing Director and Senior General Manager of Quality Assurance Division of the Company	Director and Assistant to the President
Toshiki Owaki	Director and Senior General Manager of Specialty Materials Division of the Company	Managing Director and Senior General Manager of Specialty Materials Division of the Company
Katsuhiro Suzuki	Director and Senior General Manager of CMP Division of the Company, Chairman of FUJIMI CORPORATION and President of FUJIMI TAIWAN LIMITED	Managing Director and Senior General Manager of CMP Division of the Company, Chairman of FUJIMI CORPORATION and President of FUJIMI TAIWAN LIMITED

(2) The Content of a Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of the insured in this policy includes all Directors and Corporate Auditors of the Company, and insurance premiums are not borne by the insured. An overview of the content of the policy is as follows.

- Litigation expenses and compensation for damage borne by the insured due to company litigation, third-party litigation and shareholder derivative suits are covered.
- As a measure to prevent impairment of the appropriateness of the execution of duties by the insured, losses caused by the insured through illegal acts, etc. are not covered.

(3) Remuneration to the Directors and the Corporate Auditors

1) Policy regarding the Determination of Remuneration for the Directors

The Board of Directors has resolved the policy regarding the determination of remuneration for each of the Directors. The Board of Directors considers that the method of determining remuneration and the determined remuneration for each of the Directors for the

current business year are in accordance with the policy regarding the determination of remuneration by confirming a report of the Advisory Board and that the method of determining remuneration and the determined remuneration are consistent with the policy.

The policy regarding the determination of remuneration for the Directors is as follows;

i) Basic Policy

The system of remuneration for the Directors is linked to shareholders' profits and business performance so as to function as an incentive to continuously improve the corporate value. The remuneration for each the Directors is determined at an appropriate level based on the individual responsibilities.

ii) Types and Composition of Remuneration for the Directors

The remuneration for the Directors consists of the followings.

- Monthly remuneration
- Business performance-based remuneration including the executive bonuses as a short-term business performance-based remuneration and the Board Benefit Trust (BBT) as a long-term business performance-based remuneration

iii) Policy regarding the Determination of the Amount of the Monthly Remuneration

The monthly remuneration for the Directors is determined through the deliberation at the Board of Directors meeting after the Annual General Shareholders' Meeting based on the individual positions and responsibilities. The proposal of monthly remuneration for the President, the Directors and the Outside Directors is submitted to the above-mentioned Board of Directors after being deliberated by the Advisory Board, which is chaired by the President and consists of the Senior Directors and the Outside Directors.

iv) Policy regarding the Determination of the Calculation Method of the Business Performance-based Remuneration (Executive Bonuses and Share Compensation)

The business performance-based remuneration for the Directors consists of executive bonuses and share compensation.

The executive bonuses for the Directors is determined after the deliberation by the Board of Directors in consideration of the individual positions and responsibilities with the following calculation method, and is paid annually after the Annual General Shareholders' Meeting.

The calculation method of the executive bonuses is as follows;

- The total payment amount is calculated by multiplying the estimated profit attributable to owners of the parent company by a certain coefficient.
- The upper limit of the individual Directors' bonuses is set according to the position.

The upper limit of the total remuneration for the monthly remuneration and the executive bonuses is JPY

480 million per annum (excluding salaries as employees) pursuant to the resolution at the 54th Annual General Shareholders' Meeting held on June 23, 2006

The share compensation is granted in accordance with the regulations on share compensation as follows;

- The points are granted to each the Directors in consideration of the individual positions and the achievement levels for business performance.
- The retired Directors who have the beneficiary rights are granted the Company's shares equivalent to their accumulated points granted by the time of retirement.

The number of points to be granted for the share compensation is separated from the upper limit of the total amount of remuneration for the monthly remuneration and the executive bonuses, is less than or equal to the upper limit of the number of the shares pursuant to the resolution at the 65th Annual General Shareholders' Meeting held on June 23, 2017, and is calculated based on the position points and the achievement rate of performance indicators selected in advance from the targets set in the Medium & Long-Term Business Plan.

v) Policy regarding the Determination of the Amount and the Proportion of the Monthly Remuneration and the Business Performance-based Remuneration

The monthly remuneration and the executive bonuses for the Directors are structured so that the proportion of business performance-based remuneration increases for the higher-ranking Directors, benchmarking the remuneration levels of the corporations being the same business scale and belonging to the related-industry as the Company.

2) Total Amount of Remuneration in the Current Business Year

Category	Total Amount of Remuneration (Millions of JPY)	Amount of Remuneration by Type (Millions of JPY)					Number of Recipients
		Monthly Remuneration	Share Options	Executive Bonuses	Retirement Benefits	Share Compensation[iii)]	
Directors[i)]	169	87	-	75	-	6	5
Corporate Auditors[ii)]	18	18	-	-	-	-	1
Outside Officers	32	32	-	-	-	-	4

Notes;

i) Excluding the Outside Directors

ii) Excluding the Outside Corporate Auditors

iii) The total amount of share compensation is the amount of provision for the share compensation during the current business year based on the Board Benefit Trust (BBT)

introduced by the resolution of the 65th Annual General Shareholders' Meeting. The conditions for the grant of share compensation is described in above "4. (3) iv) Policy regarding the Determination of the Calculation Method of the Business Performance-based Remuneration (Executive Bonuses and Share Compensation)"

iv) The above table includes a Director who retired at the conclusion of the 68th Annual General Shareholders' Meeting held on June 24, 2020.

v) The performance indicator for the Directors' bonuses is the estimated profit attributable to owners of the parent company, and the reason for choosing this indicator is that it is an indicator that clearly shows the final profit of corporate activities for the full year.

vi) The amount of monetary compensation and the number of points granted for the share compensation for the Directors are described in above "4. (3) iv) Policy regarding the Determination of the Calculation Method of the Business Performance-based Remuneration (Executive Bonuses and Share Compensation)" The number of Directors was seven at the conclusion of the Annual General Shareholders' Meeting relating to the resolution regarding the amount of monetary compensation for the Directors. The number of Directors was five at the conclusion of the Annual General Shareholders' Meeting relating to the resolution regarding the number of points granted for share compensation for the Directors.

vii) The upper limit of the total remuneration for all the Corporate Auditors is JPY 60 million per annum pursuant to the resolution at the Annual General Shareholders' Meeting held on June 23, 2006. The number of the Corporate Auditors was four at the conclusion of the Annual General Shareholders' Meeting relating to the above-mentioned resolution.

3) Important Employee Salaries for the Officers Concurrently Serving as Employees

Total Amount (Millions of JPY)	Number of Recipients	Description
45	3	The total amount consists of the salaries and bonuses as employees for the Officers concurrently serving as employees.

Notes; The above table includes a Director who retired at the conclusion of the 68th Annual General Shareholders' Meeting held on June 24, 2020.

(4) Matters regarding the Outside Officers

1) The important Concurrent Positions of the Outside Officers in Other Corporations and the Relationship between the Company and the Other Corporations Concerned

The status of important concurrent positions of Outside Directors is described in "4. The Officers of the Company (1) Status of the Directors and the Corporate Auditors". There is no special relationship between

the Company and the other corporations concerned.

2) Main Activities during the Current Business Year

Category	Name	Main Activities
Director	Masami Kawashita	Having attended 18 of 19 Board of Directors meetings held in the current business year, Masami Kawashita speaks based on his long experience and extensive knowledge in management at other corporations.
Director	Yoshitsugu Asai	Having attended all 19 Board of Directors meetings held in the current business year, Yoshitsugu Asai speaks based on his extensive knowledge by his experience of important positions such as executive officers at other corporations.
Corporate Auditor	Masahiko Takahashi	Having attended all 19 Board of Directors meetings and all 15 Board of Corporate Auditors meetings held in the current business year, Masahiko Takahashi speaks based on professional knowledge as a Certified Public Accountant and a Certified Public Tax Accountant.
Corporate Auditor	Masaru Okano	Having attended all 19 Board of Directors meetings and all 15 Board of Corporate Auditors meetings held in the current business year, Masaru Okano speaks based on his long experience and extensive knowledge in management at other corporations.

5. Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of Compensation

Category	Total amount of payments
Total amount of compensation and other payments for the current business year	JPY 35 million
Total amount of monies and other property benefits payable by the Group to the Accounting Auditor	JPY 35 million

Notes;

1. It is not possible to make a reasonable differentiation between audit compensation based on the Companies Act and that based on the Financial Instruments and Exchange Act. Therefore, the aggregate amount is shown.

2. Upon obtaining necessary documents and receiving reports from the Accounting Auditor, the Board of Corporate Auditors consented to Article 399, Paragraph 1 of the Companies Act by verifying and examining the contents of the audit plan, the status of implementation of duties and the basis for calculation of compensation for the previous years and the current business year, and consequently determining that they were all reasonable.

3. The Company's subsidiaries of FUJIMI CORPORATION, FUJIMI-MICRO TECHNOLOGY SDN. BHD., FUJIMI EUROPE GmbH and FUJIMI TAIWAN LIMITED, are audited by Accounting Auditors other than that of the Company.

(3) Details of Non-Audit Services that Involves the Consideration of the Accounting Auditor for the Company

None

(4) Policy for Decisions regarding the Dismissal or Non-Reappointment of Accounting Auditors

When the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors dismisses the Accounting Auditor based on the consent of all Corporate Auditors.

The Board of Corporate Auditors decides the content of a proposal for dismissal or non-reappointment of the Accounting Auditor, which is to be submitted to a General Shareholders' Meeting, if the Board of Corporate Auditors determines that there is a problem with the eligibility, independence or credibility of the Accounting Auditor.

In addition to the above, the Board of Directors requests the Board of Corporate Auditors to submit a proposal for dismissal or non-reappointment of the Accounting Auditor to a General Shareholders' Meeting, if the Board of Directors determines that there is a problem with the eligibility, independence or credibility

of the Accounting Auditor. The Board of Corporate Auditors decides the content of the proposal to be submitted to a General Shareholders' Meeting after judging its suitability.

6. System to Ensure the Suitability of Business

The items approved by the Board of Directors as the Company's basic policy regarding the establishment of system to ensure the suitability business (Basic policy regarding the development of internal control systems) are as follows.

(Last revised: September 17, 2019)

(1) System to Ensure that the Execution of Duties by Directors and Employees is in accordance with all Laws and the Articles of Incorporation:

1) The Company establishes a Code of Ethics as a model for all Directors and Employees for behavior under laws and other items specified in the Articles of Incorporation.
2) The Company works towards common knowledge and awareness of the Code of Ethics.
3) The Internal Audit Department controls compliance with the Code of Ethics across the Company.
4) The Internal Audit Department and the Legal Department inspect adherence to the Code of Ethics and report their findings to the Board of Directors and the Auditing Committee
5) The Company maintains and operates an internal reporting and whistleblowing system to prevent violations of its Code of Ethics.

(2) Storage and Preservation of Information for Duties Performed by Directors:

In accordance with laws and internal regulations, the company records, stores and preserves documents and related materials concerning the performance of duties performed by directors. The Company's Auditors have access to these documents at all times.

(3) System of Risk Management Regulations and Others:

1) The Company's Risk Management Committee identifies the risks associated with carrying out the Company's business, nominates responsible department to deal with the risks, and takes comprehensive measures to avoid the risks in accordance with the Company's risk management policies,
2) The Office of the President comprehensively manages all risks of the Group comprised of the Company and all of the Subsidiaries.
3) The Internal Auditing Department reviews risk management of each department, and reports its findings to the Board of Directors and the Auditing Committee.

(4) System to Ensure the Efficient Execution of the Duties of Directors:

The Company shall ensure the efficient execution of the duties of directors through the following measures:

1) A meeting of the Board of Directors is held on a regular basis once a month to decide important issues and supervise execution of the duties of the Directors.
2) Management meeting which is comprised of Directors and senior General Managers is held to ensure flexible decision making.
3) The Directors design the Medium to Long-term Plan and Annual Plan for the Company as well as set the strategic goals and measures for each business area. The progress of these plans for each business area is reported to the Board of Directors.

(5) System to Maintain the Adequacy of Operations of the Group Companies Comprised of the Company and its Subsidiaries ("the Group" hereunder):
1) The Company establishes system to ensure that each Subsidiary prepares its rules and regulations for compliance with the Code of Ethics and laws, and that the Directors, Employees and Others of the each subsidiary acts in compliance with laws and the Articles of Incorporation.
2) The Company establishes system to ensure that each Subsidiary prepares rules and regulations for decision-making and other organizational matters and that the Directors, Employees and Others of the each subsidiary performs efficient business operations.
3) The Company obliges each Subsidiary to regularly report important management information.
4) The Internal Audit Department manages the Group's internal control system as a whole.
5) The Internal Audit Department takes measures to ensure that each subsidiary enhances effectiveness of internal control systems, and provides the guidance and support needed.
6) The Internal Audit Department performs internal audits of the Company and each Subsidiary, and regularly reports its findings to the Board of Directors and the Auditing Committee.

(6) Matter regarding Employee and Other Assisting Auditors, and Matters to Assure its Independence from the Directors and to Assure Effectiveness of its Operation:
1) The Company Auditors are able to request the assistance of employees and others in carrying out the auditing function. The nomination, transfer, or dismissal of the Employee requires approval of the Company Auditors.
2) In principle, Employees and Others who assist the Board of Company's Auditors should not concurrently serve as Employee and other of other departments and shall follow the Directions and instructions by the Company Auditors. And, even if dedicated Employees, etc. cannot be allocated due to a legitimate reason such as duty-related matters, Employees or Others who are assigned to assist the Company Auditors in performing their duties shall prioritize their directions and instructions by the Company Auditors over other matters.

(7) System of Reporting to the Company Auditors by the Directors and Employees of the Company and each Subsidiary and Other Reporting System for the Company Auditors:
1) The Board of Directors, Employees, and others of the Company and each Subsidiary, in accordance

with internal rules, shall report the following matters to the Company Auditors.

(i) Items they are concerned could have a significant impact on the Company or its related Subsidiaries

(ii) Substantial violations of laws or the Articles of Incorporation

(iii) The status of internal audits

(iv) The status of internal reporting and whistleblowing under the Code of Ethics

(v) The status of other important business operations

2) The Company does not unreasonably treat those who made the aforementioned reports just because of that reason.

(8) System to Ensure Effective Audit by the Company Auditors:

1) The Company Auditor will perform the following tasks:

(i) Attend the Board of Directors meeting and other internal meetings deemed required to attend

(ii) Read approval documents and legal contracts that are important for business operations.

(iii) Interview the Directors and Employees about business operations

(iv) Periodically exchange opinions with the President

(v) Receive reports from the independent auditor on accounting audit matters and exchange opinions

2) The Company shall bear costs necessary for the execution of the duties of the Company's Auditors.

(9) Basic Policy Against Anti-Social Forces:

The Company establishes the internal regulations with regards to anti-social forces and acts based on the following fundamental principles.

(i) Institutional response

(ii) Cooperation with outside professional organizations

(iii) Ban on any relations, including transactions

(iv) Legal responses, both civil and criminal, in the event of an emergency

(v) Prohibition of engagement in secret transactions and provision of funds

7. Basic Policy regarding the Control of the Company

Basic Policy regarding the control of the Company is described as follows;

(1) Contents of Basic Policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be the ones who fully understand the specifics of the Company's financial and business affairs and the source of the corporate value of the Company and will make it possible to continually and persistently ensure and enhance the corporate value of the Company and, in turn, the common interests of

its shareholders.

The Company believes that because shares in the Company are listed on a stock exchange, they should be freely traded in capital markets. The Company therefore does not adopt a general rule of rejecting any acts of large-scale acquisition of the share certificates, etc. of the Company (It is defined in 3.2) below. The same shall apply hereinafter.) and it believes that a decision on which persons should control the Company's financial and business policies should ultimately be made based on the discretion of its shareholders. In addition, when an act of large-scale acquisition of the share certificates, etc. of the Company is proposed, the Company will not reject that proposal if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

However, there are some acts of large-scale acquisition of share certificates, etc. that benefit neither the corporate value of the target company or, in turn, the common interests of its shareholders including (i) those with a purpose that would obviously harm the corporate value of the target company and, in turn, the common interests of its shareholders, (ii) those with the potential to substantially coerce shareholders into selling their shares without providing sufficient time or information, and (iii) those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the act of large-scale acquisition or for the target company's board of directors to make an alternative proposal or take other actions.

Also, the status of the major shareholders of the Company as of March 31, 2021 is described in 2. Status of the Company's Shares and certain officers of the Company and their relatives and related parties (the "Company's Officers, Etc.") hold some of the issued shares in the Company. The Company is a listed company, so we cannot deny the possibility that the shareholding ratios of the Company's Officers, Etc. may decrease due to a transfer or other disposition of the shares by the Company's Officers, Etc. for their own reasons or personnel relocation or other changes in the status of officers. In addition, it is considered an option for the Company to procure, in capital markets, funds necessary for the education of personnel and investment to facilities which constitute the bases of the Company's business, that have been the focus of the Company's measures, as well as investment, etc. in new and growing businesses that lead to the expansion of business over the medium to long term, increase internal capital adequacy, and business and capital alliances and other relationships with other companies, and, if the Company procures funds in such way, it is possible that the current shareholding ratios of the Company's Officers, Etc. may decrease.

The Company believes that, if it is not possible to manage the Company based on a full understanding of the source of the Company's corporate value and with a view to securing such source over the medium to long term and organically combining the Company's intangible managerial resources, such as technologies and expertise that have been cultivated through its long history, with markets, and thereby increasing the corporate value, it is not possible to gain trust from stakeholders, and, accordingly, such management would be contrary to the corporate value of the Company and, in turn, the common interests of its shareholders.

The Company therefore believes that a person who conducts an act of large-scale acquisition that is likely to be contrary to the corporate value of the Company and, in turn, the common interests of its

shareholders, through an act of large-scale acquisition of, or a similar act in respect of, the shares certificates, etc. of the Company without understanding of the source of the corporate value of the Company as described above or in a way that does not intend to manage the Company with a view to securing the source over the medium to long term and increasing the corporate vale of the Company, is inappropriate as a person who will control decisions on the Company's financial and business policies, and necessary and reasonable countermeasures must be taken against such act of large-scale acquisition by such person so that the corporate value of the Company and, in turn, the common interests of its shareholders are ensured.

(2) The Measures to Realize the Basic Policy

1) The Source of the Company's Corporate Value

Drawing on the know-how and R&D capabilities the Company has accumulated since its founding, the Company has developed numerous products essential for leading-edge industries with high-precision polishing needs, including mirror polishing of semiconductor substrates like silicon wafers, CMP (chemical mechanical planarization) required for the multilayer wiring of semiconductor chips, and hard disk polishing. In particular, the Company holds the top global market share for high-precision abrasives for semiconductor substrates, a core business area, and the Company maintains its market superiority as the leading name in synthetic precision abrasives.

For many years, the Company has continued to meet the needs of its customers in the field of high-precision polishing and has endeavored to advance and build up its development and manufacturing technologies. In the course of doing so, the Company has developed relationships of trust with its customers and established three core technologies: filtration, classification, and refinement technologies, powder technologies, and chemical technologies. Filtration, classification, and refinement technologies are technologies for controlling the particle size distribution of abrasive grains and removing large particles and impurities that negatively affect the quality of the polished object; powder technologies are technologies for controlling the shape of particles and achieving granulation by equally mixing different particles; and chemical technologies are technologies for appropriately selecting additives that exhibit dispersion, dissolution, and surface protection effects that contribute to improving the function of the abrasive.

The Company's slogan, "Polishing our technologies and bringing people together," means contributing to better product manufacturing through cutting-edge technologies, connecting people, and providing people with a rich lifestyle; product manufacturing that respects people and considers the global environment is at the root of the Company's manufacturing approach. The Company has developed its competitiveness through this manufacturing approach and through its corporate culture wherein each employee boldly takes on the challenge of addressing new developments.

The Company believes that the source of its corporate value lies in these strong technological and development capabilities that are tied to manufacturing sites, in its relationships of trust with customers cultivated over many years, and in its corporate culture with healthy and close labor-management relations. To lead technological innovation and expand results moving forward, the Company believes it is important to further increase the level of trust with customers and increase employee morale, and the Company will

strive as a group to continue enhancing corporate value under these policies.

2) Measures to Enhance Corporate Value (Medium & Long Term Business Plan)

The Company has set its Medium & Long Term Corporate Vision as "We support your forward-looking ideas and challenges" under the current Medium & Long Term Business Plan formulated in November 2016. This comes with the intent of striving towards a company that is "Strong, Kind and Exciting," as stated in our Corporate Cultural Vision, which is the ultimate goal that we aim to achieve. This is realized by adapting to the changing environment, which is made possible by cultivating the space for the growth of the self-driven ideas and challenges of each individual employee.

The business environment of the semiconductor market, which has been the main business area of the Company, is getting more severe, and this caused no small impact on the Company, nearly 80% of whose sales are in semiconductor related areas. Smartphones that held up the market, in place of personal computers that have long been the key player of the semiconductor market, have seen a large slowdown in growth. Currently there is increasing activity in industry such as AI, IoT, and autonomous driving as industries in the post-smart phone era. We believe a business structure that does not lean towards specific markets or needs is crucial in order to attain stable and continued growth in such a business environment, and have thus aimed to improve our sales distribution ratio of non-semiconductor related items. On the other hand, although we established our business domain as "powder and surface" in 2012, in actuality, most of our activity was centered around abrasives as seen previously.

Under the Medium & Long Term Business Plan, we reaffirm that "powder and surface" is the business domain that we target for future growth while also aiming to expand the business domain to "polishing solutions," and we are striving to increase our sales distribution ratios for new businesses, non-semiconductors, and non-abrasive areas. In addition, we have also set the expansion of new applications and the fostering and acquisition of new businesses as one of the pillars under the Medium & Long Term Business Plan. Specifically, in the short term, we will expand existing business and develop new applications in peripheral areas, while in the mid-term, we will expand non-polishing applications and business with our goal of becoming a "powder and surface" company in mind. Furthermore, we have fostered new businesses and new technologies over the long term. We have begun working on long term activities by setting up the Advanced Technology Research Center in April 2015, which is engaged in strengthening the base of the existing business and research and development over the medium to long term, activities to seek and create new business opportunities, and the systematization, company-wide sharing, and propagation of the strengths of our technologies. As part of these measures, for the purpose of strengthening our business and accelerating the creation of new businesses, we established a corporate venture capital fund in November 2015 and invested in several venture companies that possess unique technologies.

We are striving for stable and continuous growth by periodically managing progress through setting goals for the sales distribution ratios for new businesses, non-semiconductors, and non-abrasive areas as indices for measuring the success of the above measures. In addition to our active investment in growing areas, we have raised our target consolidated dividend payout ratio to 50% or more in order to strengthen

returns to shareholders. For our CSR activities, we will strive to sustainably increase our corporate value by supplementing our existing activities with more effort into promoting female activity and work-parenting support.

In addition to our active investment in growing areas, we have raised our target consolidated dividend payout ratio to 50% or more in order to strengthen returns to shareholders. For our CSR activities, we will strive to sustainably increase our corporate value by supplementing our existing activities with more effort into promoting female activity and work-parenting support.

Specific measures for each business are as follows.

Silicon Business

In this business, we research, develop, manufacture and sell abrasives that are used in the high-precision polishing process in which silicon wafers, which become semiconductor 6 substrates, are flattened and mirror polished. We offer high-quality products and services by which a total solution for every step of the process from cutting to polish finishing can be achieved. We aim to become our customers' "most trusted partner" by continuing to provide highly distinctive new products supported by new technologies so that we can satisfy the increasingly sophisticated requirements of our customers. In addition, we are focusing on the development of products for power device substrates, which have received increasing attention in recent years with the spread of electric vehicles and hybrid vehicles, and have put some of these products on the market.

CMP (Chemical Mechanical Planarization) Business

In this business, we research, develop, manufacture and sell abrasives that are used in the manufacturing process of semiconductor devices. CMP is increasingly used in the manufacturing process of semiconductor devices as they have become more highly-functional and highly-integrated products with higher density. We have established manufacturing and development bases in Japan, the United States, and Taiwan, which are located near the manufacturing and development bases of our customers, thereby building closer relationships with customers and developing new products in accordance with customers' roadmaps.

Hard Disk Business

In this business, we manufacture and sell abrasives that are used in the manufacturing process of disk substrates for hard disk drives, which are storage media for digital data. We have a manufacturing base in Malaysia, in which our customers' production bases are concentrated, and we have built relationships of trust with our customers by allocating technical staff and providing technical support in the region. With increasing demand for hard disks for data centers due to anticipated increase in data capacity that is transmitted and received via cloud service or 5G, we endeavor to expand the areas of basic development in order to grasp customers' requirements for next-generation disk substrates at an early stage, thereby promptly providing new products that meet customers' requirements.

Specialty Materials Business

In this business, we research, develop, manufacture and sell specialty materials used in the manufacturing process of products such as electronic parts, automobiles, and lenses as precision grindstones, lapping cloth and paper, and polishing agents, filling materials, or the like for lapping, polishing, and blasting. Utilizing technologies for controlling particle size 7 distribution and particle shape and granulation technologies as well as other powder technologies, we even draw out potential customer needs by appropriately responding to customer requests, and this in turn improves customer trust. Further, we seek to discover new applications for power by reinforcing our technological capabilities.

Thermal Spray Materials Business

In this business, we mainly research, develop, manufacture and sell thermal spray materials such as cermets and ceramics for thermal spray applications, which is environmental friendly surface processing, in order to meet the demand for longer product life and higher product functions of machinery and components in a variety of industries including semiconductors, aircraft, and iron and steel. We aim to increase sales by developing new markets through further reinforcing our unique powder granulation technologies, promptly offering solutions, and focusing on developing ultra-hard materials for 3D printers.

New Business

In this business, we research, develop, manufacture and sell abrasives and other products for a wide variety of materials (such as metal, resin, ceramic, and composite materials) and shapes (two-dimensional and three-dimensional) for new applications other than those covered by existing business. We will continue to serve the new surfacing requests of customers from all walks of industry by providing not only abrasives but also total solutions, including everything from the recommendation of application-specific equipment and consumables, to the processing stage.

(3) Measures to Prevent Decisions on the Company’s Financial and Business Policies from being Controlled by Persons Deemed Inappropriate Under the Basic Policy

1) Purpose of Measures against Large-Scale Acquisitions of Share Certificates, Etc. of the Company

"Based on the Basic Policy set out in I above, the Board of Directors believes that it is necessary to promptly and properly take measures that it considers to be most appropriate for ensuring the corporate value of the Company and, in turn, the common interests of its shareholders against persons who conduct an act of unilateral and large-scale acquisition or any similar act in a manner that would damage the corporate value of the Company and, in turn, the common interests of its shareholders. Based on this belief, the Board of Directors decided to renew the ""Policy for Measures against Large-Scale Acquisitions of Share Certificates, Etc. of the Company (Takeover Defense Measures)"" (Hereinafter referred as ""the Policy"") for purposes such as preventing decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate and deterring acts of large-scale acquisition that are

detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders, and, on the occasion that the Company receives a proposal for an act of large-scale acquisition, enabling the Board of Directors to present an alternative proposal to the shareholders or ensuring necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and enabling the Company to negotiate for the common interests of the shareholders. The Policy was approved at the ordinary general shareholders' meeting held on June 24, 2020."

2) Details of Measures against Large-Scale Acquisitions of Share Certificates, Etc. of the Company

"The Policy applies to an act that falls under (i) or (ii) below or any similar act, or a proposal for such act.

(i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. of a holder totaling at least 20% of the share certificates, etc. issued by the Company; or

(ii) A tender offer that would result in the ownership ratio of share certificates, etc. of the party conducting the tender offer and the ownership ratio of share certificates, etc. of a specially related party totaling at least 20% of the share certificates, etc. issued by the Company.

(Hereinafter referred as an “Acquisition”; a party that conducts or makes a proposal for an acquisition, an “Acquirer”.)"

The Policy defines procedures that the Company will request the Acquirer to provide the Board of Directors with information that is sufficient for the Company’s shareholders to make decisions on the Acquisition and for the Board of Directors to evaluate, consider, or take other actions in relation to the Acquisition stipulated in the Policy. (“Large-Scale Acquisition Information”)

"If an Acquirer or an Acquisition falls under (i) or (ii) below, the Board of Directors will consult with the Independent Committee regarding whether it is appropriate to trigger the countermeasures, and the Independent Committee will, based on the consultation and after obtaining advice from experts and other outside parties as necessary, make a recommendation, within the Board of Directors’ Evaluation Period, regarding whether it is appropriate to trigger the countermeasures to the Board of Directors.

(i) An Acquirer conducts or intends to conduct an Acquisition not in compliance with the procedures stipulated in the Policy.

(ii) An Acquisition is determined to fall under any of the categories listed in the Policy or there are circumstances based on which the Acquisition is suspected of falling under any such categories from an objective and reasonable perspective, which is determined that the corporate value of the Company and, in turn, the common interests of its shareholders would be significantly harmed.

The Board of Directors shall respect the recommendation of the Independent Committee and make a decision on whether or not to trigger the countermeasures in the Policy. If the implement of the gratis allotment of Share Options with conditions for exercise and acquisition provisions, etc. (Hereinafter referred as "Share Options") as a countermeasure is determined in a resolution by the Board of Directors (Hereinafter referred as "Gratis Allotment Resolution"), the Company will allot Share Options for all shareholders determined by Gratis Allotment Resolution.

(4) Reasons that the Above Measures are in Accordance with the Basic Policy and Do not Undermine the Common Interests of the Shareholders of the Company and are not Intended to Maintain the Position of Officers of the Company.

Measures described in above 2. are formulated as concrete measures to continuously and sustainably improve the corporate value of the Company and, in turn, the common interests of its shareholders, and are in accordance with the Basic Policy, which is determined that it does not undermine the common interests of its shareholders and is not intended to maintain the position of officers of the Company.

The Company believes that the Policy described in above 3. is a framework in accordance with the Basic Policy for ensuring and improving the corporate value of the Company and, in turn, the common interests of its shareholders by enabling the Board of Directors to present an alternative proposal to the shareholders, or ensuring necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and enabling the Company to negotiate for the common interests of the shareholders on the occasion that the Company receives a proposal for an act of large-scale acquisition.

In addition, based on the reasons (i) to (vi) below, the Policy is determined that it does not undermine the common interests of its shareholders and is not intended to maintain the position of officers of the Company.

(i) The Policy places importance on shareholders' intent, such as being renewed with the approval of the general shareholders' meeting and, if necessary, going through a Meeting to confirm shareholders' intent.

(ii) The Policy fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. In addition, the Policy is based on arguments and other issues concerning the "Takeover Defense Measures in Light of Recent Environmental Changes" issued by the Corporate Value Study Group on June 30, 2008."

(iii) The Policy is based on establishment of reasonable and objective requirements for triggering countermeasures.

(iv) The Company shall decide to establish the Independent Committee as an organization independent from the Board of Directors and respect the recommendation of the Independent Committee and make a decision on whether or not to trigger the countermeasures in the Policy.

(v) The Policy may be abolished at any time by a meeting of the Board of Directors composed of Directors who are elected by the Company's general shareholders' meeting even before the expiration of the effective period of the Policy.

(vi) The term of office of the Company's Director is until the conclusion of the ordinary general shareholders' meeting relating to the last business year ending within one year after the election.

Concerning details of the Policy, please refer to the news release "Renewal of Policy for Measures

against Large-Scale Acquisitions of Share Certificates, Etc. of the Company (Takeover Defense Measures)" dated May 13, 2020 on the Company's website (https://www.fujimiinc.co.jp).

Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021
Assets	
Current assets	
Cash and deposits	29,424
Notes and accounts receivable - trade	9,098
Securities	1,900
Merchandise and finished goods	4,048
Work in process	999
Raw materials and supplies	2,278
Other	231
Allowance for doubtful accounts	(13)
Total current assets	47,967
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	6,553
Machinery, equipment and vehicles, net	1,606
Land	3,527
Construction in progress	613
Other, net	1,274
Total property, plant and equipment	13,575
Intangible assets	
Software	394
Other	46
Total intangible assets	440
Investments and other assets	
Investment securities	2,562
Deferred tax assets	1,117
Other	119
Allowance for doubtful accounts	(9)
Total investments and other assets	3,789
Total non-current assets	17,806
Total assets	65,773

(Millions of yen)

	As of March 31, 2021
Liabilities	
Current liabilities	
Notes and accounts payable - trade	2,880
Income taxes payable	1,274
Provision for bonuses	1,438
Other	2,714
Total current liabilities	8,309
Non-current liabilities	
Deferred tax liabilities	0
Retirement benefit liability	901
Provision for share-based remuneration	329
Other	144
Total non-current liabilities	1,375
Total liabilities	9,684
Net assets	
Shareholders' equity	
Share capital	4,753
Capital surplus	5,570
Retained earnings	50,303
Treasury shares	(5,448)
Total shareholders' equity	55,179
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	321
Foreign currency translation adjustment	685
Remeasurements of defined benefit plans	(97)
Total accumulated other comprehensive income	908
Total net assets	56,088
Total liabilities and net assets	65,773

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2021
Net sales	41,956
Cost of sales	22,951
Gross profit	19,005
Selling, general and administrative expenses	11,366
Operating income	7,639
Non-operating income	
Interest income	70
Dividend income	30
Insurance claim income	47
Waste disposal income	30
Other	36
Total non-operating income	214
Non-operating expenses	
Foreign exchange losses	122
Other	22
Total non-operating expenses	144
Ordinary income	7,709
Extraordinary losses	
Impairment loss	467
Total extraordinary losses	467
Income before income taxes	7,242
Income taxes - current	2,037
Income taxes - deferred	(402)
Total income taxes	1,634
Income	5,607
Income attributable to owners of parent	5,607

Non-consolidated Financial Statements
Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021
Assets	
Current assets	
Cash and deposits	21,401
Notes	497
Accounts receivable - trade	8,731
Securities	1,900
Merchandise and finished goods	2,216
Work in process	951
Raw materials and supplies	1,647
Prepaid expenses	86
Other	107
Allowance for doubtful accounts	(13)
Total current assets	37,525
Non-current assets	
Property, plant and equipment	
Buildings, net	3,562
Structures, net	156
Machinery, net	1,372
Equipment, net	718
Land	3,432
Construction in progress	276
Other	10
Total property, plant and equipment	9,529
Intangible assets	
Software	363
Other	46
Total intangible assets	409
Investments and other assets	
Investment securities	2,287
Shares of subsidiaries and associates	5,224
Investments in other securities of subsidiaries and associates	274
Deferred tax assets	1,047
Other	98
Allowance for doubtful accounts	(9)
Total investments and other assets	8,923
Total non-current assets	18,861
Total assets	56,387

(Millions of yen)

	As of March 31, 2021
Liabilities	
Current liabilities	
Accounts payable - trade	2,436
Accounts payable – other	1,432
Accrued expenses	304
Income taxes payable	997
Provision for bonuses	1,173
Other	812
Total current liabilities	7,156
Non-current liabilities	
Retirement benefit liability	760
Provision for share-based remuneration	329
Other	56
Total non-current liabilities	1,146
Total liabilities	8,303
Net assets	
Shareholders' equity	
Share capital	4,753
Capital surplus	5,570
Retained earnings	42,887
Treasury shares	(5,448)
Total shareholders' equity	47,763
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	321
Total net assets	48,084
Total liabilities and net assets	56,387

Non-consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2021
Net sales	32,601
Cost of sales	18,411
Gross profit	14,189
Selling, general and administrative expenses	9,100
Operating income	5,089
Non-operating income	
Interest income	8
Dividend income	1,895
Other	84
Total non-operating income	1,988
Non-operating expenses	
Foreign exchange losses	32
Depreciation expenses	11
Other	12
Total non-operating expenses	56
Ordinary income	7,021
Extraordinary losses	
Impairment loss	467
Total extraordinary losses	467
Income before income taxes	6,554
Income taxes - current	1,414
Income taxes - deferred	(328)
Total income taxes	1,085
Income	5,468